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

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

Annual Report 2017

Bringing
GREENPOWER
To Life


EF31310

CONTENTS

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2013 RMB'000 (Restated)	2014 RMB'000 (Restated)	2015 RMB'000 (Restated)	2016 RMB'000	**2017** **RMB'000**
Continuing operations					
Revenue	15,132,469	20,711,631	20,484,445	22,024,537	**23,794,455**
Profit (loss) before taxation	(756,937)	1,790,395	2,775,422	2,844,124	**2,912,002**
Income tax (expense) credit	20,633	(276,100)	(484,299)	(537,172)	**(637,880)**
Profit (loss) for the year from continuing operations	(736,304)	1,514,295	2,291,123	2,306,952	**2,274,122**
Discontinued operations					
Profit (loss) for the year from discontinued operations	380,330	193,018	435,601	(112,208)	**77,112**
Profit (loss) for the year	(355,974)	1,707,313	2,726,724	2,194,744	**2,351,234**
Profit (loss) for the year attributable to:					
Owners of the Company	(530,413)	1,548,668	2,425,220	2,029,412	**1,974,398**
Non-controlling interests	174,439	158,645	301,504	165,332	**376,836**
	(355,974)	1,707,313	2,726,724	2,194,744	**2,351,234**

	At 31 December				
	2013 RMB'000 (Restated)	2014 RMB'000 (Restated)	2015 RMB'000 (Restated)	2016 RMB'000	**2017** **RMB'000**
Total assets	60,256,418	71,003,365	79,691,490	87,019,313	**107,279,898**
Total liabilities	46,100,820	54,158,416	62,132,006	63,625,371	**79,972,319**
	14,155,598	16,844,949	17,559,484	23,393,942	**27,307,579**
Equity attributable to owners of the Company	12,694,033	14,508,933	15,854,172	20,820,816	**22,775,217**
Non-controlling interests	1,461,565	2,336,016	1,705,312	2,573,126	**4,532,362**
	14,155,598	16,844,949	17,559,484	23,393,942	**27,307,579**

PERFORMANCE HIGHLIGHTS

	2017 RMB'000	2016 RMB'000	Change RMB'000	% of change
Revenue from continuing operations				
Sales of wafer	**17,432,680**	17,889,741	(457,061)	-2.6%
Sales of electricity	**4,429,387**	2,751,995	1,677,392	61.0%
Sales of polysilicon	**766,448**	985,645	(219,197)	-22.2%
Processing fees	**938,383**	334,838	603,545	180.2%
Others (comprising the sales of ingots)	**227,557**	62,318	165,239	265.2%
	23,794,455	22,024,537	1,769,918	8.0%
Profit attributable to owners of the Company from continuing operations	**1,926,373**	2,099,295	(172,922)	-8.2%

	RMB Cents	RMB Cents	Change RMB Cents	% of change
Earnings per share from continuing operations				
– Basic	**10.44**	11.41	(0.97)	-8.5%
– Diluted	**10.37**	11.41	(1.04)	-9.1%

	RMB million	RMB million	Change RMB million	% of change
EBITDA for continuing operations*	**9,540**	9,222	318	3.4%

* Definition of EBITDA is disclosed in the "Management Discussion and Analysis" Section.

	31 December 2017 RMB'000	31 December 2016 RMB'000	Change RMB'000	% of change
Extracts of consolidated statement of financial position				
Equity attributable to owners of the Company	**22,775,217**	20,820,816	1,954,401	9.3%
Total assets	**107,279,898**	87,019,313	20,260,585	23.3%
Bank balances, cash, pledged bank and restricted bank deposits*	**15,580,091**	13,189,591	2,390,500	18.1%
Indebtedness **	**58,196,195**	43,191,990	15,004,205	34.7%
Key financial ratios				
Current ratio	**0.72**	0.79	(0.07)	-8.9%
Quick ratio	**0.69**	0.76	(0.07)	-9.2%
Net debt to equity attributable to owners of the Company	**187.1%**	144.1%	43.0%	N/A

* Amount includes bank balances and cash classified as assets held for sale of Nil (2016: RMB47,094,000).

** Indebtedness includes bank and other borrowings, obligations under finance leases, notes payables, bonds payables and convertible bonds payables. In 2016, amount also included bank and other borrowings and obligations under finance leases classified as liabilities directly associated with assets classified as held for sales of RMB264,653,000 (2017: Nil).

OTHER FINANCIAL ANALYSIS

Profit or Loss Analysis (De-consolidation of GNE Group)

For illustrative purpose, if deconsolidating GCL New Energy Holdings Limited ("GNE") and its subsidiaries ("GNE Group"), the financial results of the Group, GNE Group and the Group (De-consolidated GNE Group) would be as follows:

	The Group (A) RMB million	**GNE Group (B)** RMB million	**Deconsolidation adjustments (Note) (C)** RMB million	**The Group (De-consolidated GNE Group) (D)=(A)-(B)-(C)** RMB million
Continuing operations				
Revenue	23,794	3,942	—	19,852
Cost of sales	(15,596)	(1,289)	35	(14,342)
Gross profit	8,198	2,653	35	5,510
Other income	843	221	(178)	800
Distribution and selling expenses	(119)	—	—	(119)
Administrative expenses	(2,188)	(495)	(44)	(1,649)
Finance costs	(2,541)	(1,432)	68	(1,177)
Other expenses, gains and losses, net	(1,308)	(88)	—	(1,220)
Share of profits of joint ventures	19	5	2	12
Share of profits of associates	8	—	—	8
Profit before tax	2,912	864	(117)	2,165
Income tax (expense) credit	(638)	40	—	(678)
Profit (loss) for the year from continuing operations	2,274	904	(117)	1,487
Discontinued operations				
Profit for the year from discontinued operations	77	77	—	—
Profit (loss) for the year	2,351	981	(117)	1,487
Profit (loss) for the year attributable to:				
Owners of the Company	1,974	841	(288)	1,421
Non-controlling interests	377	140	171	66
	2,351	981	(117)	1,487

Note: The deconsolidation adjustments mainly include allocation of corporate expenses of RMB56 million elimination of interest of GNE Group's perpetual notes subscribed by the subsidiaries of the Group of RMB65 million, and elimination of inter-segment profit of RMB4 million.

Financial Position of the Group (De-consolidated GNE Group)

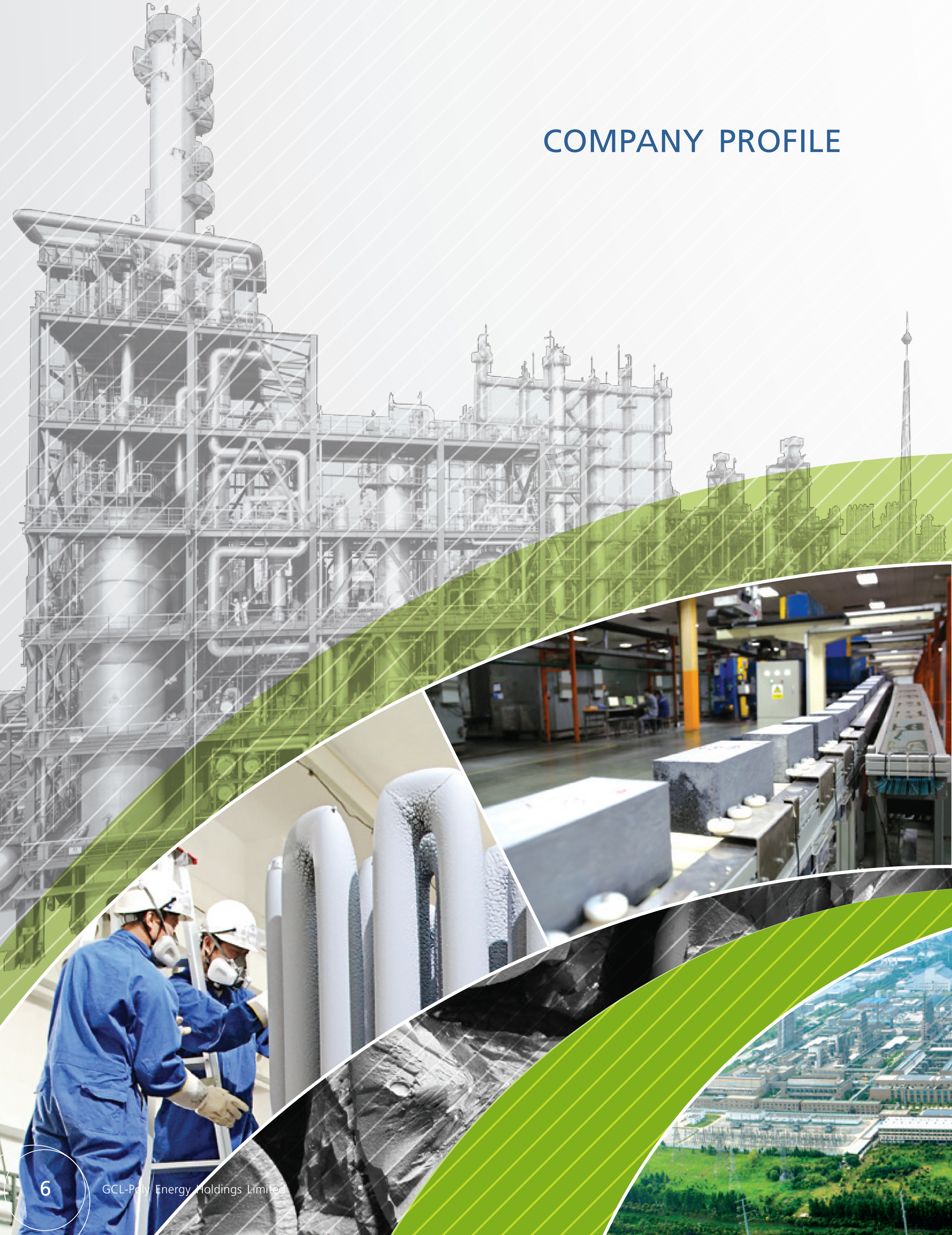
For illustrative purpose, if deconsolidating GNE Group and recognising the costs of investments in GNE as non-current assets, the financial position of the Group, GNE Group and the Group (De-consolidated GNE Group) would be as follows:

	The Group A RMB million	GNE Group B RMB million	Deconsolidation adjustments C RMB million	Notes	The Group (De-consolidated GNE Group) (D)=(A)-(B)-(C) RMB million
Non-current assets					
Property, plant and equipment	63,780	38,104	(28)	1	25,704
Interests in joint ventures	777	63	—	1	714
Interests in associates	1,073	1	—		1,072
Investment in perpetual notes of GNE Group	—	—	(1,800)	2	1,800
Investment in subsidiaries	—	—	(2,365)	3	2,365
Pledged and restricted bank deposits	1,187	515	—		672
Deposits, prepayments and other non-current assets	6,083	5,519	—		564
Other non-current assets	3,269	511	—		2,758
Total non-current assets	76,169	44,713	(4,193)		35,649
Current assets					
Inventories	991	—	—		991
Trade and other receivables	14,537	4,347	(230)	4	10,420
Pledged and restricted bank deposits	3,720	1,728	—		1,992
Bank balances and cash	10,673	4,197	—		6,476
Other current assets	1,190	449	(1,235)	4	1,976
Total current assets	31,111	10,721	(1,465)		21,855
Current liabilities					
Trade and other payables	19,592	10,844	(230)	4	8,978
Loan from group companies	—	1,169	(1,169)	4	—
Bank and other borrowings — due within one year	17,108	7,068	—		10,040
Obligations under finance leases — due within one year	741	—	—		741
Notes payables — due within one year	2,968	—	—		2,968
Convertible bonds payable — due within one year	1,765	926	—		839
Other current liabilities	1,250	19	—		1,231
Total current liabilities	43,424	20,026	(1,399)		24,797
Non-current liabilities					
Bank and other borrowings — due after one year	32,857	25,482	—		7,375
Obligation under finance leases — due after one year	896	—	—		896
Notes payables — due after one year	1,861	883	—		978
Other non-current liabilities	935	247	—		688
Total non-current liabilities	36,549	26,612	—		9,937
Net current liabilities	(12,313)	(9,305)	(66)		(2,942)
Net assets	27,307	8,796	(4,259)		22,770

Notes:

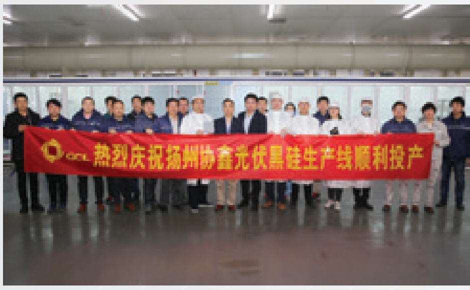
1. Amount represent adjustment for disposal of subsidiaries and interest in joint venture to GNE Group, and related inter-segment profit.
2. Amounts represent the GNE's Group perpetual notes of RMB1,800,000,000 subscribed by the subsidiaries of the Group.
3. Amounts represent adjustment for investment costs in GNE Group.
4. Amounts represent the eliminations of intercompany balances.

COMPANY PROFILE



GCL-Poly Energy Holdings Limited is the world's leading polysilicon producer and the largest wafer supplier globally. The Group has ramped up the polysilicon production capacity to 70,000 MT at the end of 2017. The Group's wafer production capacity achieved 30 GW at the end of 2017. Regarding the Group's new energy business, the Group operates over 6 GW solar projects in the world mainly through its subsidiary, GCL New Energy.

MAJOR EVENTS 2017



Jan

On 22 January, Xuzhou Solar was conferred the "Technical Innovation Award for Jiangsu Businesses" (江蘇省企業技術創新獎). Among only six businesses that have passed such assessment across the province, Xuzhou Solar is the only one in Xuzhou City that has been given the award over the past five years or so.

Also on 22 January, GCL Polysilicon Production Method won the 18th WIPO-SIPO Award for Chinese Outstanding Patented Invention and Industrial Design.

Feb

On 6 February, Yangzhou GCL Photovoltaic started the operation of its 2 GW black-silicon base.

On 21 February, Zhongneng Polysilicon was conferred the title "Demonstration Business for Credit Management in Jiangsu Province" (江蘇省信用管理示範企業).

On 26 February, Phoenix TV presented a feature named "South China Biz Talk — Photovoltaic Power" (南洋共商—光能量) in its programme "The Odyssey of Dragon". Centering on the Chinese photovoltaic industry going global, the programme offered in-depth coverage on a series of photovoltaic businesses launched by GCL.

Mar

On 27 March, an investigation group from the headquarters of National Development Bank arrived at Xuzhou Solar for an inspection tour.

On 28 March, Zhongneng Polysilicon was conferred the title "Top-100 Innovative Demonstration Businesses for Strategic Emerging Industries of Jiangsu Province" (江蘇省戰略性新興產業創新示範企業百強).

Apr

On 3 April, GCL-Poly successfully completed the acquisition of SunEdison, an American company with world-class silicon material technology, promoting the launch of the core technologies of CCZ and FBR in the PRC.

On 7 April, a commencement ceremony was held to kick start GCL's new energy material project in Xinjiang. The ceremony took place at the Silicon-Substrate New-Material Industrial Park in Zhundong Economic-Technological Development Zone, Changji Autonomous Prefecture, Xinjiang.

May

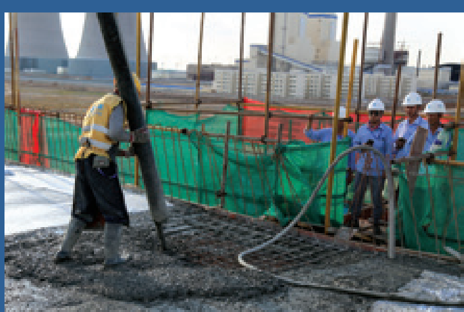
On 4 May, GCL-Poly launched a new series of monosilicon ingot (鑄錠單晶) G3 products.

On 15 May, Suzhou Solar became the third subsidiary of GCL Group with the approval of housing a national postdoctoral research station.

Jun

On 6 June, an investigation group of Thai National Power Co., Ltd. arrived at Xuzhou Solar for an inspection tour.

On 23 June, Xuzhou Solar won the honorary title of “2016 Municipal Water-Saving Business”.



Jul

On 21 July, GCL-Poly's 2016 Environmental, Social and Governance Report was given a 4.5-star rating by CASS-CSR Report Ratings Committee (中國社會科學院企業社會責任報告評級委員會).

On 25 July, Xinjiang GCL's new energy material project completed the construction of its production material depot, representing the first work completed for the project.

On 26 July, Suzhou Solar was conferred the honorary title "Best Employer for Career Development" of Suzhou City.

On 26 July, CCTV 2, the financial news channel of China Central Television Network, presented a programme named "Facilitating the Upgrade of the Manufacturing Sector, Equipping Data with Thought via Cloud Computing" (助力製造業升級，雲計算讓數據有思想), featuring an in-depth report on the smart cutting workshop of Suzhou Solar as an example.

On 28 July, GCL-Poly was awarded the twelfth "Outstanding Enterprise Achievement" (傑出企業成就獎) by Capital Magazine.

Aug

On 7 August, the Xinhua Semiconductor Project completed its construction.

On 14 August, GCL-Poly entered into a comprehensive strategic cooperation framework agreement with Tianjin Zhonghuan Semiconductor Co., Ltd. (天津中環半導體股份有限公司) in Tianjin, under which both parties plan to carry out a whole range of exchanges and collaborations in such areas as polysilicon material, monocrystalline silicon ingot, monocrystalline silicon chips, and development of photovoltaic power stations.

On 24 August, GCL-Poly Energy Holdings Limited was included as a constituent stock of Hang Seng Corporate Sustainability Benchmark Index ("HSSUSB") for the first time, with effect from 4 September 2017. Such inclusion represents the high recognition of the excellent performance of the Company in corporate sustainability.

Sep

On 14 September, Global Solar Council – GSC confirmed that Zhu Gongshan, chairman of Asia Photovoltaic Industry Association and GCL Group, would officially take over the chairman of GSC in January 2018.

On 20 September, GCL-Poly won the fifth grand award of "Leading Business for Chinese Energy Equipment (Polysilicon)" (中國能源裝備（多晶硅）領軍企業), the only business with such an exceptional award among new energy firms.

26 September marked the successful application of "2017 Key Municipal Project for the Advanced Manufacturing Sector" (2017年度市先進製造業重大專項項目) for the diamond wire sawing workshop of Suzhou GCL Photovoltaic Technology Co. Ltd., with a special fund of RMB4 million granted by the Government.

Oct

On 16 October, Yangzhou GCL Photovoltaic, a subsidiary of GCL-Poly, held an inauguration ceremony for the completion of constructing its plant for the 2 GW black-silicon project. Given the reduced cost of producing polysilicon chips via diamond wire sawing technology, the wet production technique for black silicon is able to promote the conversion efficiency, thus further improving the cost-effectiveness of polysilicon photovoltaic products.

Nov

On 8 November, Xinhua Semiconductor officially launched its electronic polysilicon product at 2017 Jinlonghu Semiconductor Summit (2017半導體產業金龍湖峰會), an event with theme of "Jointly Shaping a Smart Future with Semiconductors" (同芯共築智聯未來).

On 17 November, Yangzhou GCL Photovoltaic Technology Co. Ltd. was accredited as a "High and New-tech Enterprise" of national level.

On 30 November, GCL-Poly was granted the Golden Bauhinia for seven consecutive times and won the Listed Companies with Best Investment Value during the 13th Five-year Plan Period.

Dec

In December, GCL-Poly was awarded the Best CFO in 2017 by China Financial Market.

On 5 December, GCL-Poly was awarded the 2017 Global Top 500 Technology Innovation Enterprises in New Energy Category (2017全球新能源500強科技創新企業) in Belt and Road Initiatives International Energy Summit Forum & The 7th Global Top 500 New Energy Enterprises Summit.

On 6 December, Zhongneng Polysilicon was listed as one of the "Top-50 Prominent Businesses for Independent Industrial Brands of Jiangsu Province in 2017" (《2017年江蘇省自主工業品牌五十強宣傳企業》), a list compiled by Jiangsu Economic and Information Technology Commission (江蘇省經濟和信息化委員會).

On 7 December, a camera crew of the American Discovery channel, which intended to film a feature named "Xuzhou – An Ecological Hub" (《生態都會 • 徐州》), reached Xuzhou Solar and systematically filmed the production processes of the photovoltaic industry there. The programme places its importance on reporting Xuzhou Solar's industry position in Xuzhou's photovoltaic market, its advanced production technology, as well as its contribution to local environmental management and regional economic development.

On 8 December, Suzhou GCL Photovoltaic Technology Co. Ltd. participated in "2017 Smart Manufacturing Summit".

On 13 December, Suzhou Solar was approved to have a "5A Digital Archive Office of Jiangsu Province" (江蘇省5A級數字檔案室), the first of its kind within the Group.

On 31 December, GCL-Poly realized mass production of polysilicon via diamond wire sawing technology, and completed the renovation of its 1000-odd microtomes, leading the industry in every indicator.

CHAIRMAN'S STATEMENT

Dear Shareholders,

GCL-Poly seized the opportunity of the installation boom in solar market in 2017. By adhering to green and low-carbon development, we made outstanding contributions to China's energy revolution and green development, and continuously explored industry deployment for green energy development. Leveraging our industrial strengths, GCL-Poly will promote the upgrade of solar industry further.

Zhu Gongshan, Chairman

2017 Business Review

During 2017, GCL-Poly's total production of polysilicon and wafer were 74,818 MT and 23,902 MW respectively, ranking the top in the World again. As of 31 December 2017, GCL-Poly recorded a revenue of RMB23.79 billion, representing a 8.0% increase as compared with the same period in 2016; gross profit was approximately RMB8.20 billion, a 16.4% increase as compared with the same period in 2016; profit attributable to owners of the Company amounted to approximately RMB1.97 billion and basic earnings per share were approximately RMB10.70 cents.

For the year 2017, GNE's total PV installed capacity was 5,990 MW, a 70.4% increase as compared with the same period in 2016. Total revenue from new energy business was approximately RMB3.94 billion, up by 75.5% year-on-year. Profit significantly increased by 249.9% to RMB852 million as compared with last year.

New Heights in New Age, GCL-Poly and GNE Marked New Milestones

Global PV industry developed rapidly in 2017. According to an international industry research institution[#], global PV installations were approximately 102 GW in 2017, representing an approximately 25% increase as compared with the same period in 2016. According to the statistics from the China Photovoltaic Industry Association (CPIA), with the explosive growth in end demands, China reached over 50 GW of new installations for the first time in 2017, among which distributed installations realized an approximately 400% increase year-on-year, which marked the golden age of China's PV industry. GCL-Poly worked together with other PV enterprises to promote industry upgrade with various technological improvements.

As an industry leader, GCL-Poly is committed to optimizing integrated industry value chain and technological research and development to push forward industry development. We provided cost-effective PV materials for downstream enterprises and facilitated the progress of photovoltaic grid parity in 2017. GCL-Poly successfully achieved all its technological upgrade goals: upgrading polycrystalline ingot casting furnaces from G7 to G8 without purchasing new equipment and optimizing the polycrystalline structure by thermal field transformation to further improve efficiency; in respect of wafers, completing the upgrade to diamond-wire cutting sawing, together with the promotion of black silicon technology, to significantly reduce manufacturing cost and increase wafer capacity at the same time.

During the year, GCL-Poly acquired the world class polysilicon material technologies from SunEdison including the fluidized bed reactor (FBR) and the constant czochralski monosilicon (CCZ) technologies and applied the technologies on custom made, lower cost domestic equipment. We also entered into a joint strategic investment framework agreement with Tianjin Zhonghuan, a leading monocrystalline wafer manufacturer on a new polysilicon production base in Xinjiang. In 2018, we will not only continue to deploy more resources to the development of innovative technologies, but also seek to work with new investors in the polysilicon project in Xinjiang with Tianjin Zhonghuan, to improve our competitiveness in the future. Besides, GCL-Poly signed a USD200 million syndicated loan facility to support our future development and operations.

In 2017, GNE, a subsidiary of GCL-Poly, recorded total installed capacity of approximately 5,990 MW, representing a significant increase of approximately 70% as compared with the corresponding period in the previous year. With leading technology and innovation management, GNE was granted approximately 250 MW of poverty alleviation projects, ranking the first in China, and secured approximately 360 MW of "Frontrunner" projects, ranking the third in China. In 2017, GNE ranked the second in terms of PV installed capacity in the World.

In August and December 2017, GNE issued two tranches of 3-year private green bonds with a fixed annual rate of 7.5% to meet the funding requirement of the construction of power plants with active subscriptions from investors. The proceeds were used to invest in and construct green projects, and to repay the earlier financings for green projects. In addition, GNE signed a number of finance lease and sale and leaseback agreements with several finance leasing organizations. We believe that through these financing arrangements, together with the additional capital generated from operation, GNE will have ample funding resources to support its future business and operations.

GNE will continue to leverage its competitive strengths and comply with national policies by devoting more efforts to participating in the "Frontrunner" project and the poverty alleviation project. GNE will deepen its distributed business and increase the proportion of distributed projects to enhance its leading position in the PV business.

Social Responsibility

GCL-Poly is always dedicated to fulfilling its environmental and social responsibilities. As the leading enterprise in clean energy, we continuously make contributions to the society and communities through sponsorship, fundraising and environmental protection activities. In August 2017, an earthquake of magnitude 7 attacked Sichuan. We actively participated in the disaster relief and reconstruction work, raised donations within the Company for the Sichuan earthquake victims. In regards to social responsibility and the social security system optimization, Xuzhou Photovoltaic was endorsed as the representative enterprise by Xuzhou Social Security Centre. Our executives and staff actively participated in the production of a promotional video on employment injury insurance to promote the importance of work safety.

In 2017, GCL-Poly was awarded the "Best Investment Value Award for Listed Companies in the 13th Five-year Plan" in the "Golden Bauhinia Award" in recognition of its outstanding business performance for seven consecutive years, which reflected that the capital market is optimistic about our future development and growth potential. In addition, we were also awarded the "Best PV Material Supplier in China" at OFWeek's PV Award Ceremony 2017, and "Global Top 500 New Energy Innovative Enterprises for Science and Technology Awards 2017" at the Belt and Road International Energy Summit & 7th Global Top 500 New Energy Enterprises Summit. Meanwhile, I was appointed as chairman of the Global Solar Council, which indicated the trust and recognition on GCL-Poly from various sectors.

In 2017, GCL-Poly was for the first time included in the Hang Seng Corporate Sustainability Index Series, in recognition of its excellent performance in corporate sustainable development.

Outlook

The Paris Agreement is the consensus of the international community on climate change. Since it has came into effect, 147 contracting parties have approved the agreement. Clean energy has become the development trend and related investment scale will continue to expand. The International Energy Agency (IEA) also increased the power generation capacity prediction of global renewable energy in the next five years, predicting that China will account for most of the increase of power generation capacity of global renewable energy. China, India and America would increase significantly in PV installed capacity.

According to the 13th Five-year Plan for Energy Industry, China's non-fossil energy will account for more than 15% of the total primary energy consumption by 2020. Energy Production and Consumption Revolution Strategy (2016–2030) (《能源生產和消費革命戰略(2016–2030)》) issued by the National Development and Reform Commission (NDRC) and National Energy Administration (NEA) sets out that by 2030, the non-fossil power plants will account for approximately 50% of total power generation, with an increase of approximately 70% to 80% by 2050. This indicates that there is still a lot of room for improvement. Moreover, Opinions on Supporting Photovoltaic Poverty Alleviation and Regulating the Land Use of Photovoltaic Power Generation Industry (《關於支持光伏扶貧和規範光伏發電產業用地的意見》) jointly issued by the Ministry of Land and Resources, the State Council Leading Group Office of Poverty Alleviation and Development and the NEA specifically set out that the expiration of the 50% rebate policy of value-added tax for PV products will be extended from the end of 2018 to the end of 2020.

2018, the first year after the 19th National Congress of the Communist Party of China (CPC), is a crucial year to implement the green development of the 13th Five-year Plan to build a beautiful China. Benefited from low-carbon energy policy and the lower solar energy cost, China's PV installed capacity has been increased remarkably in recent years, with faster growth than that of any other fuel for the first time. We believe that the growth momentum will continue. The industry holds an optimistic attitude about the domestic installation size in the next three years. According to international industry research[#] and brokerage[##], it is expected that China's new installations will maintain at around 50 GW in 2018. GCL-Poly is committed to constructing a PV industry innovation ecosystem by means of technical strategic cooperations with our industry parties so as to realize a "Big Synergy". Through developing new technology and sharing of the results of cost reduction, we aim to promote the sound development of PV industry. Thus, the collaborative innovation and high quality integration within the PV industrial value chain will bring about positive results. The cooperation, dependency and growth between the upstream and downstream of the industrial value chain will form an inseparable developing community.

With technological upgrade and rapid development in the industry, in combination with our direction of "Embracing Grid-parity", I strongly believe that GCL-Poly's dream to bring green energy to thousands of households will come true in the near coming future!

Finally, I would like to express my heartfelt gratitude to the Board of Directors, management team and all dedicated staff of the Company for their efforts and hard work in 2017. I also wish to extend my gratitude to the shareholders and business partners of the Company for their strong support to the Company.

Zhu Gongshan
Chairman

According to Energy Trend's research

According to Citic Securities' research

CEO'S REVIEW OF OPERATIONS AND OUTLOOK

On behalf of the management of the Company, I hereby report the following annual results of GCL-Poly in 2017. As of 31 December 2017, GCL-Poly recorded revenue of RMB23.79 billion, representing a 8.0% increase as compared with the same period in 2016; gross profit was approximately RMB8.20 billion, representing a 16.4% increase as compared with the same period in 2016; profit attributable to owners of the Company amounted to approximately RMB1.97 billion and basic earnings per share were approximately RMB10.70 cents. During 2017, total production and sales of polysilicon of the Company were 74,818 MT and 7,316 MT respectively and total production and sales of wafer were 23,902 MW and 23,417 MW respectively. The Company ranked the first in the World in both polysilicon and wafer production.

Global PV Market Enjoyed Sustained Growth with Strong Momentum in the PRC Market

According to international industry research#, 2017 saw approximately 102 GW of additional installed PV capacity worldwide, a 25% year-on-year increase. According to the data from China Photovoltaic Industry Association (CPIA), 2017 was another remarkable year for China's solar industry. The country added an annual installed capacity of approximately 53 GW, a year-on-year increase of over 50%, ranking the first in the World for five consecutive years. China's cumulative installed capacity amounted to approximately 130 GW, ranking the top globally for the third consecutive year, followed by the U.S. with 12 GW. The grid-connected new capacity of Japan was only 6.1 GW in 2017, while India has surpassed Japan and ranked the third with 9.3 GW of next installations. With strong momentum from China, the market share of Asia Pacific in global solar market is estimated to hit a new high of approximately 70% in 2017.

Explosive Growth of End Demands in the Domestic Market with the Strong Market Prices

According to CPIA, China's total installed capacity reached a record high in 2017. The distributed installation realized an explosive growth with a year-on-year increase of 400%, which was the biggest highlight in China's PV market in 2017 and achieved an installed capacity of 19 GW. The demands for polysilicon and wafer burst out during the year with rising but adequate supply. Average prices of polysilicon in domestic and overseas markets were higher than those in 2016, rebounding after the low ebb. The price of polysilicon fell to the bottom in mid-April due to the uncertain PV policies in the first quarter of 2017, and followed by a rebound and continuous rise till the end of December. The supply was slightly less than the demand throughout the year, so the product price and sales volume still stayed firm.

Capturing Business Opportunities with Strategic Supply Management in Rapid Response to Market Changes

Reviewing 2017, GCL-Poly strategically adjusted its production and supply plan in response to changes in market demands, achieving above production and sales targets of polysilicon and wafer products, and maintaining satisfactory performance in gross profit margin. At the end of the first quarter, PV demand experienced a sharp decline due to uncertain PV policies, which led to the price decline of polysilicon. The Company implemented proactive countermeasures to adjust the production schedule in advance and carried out refined management, which effectively minimized the impact of declined price. Subsequently, stimulated by a series of favourable policies, the demand gradually recovered and thrived from mid April to the end of the third quarter. The growth of PV demands in the fourth quarter slightly slowed down compared with that in the second and third quarters. Taking into account of the industrial development and the Company's own demand, the Company announced the Xinjiang Polysilicon Expansion Project in April and steadily promoted the project construction to build a high-quality and low-cost polysilicon production base. In addition to satisfying market demands, the Company also applied stringent cost control, and accelerated the upgrade of diamond-wire sawing technology, which further realized substantial production growth and cost reduction of wafer production. The Company successfully realized cost reduction and research and development of new products, and fulfilled all the operating targets in 2017 by promoting new technologies and processes improvement and striving for further excellence in production.

In 2017, GCL-Poly's wafer production continued to maintain a high-speed growth, and the costs of polysilicon and wafer products continued to record significant decreases. G7 ingot casting furnaces were gradually replaced by G8 without purchasing new equipment, and crystalline structure was optimized through thermal field optimization, in a bid to enhance efficiency. As a result, the ingot pulling capacity was improved. Meanwhile, the Company fully adopted diamond-wire sawing technology, and launched the new-generation black silicon products, which substantially reduced cost and improved production capacity of wafer to cater for the increasing market demands in future. We also effectively reduced wafer production cost by upgrading the manufacturing equipment, and improving production techniques.

Committed to Technological Innovation and Led Industrial Revolution

Technological innovation is the core competitiveness for enterprise development. The synergic integration of diamond-wire sawing and black silicon technologies became the biggest spotlights of GCL-Poly in 2017. As the pioneer in the industry to overcome the difficulty in technology upgrade of diamond-wire sawing, GCL-Poly led the polycrystalline industrial revolution by completing the upgrade of all slicers to significantly reduce the wafer processing cost. After the introduction of the first-generation "TS" double-sided black silicon products, the Company launched the second-generation "TS+" single-sided black silicon products, which effectively reduced the suede-surface making cost and facilitated the superposition of PERC cell technology. In terms of CCZ constant czochralski monosilicon, we leveraged the leading technologies of SunEdison to promote the development of heat-shielding technology with low energy consumption, high speed of ingot pulling and large feed capacity as well as the optimization of ancillary facilities. The latest technology and equipment to be adopted by polysilicon base in Xinjiang which is under construction will fully satisfy the demand for CCZ and N-type mono-crystalline silicon pulling process, and surpass the current quality level, while achieving the lowest cost over the World. Thanks to the unremitting focus on technology innovation and constant investments in R&D resources, GCL-Poly has accomplished incredible achievements in the work related to intellectual property rights during the year. The Company has applied for a total of 133 patents in the year, 49 of which were invention patents, and obtained 120 patent licenses; Thus far, cumulatively the Company has applied for 1,054 patents and was granted 637 patents, 289 of which were invention patents.

In 2017, GCL-Poly persevered in technology innovation and upgrade, and further improved the automation and informatization level of our production, popularized the intelligent manufacturing in our bases with production efficiency enhanced. By firmly grasping favourable opportunities in PV market in 2017, the Company recorded remarkable results by fully achieving production and sales targets, making the market shares of polysilicon and wafer rank the top in the World.

Self-iterative Upgrades Promoted Collaborative Innovation of PV Industry

Adhering to the spirits of "entrepreneurship, innovation, contending and leading", GCL-Poly continuously optimizes and improves its working mode, and achieved a number of milestones in production management and corporate governance during the year, including: 1. The official release of the GCL-Poly Basic Law (《協鑫基本法》) marked the Group's milestone of strengthened strategic management, and opening a new epoch in the management reform and system innovation of GCL-Poly; 2. We made great efforts to promote in-depth interactions and cooperations with partners across the value chain of the PV industry, and pushed forward the sustainable development of the industry through self-improvements and iterative upgrades; 3. We are committed to the full implementation of GHA working method for safety and production management work at all levels, and thereby ensured smooth implementation, and safe and steady performance of our production; 4. We further facilitated refined production management and enhanced the automation and informatization of manufacturing equipment.

Solar Farm Platform "GCL New Energy" Scaled New Heights

GNE achieved satisfactory results in 2017. As of 31 December 2017, total installed capacity of GNE was approximately 5,990 MW, representing a substantial increase of 70.4% over the same period last year, and the cumulative installations ranked second in the World. GNE has played a leading role in both domestic and global PV power generation sector in terms of installed capacity. Besides, the domestic and overseas grid-connected capacity amounted to 5,503 MW, representing a year-on-year increase of 75.4%.

GNE has raised funds from various channels through a series of financing activities in order to significantly reduce the gearing ratio of the Company. Moreover, GNE has steadily stepped into a high-growth trajectory through various efforts, including increasing proportion of self-development of solar farms, reducing cost, controlling construction price, introducing one-stop intelligent operation service of solar farms and formulating GCL standards of PV agriculture. Going forward, GNE will strengthen the development of distributed generation business and overseas markets and develop the solar farms operation services business to create new growth drivers of the Company.

New Opportunities Emerged in the Industry with Favourable Global Policies

Upon the execution of the Paris Agreement, the development of new energy and clean energy has become the global trend. According to the Strategy of Revolution of Energy Production and Consumption 2016–2030 (《能源生產和消費革命戰略2016–2030》) released by the National Development and Reform Commission (NDRC) and National Energy Administration (NEA) of the PRC, the country intends to raise the share of non-fossil energy for power generation to 50% of total power generation by 2030. According to the latest planning of new PV construction released by the NEA, the country is expected to add 86.5 GW in new PV installation (excluding distributed PV generation) by 2020, indicating an enormous development potential of the solar energy industry. The State constantly provided strong support for the PV industry such as realizing grid-parity, launching the Solar Frontrunner Program with 8 GW per year, and publicizing a series of measures last year including the Implementation Plan on Solving Problems of Water, Wind and PV Power Curtailment (《解決棄水棄風棄光問題實施方案》), and the Guiding Opinions on the Implementation of the 13th Five-Year Plan Concerning the Development of Renewable Energy Sources (《關於可再生能源發展「十三五」規劃實施的指導意見》). Among them, the Notification Concerning the Piloting of Marketized Transaction of Distributed Power Generation (《關於開展分佈式發電市場化交易試點的通知》), and the Opinions on the Comprehensive Deepening of Price Mechanism Reform (《關於全面深化價格機制改革的意見》) opened new opportunities for distributed power generation and drove the demand for installations. Key countries along the Belt and Road will accelerate their investments in new energy with increasing PV demands in the areas, which will bring about huge global opportunities for Chinese PV companies.

After reaching the historical climax in 2017, according to international industry research[#] and brokerage research[##], China's installed capacity is estimated to reach 50 GW in 2018. The new installed capacity of distributed power stations was 19 GW in 2017, which indicates great room for growth to reach 60 GW as proposed in the 13th Five-Year Plan. Meanwhile programmes like the photovoltaic poverty alleviation, agricultural-photovoltaic and distributed photovoltaic generation, particularly, distributed agricultural-photovoltaic will further foster explosive industry growth. With the extension of the Solar Investment Tax Credit until 2022, the PV market in the U.S. will continue to grow steadily. In 2017, Japan revised its Energy Development Plan with focus on PV development. The country also initiated the PV tariff tender program for utility-scale PV power projects to promote competition to reduce the electricity price, which ensured the stable growth of PV market in Japan. European market will enter into a phase of recovery. With year-by-year increasing demands for PV products over recent years in emerging markets such as Africa, the Middle East, Southeast Asia and South America, governments of these countries have formulated favourable policies in support of the PV industry. Among them, Indian government has set up an aggressive PV capacity target. However, its manufacturing industry chain is still to be further developed, so India will still be heavily dependent on PV products supplied by the PRC in the near future.

GCL-Poly is always committed to the mission of providing green energy to every household and is striving to driving solar power to reach grid-parity. We endeavor to satisfy various customer demands following the "market-oriented" and "customer-centered" business philosophies. We will continue to focus on innovation and leverage our leading position in the industry to expand the market and enhance the core competitiveness of our products, as well as continuously improving the product quality and cost-effectiveness. Meanwhile, we will also keep investing in highly-sophisticated technologies and scientific research. While focusing on the existing R&D work, we will explore new technologies with high development potential, and further optimize our product and technology structure. We are also devoting efforts to the construction of a PV industry innovation ecosystem, which will foster our business and technological collaborations and mutually benefit our industry partners of us and help the industry realize a "Big Synergy". We will further enhance the automation level of the existing production capacity, and promote the upgrade of our production capacity.

I am confident that with technology upgrades and fast development of the industry, GCL-Poly's "Green Dream" will come true in the coming future!

Finally, I would like to express my heartfelt gratitude to the management team and all dedicated staff of the Company for their efforts and hard work in 2017. I also wish to extend my gratitude to our shareholders and business partners of the Company for their strong support to the Company.

Zhu Zhanjun
Chief Executive Officer

[#] *According to Energy Trend's research*

[##] *According to Citic Securities' research*

Overview

For the year ended 31 December 2017, despite the challenging market environment in the solar materials business, the Group was able to achieve a relatively stable growth in financial performance as a result of the increase in profit contribution by the Group's new energy business, which partially offset by the decrease in profit contribution by the solar materials business.

Results of the Group

For the year ended 31 December 2017, the revenue, gross profit of the Group and profit attributable to the owners of the Company from continuing operations were approximately RMB23,794 million, RMB8,199 million and RMB1,926 million, respectively, representing an increase of 8.0%, 16.4% and a decrease of 8.2% respectively as compared with approximately RMB22,025 million, RMB7,044 million and RMB2,099 million in the corresponding period in 2016. The profit attributable to owners of the Company from both continuing and discontinued operations for the year ended 31 December 2017 amounted to approximately RMB1,974 million as compared to approximately RMB2,029 million in the corresponding period in 2016.

Business Structure

The Group is principally engaged in: (i) manufacturing and sales of polysilicon and wafers for solar industry and (ii) the development, construction, operation and management of solar farms.

Except for 371 MW solar farm that were constructed or acquired by the Group prior to obtaining a controlling stake in GNE, the Group primarily develops, constructs, operates and manages downstream solar farms through the platform of GNE.

For illustrative purpose, if excluding GNE Group and recognising the costs of investment in GNE and the perpetual notes receivable from GNE as non-current assets, the effect of de-consolidated GNE Group as at 31 December 2017 would be as follows:

	The Group RMB million	**GNE Group** RMB million	**De-consolidation adjustment** RMB million (note)	**The effect of de-consolidated GNE Group** RMB million
Total assets	107,280	55,434	(5,659)	57,505
Total liabilities	79,972	46,638	(1,400)	34,734
Net current liabilities	12,313	9,305	66	2,942
Bank balances and cash, pledged and restricted bank deposits	15,580	6,440	—	9,140
Indebtedness				
Bank and other borrowings	49,965	32,549	—	17,416
Loan from fellow subsidiaries	—	1,072	(1,072)	—
Obligations under finance leases	1,637	—	—	1,637
Notes and bonds payables	4,829	883	—	3,946
Convertible bonds payables	1,765	926	—	839
Subtotal	58,196	35,430	(1,072)	23,838
Net debt	42,616	28,990	(1,072)	14,698

Note:

De-consolidation adjustments included:

1. The Group's cost of investment in GNE amounted to be RMB2,365,304,000.

2. The GNE's perpetual notes of RMB1,800,000,000 subscribed by the subsidiaries of the Group.

3. The transaction balances with GNE Group.

As at 31 December 2017, the Company and certain subsidiaries of the Company guaranteed bank and other borrowings of certain subsidiaries of GNE which amounted to RMB4,355 million.

Segment Information

The Group are reported on the three continuing operating segments as follows:

a) Solar Material Business — mainly manufactures and sales of polysilicon and wafer to companies operating in the solar industry.

b) Solar Farm Business — manages and operates 371 MW solar farms, of which 18 MW is located in the United States and 353 MW is located in the PRC. These solar farms were constructed or acquired by the Group prior to obtaining a controlling stake in GNE.

c) New Energy Business — represents the business operations of GNE, which is principally engaged in the development, construction, operation and management of solar farms.

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

	2017			2016		
	Revenue RMB million	**Segment profit RMB million**	**Adjusted EBITDA[3] RMB million**	Revenue RMB million	Segment profit (loss) RMB million	Adjusted EBITDA[3] RMB million
Solar Material Business	**19,355**	**1,264**	**5,658**	19,270	2,319	7,117
Solar Farm Business	**497**	**68**	**413**	508	(161)	258
Corporate[1]	**N/A**	**N/A**	**81**	N/A	N/A	9
Sub-total	**19,852**	**1,332**	**6,152**	19,778	2,158	7,384
New Energy Business	**3,942**	**852**	**3,388**	2,247	244	1,838
Total	**23,794**	**2,184**	**9,540**	22,025	2,402	9,222

1. The corporate items that are not a reportable segment primarily included unallocated income, unallocated expenses and inter-segment transactions.

2. The segment profit of the new energy business includes reported net profit of GNE Group of approximately RMB904.3 million (2016: RMB309.4 million) and allocated corporate expenses of approximately RMB51.9 million (2016: RMB65.0 million).

3. Calculation of the adjusted EBITDA is detailed in the Financial Review Section in this report.

Business Review

Solar Material Business

Production

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

As at 31 December 2017, the Group's polysilicon annual production capacity remained at 70,000 MT. During the year ended 31 December 2017, the Group operated its polysilicon business at full capacity and produced approximately 74,818 MT of polysilicon, representing an increase of 7.9% as compared to 69,345 MT for the corresponding period in 2016.

During the year ended 31 December 2017, as a result of the Group continued to adopt various technological improvements on application, the Group's annual wafer production capacity has increased to 30 GW as at 31 December 2017, representing an increase of 62.2% as compared to 18.5 GW for the corresponding period in 2016. During the year ended 31 December 2017, the Group produced approximately 23,902 MW of wafers (including processing business with supplied materials), representing an increase of 37.9% from 17,327 MW for the corresponding period in 2016.

Expansion of Polysilicon Production Capacity

During the year ended 31 December 2017, the Group has commenced the construction of a plant to produce polysilicon with a production capacity of 60,000 tonnes in Xinjiang, the Peoples' Republic of China (the "PRC") (the "Project"), which will comprise of 40,000 tonnes of new-built facilities and 20,000 tonnes of existing Xuzhou facilities to be removed and relocated to Xinjiang. The estimated additional total investment of the Project is approximately RMB5,682,000,000.

It is expected that the construction of the first phase of 20,000 tonnes facility will be completed by the second quarter of 2018 and the second phase of the 20,000 tonnes facility will be completed by the end of 2018. The expected completion of the relocation of the 20,000 tonnes existing Xuzhou facility (which is subject to the prevailing market conditions), being the final phase of the Project, is scheduled by the end of 2020.

The Group believed that upon the completion of the Project by 2020, the Company is able to ramp up its annual polysilicon production capacity from 70,000 tonnes to 115,000 tonnes to meet the increasing demand of polysilicon. It is expected that the relative low tariff and energy costs in Xinjiang will also contribute to the reduction of the production cost of polysilicon and enhance the competitiveness of the Company.

Diamond Wire Sawing Technology Transformation

During the year ended 31 December 2017, the research and development and promotion of diamond wire sawing technology was further accelerated, which substantially reduced the cost of wafer. The commissioning of equipment for wet texturing technology of black silicon, equipped with polysilicon applying diamond wire sawing technology was completed, which have effectively facilitated the marketing of polysilicon applying diamond wire sawing technology and encouraged battery users to extensively adopt wafer applying diamond wire sawing technology. The Group will continue to accelerate the diamond wire sawing technology transformation and aims to increase the proportion of wafer applying diamond wire sawing technology.

Sales Volume and Revenue

For the year ended 31 December 2017, the Group sold 7,316 MT of polysilicon and 23,417 MW of wafer (including processing business with supplied materials), representing a decrease of 26.5% and an increase of 33.7% respectively, as compared with 9,951 MT of polysilicon and 17,518 MW of wafer for the corresponding period in 2016.

The average selling prices of polysilicon and wafer were approximately RMB104.8 (equivalent to US$15.46) per kilogram and RMB0.905 (equivalent to US$0.134) per W respectively for the year ended 31 December 2017. The corresponding average selling prices of polysilicon and wafer for the year ended 31 December 2016 were approximately RMB99.0 (equivalent to US$15.0) per kilogram and RMB1.085 (equivalent to US$0.164) per W respectively.

Revenue from external customers of our solar materials business amounted to approximately RMB19,355 million, representing an increase of 0.4% from RMB19,270 million for the corresponding period in 2016. The increase in revenue was primarily attributable to the increase of sales volume of wafer, partially offset by the decrease in sales volume of polysilicon and average selling price of wafer during the year ended 31 December 2017.

Cost and Net Profit Margin

The Group's polysilicon and wafer production costs mainly depend on its ability to control raw material costs, lower energy consumption, achieve economies of scale in its operations and streamline production processes. During the year ended 31 December 2017, the Group continued to make effort on cost reduction and control measures.

The net profit margin of our solar material business for the year ended 31 December 2017 was decreased to 6.5% as compared with net profit margin of 12.0% in the corresponding period in 2016. The decrease was mainly combined effect of the following:

(1) Decrease in gross profit and gross profit margin as a result of the decrease in sales volume of polysilicon and average selling price of wafer, partially offset by the increase in sales volume of wafer and reduction of production cost of both polysilicon and wafer.

(2) Increase in research and development costs for several projects such as the diamond wire sawing technology.

Solar Farm Business

Overseas Solar Farms

As at 31 December 2017, the solar farm business includes 18 MW of solar farms in the United States. Besides, 150 MW solar farms in South Africa, which was partnered with CAD Fund, commenced operation in 2014 with the total effective ownership of 9.7% owned by the Group.

PRC Solar Farms

As at 31 December 2017, the solar farm business also includes 10 solar farms in the PRC and its installed capacity and attributable installed capacity were remained unchanged at 353.0 MW and 289.3 MW, respectively.

Sales Volume and Revenue

For the year ended 31 December 2017, the electricity sales volume of solar farm business in overseas and the PRC were 29,804 MWh and 495,365 MWh respectively (2016: 31,302 MWh and 498,420 MWh, respectively).

For the year ended 31 December 2017, revenue for solar farm business was approximately RMB497 million (2016: RMB508 million).

New Energy Business

As at 31 December 2017, the Group owns 11,880 million shares of GNE (approximately 62.28% of GNE's issued capital). As at 31 December 2017, the aggregated installed capacity of the 162 grid-connected solar farms of GNE Group (31 December 2016: 90) increased by 70% to 5,990 MW (31 December 2016: 3,516 MW). 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)(2) (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

Places	Tariff Zones	Number of solar power plant	Aggregate Installed Capacity[1] (MW)	Grid-connected Capacity[1][2] (MW)	Electricity Sales Volume (million kWh)	Average Tariff (Net of Tax) (RMB/kWh)	Revenue (RMB million)
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[4]							
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**
Representing:							
Electricity sales							1,461
Tariff adjustment — government subsidies received and receivables							2,656
							4,117
Less: effect of discounting tariff adjustment receivables to present value[3]							(175)
Total revenue of GNE Group							3,942

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

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

(3) Certain portion of the tariff adjustment (government subsidies) receivables will be recovered after twelve months from the reporting date. The tariff adjustment receivables are discounted at an effective interest rate ranging from 3.44% to 3.56% per annum.

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

Revenue

During the year ended 31 December 2017, the revenue of GNE 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 the PRC was approximately RMB0.79/kWh (2017: 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 (i.e. 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.

Financial Resources of GNE Group

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 3,138 MW as at 31 December 2016 to 5,503 MW 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 Investment Co., Ltd. ("Suzhou GCL New Energy").

Outlook

A fair review of the Group's outlook and likely future developments of the Group's business, is set out in the Chairman's Statement and CEO's Review of Operations and Outlook of this report.

Financial Review

Continuing operations

Revenue

Revenue for the year ended 31 December 2017 amounted to approximately RMB23,794 million, representing an increase of 8.0% as compared with approximately RMB22,025 million for the corresponding period in 2016. The increase was mainly contributed by the increase in revenue contributed by GNE Group.

Gross Profit Margin

The Group's overall gross profit margin for the year ended 31 December 2017 was 34.5%, as compared with 32.0% for the corresponding period in 2016.

Gross profit margin for the solar material business decreased from 27.7% for the year ended 31 December 2016 to 27.2% for the year ended 31 December 2017. The decrease was mainly attributable to the decrease in the average selling price of wafer products, partially offset by the decrease in production costs, resulting in a slight decrease in gross profit margin.

Solar farm business has a gross profit margin of 48.5% for the year ended 31 December 2017, as compared with 20.7% for the corresponding period in 2016. The increase was primarily due to the significant decrease in impairment loss on project assets in the current year.

The gross profit margin for the new energy business was 67.3% for the year ended 31 December 2017 and 69.9% for the corresponding period in 2016. The decrease in gross profit margin was mainly due to (1) tariff cut for the projects connected to the grid after 30 June 2016; (2) competitive bidding for newly constructed solar power plants of which bidding prices are lower than benchmark tariff and (3) the drop in revenue caused by lower solar radiation due to smog in early 2017.

Other Income

For the year ended 31 December 2017, other income mainly comprised government grants of approximately RMB141 million (2016: RMB347 million), sales of scrap materials of approximately RMB390 million (2016: RMB200 million) and bank and other interest income of approximately RMB229 million (2016: RMB195 million).

Distribution and Selling Expenses

Distribution and selling expenses increased from approximately RMB73 million for the year ended 31 December 2016 to approximately RMB119 million for the year ended 31 December 2017. Increase in distribution and selling expenses were due to more sales and marketing activities carried out during the period.

Administrative Expenses

Administrative expenses amounted to approximately RMB2,188 million for the year ended 31 December 2017, representing an increase of 18.5% from approximately RMB1,847 million for the corresponding period in 2016. Increase in administrative expenses was primarily due to the increase in depreciation expenses on fixed assets, amortization expenses on other intangible assets and professional fee incurred for solar materials business.

Other Expenses, Gains and Losses, Net

The other expenses, gains and losses represents net expenses of RMB1,308 million for the year ended 31 December 2017 (2016: net expenses of RMB1,091 million). The net expenses for the current year mainly comprises of research and development costs of approximately RMB956 million (2016: RMB247 million), impairment loss on property, plant and equipment of approximately RMB263 million (2016: RMB541 million), loss on fair value change of convertible bonds payable of approximately RMB157 million (2016: RMB356 million) and loss on disposal of property, plant and equipment of approximately RMB147 million (2016: RMB26 million), the amount is partially offset by compensation income of RMB156 million (2016: Nil).

Research and development costs increased because in the past year, the Company enhanced the research and development investment in terms of the technology in the existing business in FBR technology, polysilicon crystal growth technique, monosilicon crystal growth technique and diamond wire saw cutting polysilicon technology, and achieving significant results. At the same time, it also starts the study in new technologies in silicon chemical, constant czochralski monosilicon technology (連續直拉單晶生長技術) and direct wafer growth (直接硅片生長).

Finance Costs

Finance costs for the year ended 31 December 2017 were approximately RMB2,541 million, increased by 18.2% as compared to approximately RMB2,149 million for the corresponding period in 2016. Increase was mainly related to the increase of bank and other borrowings by GNE Group during the year.

Share of Profits of Associates and Joint Ventures

The Group's share of profits of associates and joint ventures for the year ended 31 December 2017 was approximately RMB27 million, mainly contributed by the joint venture in South Africa.

Income Tax Expense

Income tax expense for the year ended 31 December 2017 was approximately RMB638 million, representing an increase of 18.8% as compared with approximately RMB537 million for the corresponding period in 2016. The increase was mainly due to tax incurred on group restructuring of RMB199 million (2016: Nil).

Profit attributable to Owners of the Company

Profit attributable to owners of the Company from continuing operations amounted to approximately RMB1,926 million for the year ended 31 December 2017, representing a decrease of 8.2% as compared with a profit of approximately RMB2,099 million for the corresponding period in 2016.

The profit for the year ended 31 December 2017 from discontinued operations was RMB77 million (2016: Loss of RMB112 million).

Profit attributable to owners of the Company from continuing operations and discontinued operations amounted to approximately RMB1,974 million for the year ended 31 December 2017 as compared with a profit of approximately RMB2,029 million for the corresponding period in 2016.

Adjusted EBITDA and Adjusted EBITDA Margin

	2017 **RMB million**	2016 RMB million
For the year ended 31 December:		
Profit for the year from continuing operations:	**2,274**	2,307
Adjust: non-operating or non-recurring items:		
Impairment loss of property, plant and equipment	**263**	541
Gain on convertible bonds receivable	**(13)**	(34)
Loss on fair value change of convertible bonds payables	**157**	356
Loss (gain) on fair value change of held for trading investments	**28**	(25)
Loss on fair value change of derivative financial instrument	**—**	3
Impairment loss on deposits for acquisitions of property, plant and equipment	**—**	59
Bargain purchase from business combination	**—**	(67)
Restructuring and acquisition costs	**78**	—
Compensation income in relation to shutdown of a power plant	**(156)**	—
Gain on fair value change of financial assets designated at fair value through profit or loss	**(17)**	—
	2,614	3,140
Add:		
Finance costs	**2,541**	2,149
Income tax expense	**638**	537
Depreciation and amortization	**3,747**	3,396
Adjusted EBITDA	**9,540**	9,222
Adjusted EBITDA Margin	**40.1%**	41.9%

Property, Plant and Equipment

Property, plant and equipment increased from RMB52,462 million as at 31 December 2016 to RMB63,780 million as at 31 December 2017. The significant increase is mainly attributable to the increase in the total installed capacity of solar-farms from 3,656 MW as at 31 December 2016 to 5,990 MW as at 31 December 2017.

Deposits, Prepayments and Other Non-current Assets

Non-current portion for deposits, prepayments and other non-current assets increased from RMB3,640 million as at 31 December 2016 to RMB6,083 million as at 31 December 2017. The increase was mainly attributable to the increase in tariff adjustments expected to be received after twelve months from RMB250 million as at 31 December 2016 to RMB1,836 million at 31 December 2017, as well as increase in refundable value-added tax from RMB2,114 million as at 31 December 2016 to RMB2,716 million as at 31 December 2017 by GNE Group.

Interests in Associates and Joint Ventures

Interests in associates and joint ventures increased when compared to 31 December 2016 mainly because of (1) capital injection of RMB900 million in Inner Mongolia Zhonghuan GCL Solar Material Co., Ltd., a company established in the PRC engaged in the research and development and manufacturing of monocrystalline silicon materials for solar (the green renewable energy) cells and silicon materials for other applications; and (2) investment in Lamtex Holdings Limited, details are set out in the section "Material Acquisitions and Disposals of Subsidiaries and/or Associated Companies" of this report.

Trade and Other Receivables

Trade and other receivables increased from RMB12,285 million as at 31 December 2016 to RMB14,537 million as at 31 December 2017. The increase was mainly due to (1) increases in accounts receivables from solar material business as a result of the increase in its bills receivables; and (2) net increase in current portion of government subsidies receivables of RMB542 million from GNE Group.

The following is an aged analysis of trade receivables, net of allowances for doubtful debts, and bills receivable (trade-related) at the end of the reporting period:

	2017 **RMB'000**	2016 RMB'000
Trade receivables:		
Unbilled	**4,365,887**	2,093,632
Within 3 months	**1,068,657**	1,322,138
3 to 6 months	**142,984**	162,552
Over 6 months	**166,600**	361,934
	5,744,128	3,940,256
Bills receivable (trade-related):		
Within 3 months	**3,302,388**	3,424,004
3 to 6 months	**4,857,039**	2,662,711
	8,159,427	6,086,715

Trade and Other Payables

Trade and other payables increased from RMB17,860 million as at 31 December 2016 to RMB19,592 million as at 31 December 2017. The increase was mainly due to increase in trade payables and increase in construction payables from solar material business, such as the new project at Xinjiang.

Liquidity and Financial Resources

As at 31 December 2017, the total assets of the Group were about RMB107,280 million, of which the aggregate restricted and unrestricted cash and bank balances amounted to approximately RMB15,580 million. The bank and other interest received for the year ended 31 December 2017 was approximately RMB155 million.

For the year ended 31 December 2017, the Group's main source of funding was cash generated from operating and financing activities. The net cash from operating activities was RMB8,955 million, compared with RMB7,785 million in the corresponding period in 2016. The increase is mainly attributable to the increase cash received from trade and tariff receivables by GNE group.

For the year ended 31 December 2017, the net cash used in investing activities was approximately RMB18,775 million (2016: RMB8,150 million), primarily related to the deposits paid for and purchase of property, plant and equipment of approximately RMB16,552 million (which was mainly attributable to GNE Group of approximately RMB13,634 million) and increase in interests in associates and joint ventures of approximately RMB1,198 million, in which approximately RMB900 million represented capital increase in Inner Mongolia Zhonghuan GCL, and approximately RMB169 million represented investment in Lamtex Holdings Limited.

For the year ended 31 December 2017, the net cash from financing activities was approximately RMB11,698 million (2016: net cash used in financing activities of RMB1,232 million). This was mainly due to the net addition of bank and other borrowings of RMB14,758 million (in which RMB10,919 million attributable to GNE Group), partially offset by interest paid of RMB2,940 million (in which RMB1,795 million attributable to GNE Group), net repayment of obligations under finance leases of RMB902 million and repayment of notes and bonds payables of RMB1,190 million.

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately RMB12,313 million as at 31 December 2017 and the Group had cash and cash equivalents of RMB10,673 million against the Group's total borrowings (comprising bank and other borrowings, obligations under finance leases, notes and bonds payable and convertible bonds payable) amounted to approximately RMB58,196 million, out of which approximately RMB22,582 million will be due in the coming twelve months. The Directors have evaluated the Group's current undrawn banking facilities and renewable bank borrowings.

In order to improve liquidity, the Group continues to pay close attention in managing the Group's cash position and conducts on-going negotiations with banks to ensure that the existing facilities will be successfully renewed and additional banking facilities are obtained when necessary. The Directors believe that the Group will be able to renew the banking facilities upon maturity dates and raise additional banking facilities as and when required by the Group's operating cash needs.

The Directors are of the opinion that, taking into account the undrawn banking facilities, renewal of existing banking facilities, the Group's cash flow projection for the coming year and the successful implementation of measures of GNE Group, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months.

For detailed information, please refer to "Basis of Preparation" section of this report.

Indebtedness

Details of the Group's indebtedness are as follows:

	2017 RMB million	2016 RMB million
Current liabilities		
Bank and other borrowings — due within one year	**17,107.8**	13,022.4
Obligations under finance leases — due within one year	**740.9**	858.2
Notes and bonds payables — due within one year	**2,968.0**	648.1
Convertible bonds payables — due within one year	**1,765.3**	—
Indebtedness directly associated with assets classified as held for sale	**—**	264.7
	22,582.0	14,793.4
Non-current liabilities		
Bank and other borrowings — due after one year	**32,857.1**	20,257.1
Obligations under finance leases — due after one year	**895.7**	1,655.3
Notes and bonds payables — due after one year	**1,861.4**	4,473.2
Convertible bond payables — due after one year	**—**	2,013.0
	35,614.2	28,398.6
Total indebtedness	**58,196.2**	43,192.0
Less: Pledged and restricted deposits and bank balances and cash	**(15,580.1)**	(13,189.6)
Net indebtedness	**42,616.1**	30,002.4

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

	2017 RMB million	2016 RMB million
RMB	**50,898.1**	38,032.3
USD	**6,178.3**	4,283.3
EUR	**125.6**	—
JPY	**68.6**	—
HKD	**925.6**	876.4
	58,196.2	43,192.0

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

	2017 **RMB million**	2016 RMB million
Secured	**39,399.0**	27,134.8
Unsecured	**10,565.9**	6,144.7
	49,964.9	33,279.5
Maturity profile of bank and other borrowings		
On demand or within one year	**17,107.8**	13,022.4
After one year but within two years	**7,993.8**	4,950.8
After two years but within five years	**11,382.0**	7,777.1
After five years	**13,481.3**	7,529.2
Group's total bank and other borrowings	**49,964.9**	33,279.5

Bank and other borrowings are denominated in the following currencies:

	2017 **RMB million**	2016 RMB million
RMB	**45,025.9**	30,520.7
USD	**4,813.4**	2,758.8
EUR	**125.6**	—
	49,964.9	33,279.5

As at 31 December 2017, RMB bank and other borrowings carried floating interest rates with reference to the Benchmark Borrowing Rate of The People's Bank of China. USD bank and other borrowings carried interest rates with reference to the London Interbank Offer Rate.

The note payables bear interest at a rate of 4.15% — 7.5% per annum (2016: 3.99% — 7.5%) and the convertible bonds payables bear interest at a fixed rate of 0.75% — 6.0% per annum (2016: 0.75% — 6.0%).

Key Financial Ratios of the Group

	As at **31 December** **2017**	As at 31 December 2016
Current ratio	**0.72**	0.79
Quick ratio	**0.69**	0.76
Net debt to equity attributable to owners of the Company (Note)	**187.1%**	144.1%

Note:

As at 31 December 2017, the net debt of GNE was approximately RMB28,990 million (including the loans from fellow subsidiaries of RMB1,072 million) and the net debt to equity attributable to owners of GNE was 496.7%. For illustration purpose, if purely excluding GNE Group's net debt of RMB27,918 million (excluded the loans provided by the Group to GNE Group) and assuming the equity attributable to owners of the Company remains unchanged, the net debt to equity attributable to owners of the Company would be 64.5%.

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

Credit Risk

Each major operating business has a policy of credit control in place under which credit evaluations of customers are performed on all customers requiring credit.

Credit risk on sales of polysilicon and wafer products is not significant as the major customers are listed entities with good repayment history. Credit risk of sales of electricity is also not significant as most of the revenue is obtained from the subsidiaries of State Grid Corporation of China (the "State Grid"). The State Grid is a state-owned enterprise in China, which possesses low default risk.

In order to minimize the credit risk, the Group reviews the recoverable amount of each individual trade debt periodically to ensure that adequate impairment losses are made for irrecoverable amounts.

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, GNE 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.

Risk associated with tariff

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

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.

Foreign Currency Risk

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

The Group continues to adopt a conservative approach on foreign exchange exposure management and ensure that its exposure to fluctuations in foreign exchange rates is minimised. The majority of the Group's borrowings are denominated in RMB. Foreign currency forward contracts will be utilized when it is considered as appropriate to hedge against foreign currency risk exposure.

The Directors are of the opinion that, with the successful implementation of the above measures, the above-mentioned foreign currency risk exposure can be reduced.

Pledge of Assets

As at 31 December 2017, property, plant and equipment and prepaid lease payments with a carrying value of approximately RMB37,957 million and RMB343 million respectively, were pledged as security for certain banking facilities and borrowings and obligations under finance leases granted to the Group (2016: RMB27,848 million and RMB322 million respectively). Apart from these, bank deposits, and bill receivables of RMB4,907 million (2016: RMB4,205 million), and RMB2,515 million (2016: RMB1,887 million), respectively, were pledged to the banks to secure borrowings and finance leases and other borrowings granted to the Group.

Capital Commitments

As at 31 December 2017, the Group's capital commitments in respect of purchase of property, plant and equipment, and intangible assets contracted for but not provided amounted to RMB7,185 million and nil respectively (2016: RMB5,005 million and RMB936 million, respectively).

Contingencies

Financial guarantees contracts

As at 31 December 2017 and 2016, the Company and certain of its subsidiaries guaranteed bank and other borrowings of certain subsidiaries of GNE which amounted to RMB4,355 million and RMB5,553 million, respectively.

Contingent liability

As at 31 December 2017, the Group and the Company did not have any significant contingent liabilities.

Material Acquisitions and Disposals of Subsidiaries and/or Associated Companies

a. *Acquisition of SunEdison's solar material assets*

During the year ended 31 December 2017, the Group completed the acquisition of both tangible and intangible assets of SunEdison's solar material business at a net consideration of US$127,500,000.

With integration of the advanced manufacturing technology of SunEdison, it will enable the Group to further consolidate its position as a leading polysilicon manufacturer globally and maintain its cost advantage and competitiveness of solar materials production.

b. *Purchase of shares in Lamtex Holdings Limited ("Lamtex")*

On 13 October 2017, the Company has purchased 299,498,421 ordinary shares of Lamtex (the "Shares"), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1041) from China Force Enterprises Inc. ("China Force"), for a total consideration of HK$200,000,000. The Shares represent approximately 29.55% of the issued share capital of Lamtex on 13 October 2017.

China Force will continue to hold convertible bonds issued by Lamtex with an outstanding principal amount of HK$158,000,000 (due on 18 January 2019, coupon rate 2%, conversion price HK$0.285). On 21 December 2017, China Force has partially converted HK$46,000,000 convertible bonds into 161,403,508 ordinary shares of Lamtex. As a result, the shareholding of the Company in Lamtex has decreased to 25.49% as at 31 December 2017.

On 7 March 2018, Lamtex entered into a conditional placing agreement ("Placing Agreement") with ChaoShang Securities Limited (the "Placing Agent") pursuant to which the Placing Agent agreed to place as Lamtex's placing agent on a best effort basis a total of up to 170,000,000 new shares ("the Placing Shares") at HK$0.43 per Placing Share ("Placing Price").

The Placing Shares represent approximately 14.47% of the existing total number of issued shares of Lamtex as at 7 March 2018, and approximately 12.64% of the total number of issued shares of Lamtex as enlarged by the allotment and issue of the Placing Shares in full. As a result, the shareholding of the Company in Lamtex will further decrease to 22.27% if the Placing Shares are allotted in full.

The shareholding of the Company will further decrease to 17.23% if China Force fully exercises the convertible bonds and the Placing Shares are allotted in full.

Lamtex is principally engaged in securities trading and investment business, securities brokerage and provision of securities margin finance business, property investment business and loan financing services business.

c. *Acquisitions by GNE Group*

For the year ended 31 December 2017, GNE Group acquired several subsidiaries, which are engaged in solar power plant business in Japan and the PRC at a total consideration of approximately RMB42 million (2016: RMB157 million).

d. *Capital increase in 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")*

On 22 November 2017, GNE 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 GNE Group. Upon completion of the capital increase, GNE 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.

e. *Disposal of printed circuit boards business ("PCB business")*

On 30 December 2016, GNE 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.

f. *Disposal of 100% equity interest in Jinhu and Wanhai*

On 30 June 2017, GNE Group entered into share transfer agreements with 西安中民協鑫新能源有限公司 (Xian Zhangmin GCL New Energy Company Limited*) ("Zhongmin GCL"), a joint venture of GNE Group, pursuant to which GNE 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 Zhenhui 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 was completed in July 2017.

Events After the End of The Reporting Period

Other than disclosed elsewhere in this report, the Group also has the following significant events after the end of the reporting period:

(i) On 26 February 2018, the Company through its direct wholly-owned subsidiary, Stand Virtue Limited ("Stand Virtue"), entered into a subscription agreement (the "Company Subscription Agreement") with Millennial Lithium Corp. ("Millennial"), pursuant to which Stand Virtue agreed to:

(1) subscribe for 1,636,213 units in the capital of Millennial, with each unit being comprised of one common share in Millennial and one half of one warrant ("Units") in Millennial ("Initial Units") for Canadian dollars ("C$") 3.50 per unit for an aggregate consideration of C$5,726,745.50 (the "Subscription Amount"); and

(2) if the over-allotment option is exercised, subscribe for up to a further 186,301 Units in Millennial ("Additional Units") for C$3.50 per unit up to a maximum consideration of C$652,053.50 (the "Additional Subscription Amount").

Million Surge Holdings Limited (an indirect wholly-owned subsidiary of the Zhu family trust) has agreed to guarantee the obligations of Stand Virtue under the Company Subscription Agreement.

For detailed information, please refer to the Company's announcement dated 26 February 2018.

(ii) On 30 November 2017, GIC Investment Limited, a limited company incorporated in the British Virgin Islands, a wholly owned subsidiary of the Company (as subscriber) (the "Subscriber"), and Asia Energy Logistics Group Limited, a limited liability company incorporated in Hong Kong and listed on the Stock Exchange (stock code: 0351) (as issuer) (the "Issuer") entered into the subscription agreement (the "Subscription Agreement"), pursuant to which the Subscriber agreed to subscribe for, and the Issuer agreed to issue HK$100,000,000 5.5% convertible bonds with a term of 3 years ("Convertible Bonds").

The conditions precedent as specified in the Subscription Agreement have been fulfilled and the subscription of the Convertible Bonds by the Subscriber has been completed on 2 March 2018.

(iii) On 23 January 2018, GNE 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.

Employees

We consider our employees to be our most important resource. 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 including but not limited to discretionary bonuses, with share options granted to eligible employees.

* *English name for identification only*

MAJOR INVESTOR RELATIONS ACTIVITIES

The Board and management of the Company believe that effective investor relations is instrumental in enhancing investors' understanding to the Company, improving the quality of corporate governance and creating shareholders' value. Last year, we, together with various investor relations intermediaries and securities brokers, organized a series of investor relations activities to promote the Company in the capital markets.

In 2017, we launched various non-deal roadshows in Hong Kong and the Mainland China (such as Beijing, Shanghai and Shenzhen). We always made proactive actions in contacting and communicating with the investors community, so that they get to keep abreast of the overall condition of solar industry and various active measures of the Company responding to market changes and seizing industry opportunities to maintain confidence in the future growth of the Company.

Throughout last year, we participated in over 200 investor relations activities including non-deal and deal road-shows, investor seminars and one-on-one meetings. We met over 1,000 investors from more than 100 international institutions by participating in respective road-shows activities arranged by investment banks such as Deutsche Bank, Credit Suisse, CitiBank, and CICC, and through domestic and overseas investment conferences organized by JP Morgan, HSBC, Macquarie, CICC, China Merchants, China Everbright, Sinolink Securities, Guotai Junan, SWS and etc.

We also organized site visits in our quarterly Corporate Open Day in 2017 as we hoped that global investors would learn more about our manufacturing competitiveness in the solar industry. Representatives from major media groups, research analysts of major investment banks, a number of fund managers and representatives of large investors all over the world were invited to visit our solar power plants and our polysilicon and wafer manufacturing facilities in the PRC. Through face-to-face meetings with our frontline staff members, media and investors were able to experience our operations and management in an objective manner.

Furthermore, we update the information on our website on a timely manner and participate in interactions among social networking platforms, and through various new methods, we communicate responsively with a number of investors on the latest business developments of the Company.

CORPORATE ENVIRONMENTAL POLICIES AND PERFORMANCE

While striving to achieve a win-win situation for the Company, shareholders and business partners, the Company also actively assumes the responsibility to protect the environment. The Company has been adhering to the philosophy of "Bringing Green Power to Life" with its mission to provide effective clean energy and continuously improve our living environment. By continuous reinforcing the environmental protection concept, the improvement of production efficiency and the development of energy-and-water-saving solutions, the Company is committed to achieving the aim of reducing resource consumption and waste generation.

The Company has devoted considerable resources into the upgrading and reforming of environmental protection, disposal of urban solid and hazardous wastes, environment surveillance and management so as to enhance its environmental performance, including constantly improving the environmental management systems, formulating and updating the environmental policies, actively integrating the environmental objectives into life cycle and every parts of the production and operation of products, taking advantage of the technology to recover the emission and by-products generated during production in an effective manner, encouraging our staff to take joint action and strengthening supply chain management. In addition, some of our subsidiaries would take a company's environmental performance history into consideration while selecting new suppliers, at the same time to enhance the level of environmental management of the industrial chain as a whole.

The Company has always been in stringent compliance with national and local laws and regulations, and will continue its efforts to actively response to and perfect the deficiencies in our projects and footprints, so as to enhance the level and performance of environmental management of our Company. Furthermore, the Company will also abide by relevant laws and regulations in relation to the Group's operations, including the labor laws, occupation disease prevention laws, company laws and pollution prevention laws, etc. The Company has human resource department and safety department in place to establish various management, welfare and safety policies. In respect of the prevention of pollution, the Company has installed a lot of surveillance devices and enhanced its production techniques to achieve real time monitoring and minimal pollution at the sources. Our average emission is always lower than the standard emission rate.

The Company actively takes participation in various charity events. For years, the Company has initiated and participated in over 100 charitable events. On 8 August 2017, Sichuan was suffered from a 7.0 magnitude earthquake. Thereafter, the Company participated in the rescue and relief works and post-disaster reconstruction, and also organized donation among employees to help with people who lived in disaster affected area. In April 2017, Xuzhou Solar sponsored the First International Marathon which was organised by Xuzhou city government, and posted advertisement for GCL-Poly during the event. Xuzhou Solar was selected as the Spokes Corporate of the Xuzhou Social Security Administration Center for fulfillment of corporate social responsibility and improvement of the social security system. The senior management and a group of employees of Xuzhou Solar enthusiastically participated in recording the public service advertisement regarding the employment injury insurance, with an aim to promote the importance of employee's safety.

The Company believes that, a bilateral, transparent and regular communication is conducive to maintaining harmonious relationship among parties, enhancing mutual trust and respect and laying a solid foundation for the Company's sustainable development. Therefore, the Company has committed to communicating with stakeholders in multi channels and attaching great importance to their views. Regular communications with various stakeholders, including the staff, shareholders/investors, government authorities, customers, partners, community personnel/organizations and media etc., were also held in an active manner to understand their concerns and regularly reviews the effectiveness of such efforts, so as to optimize the ways of communication and give a comprehensive reflection of the opinions from stakeholders.

Furthermore, talents are the most precious resources of the Company. By adhering to the principle of people-oriented management, the Company strives to create a healthy and safe working environment, constantly improve the employment mechanism and build a pleasant employment environment through the adoption of intensive humanistic management. What's more, successive introduction of talents and continuous improvement in employees' skills can also contribute to promoting corporate values.

Environmental, Social and Governance Report

The Company has published environmental, social and governance reports ("ESG Report(s)") every year since 2013. The contents of these reports are prepared with reference to the core plan of the latest Global Reporting Initiative ("GRI") G4 "Sustainability Reporting Guidelines". Since 2016, ESG reports includes Environmental, Social, and Governance (ESG) Reporting Guidelines by the Hong Kong Stock Exchange and the Guidelines for the Compilation of China's Corporate Social Responsibility Report by the Chinese Academy of Social Sciences.

Please refer to the ESG Report to be published by the Company in separate for the Company's performance in environmental protection, staff relations, community investment and other aspects, and its strategic objectives to assume corporate social responsibility. The ESG report will be uploaded to the Company's website in or about July 2018.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

ZHU Gongshan (Chairman), aged 60, is the founder of the Company. He has been an Executive Director and the Chairman of the Company since July 2006. Mr. Zhu is a member of the Strategy and Investment Committee of the Company. Mr. Zhu and his family (including his son, Mr. Zhu Yufeng, who is also a Director of the Company) are the beneficiaries of a discretionary trust which was interested in about 34.26% issued share capital of the Company at 15 March 2018, the date of this report.

Mr. Zhu Gongshan is currently the chairman of Global Solar Council, the chairman of Asian Photovoltaic Industry Association, the honorary chairman of Africa Food Fund (非洲糧食基金), a member of the 12th Jiangsu Province Committee of the Chinese People's Political Consultative Conference, the vice director (China) of The Prince's Charities Foundation, a member of American Council on Renewable Energy, the executive chairman of ICC China Environment and Energy Committee, the vice chairman of China Overseas Chinese Entrepreneurs Association, the vice chairman of China Industrial Overseas Development & Planning Association, the chairman of China New Energy International Alliance, the vice president of Chinese Renewable Energy Industries Association, the vice chairman of China Fortune Foundation Limited, the vice chairman of the Cogeneration Professional Committee of the Chinese Society for Electrical Engineering (中國電機工程學會熱電專業委員會), the vice president of Jiangsu Federation of Industry and Commerce, the honorary chairman of Jiangsu Residents Association in Hong Kong, the honorary chairman of the 4th board of directors of Nanjing University, and the honorary president of Hong Kong Baptist University Foundation.

Mr. Zhu Gongshan has been awarded the "China's Top Ten Economic Person of the Year 2015" in 2016, the "New Global Energy Outstanding Contributor" award in 2015, and the "Green China — Outstanding Leader of Environmental Protection" award in 2014 and was praised as one of the "Top Ten Chinese to Change the Future" by the Sunday Times of the United Kingdom in 2009. Mr. Zhu Gongshan graduated from Nanjing Electric Power College (南京電力專科學校) in July 1981 and obtained a diploma in electrical automation. Mr. Zhu Gongshan is also the director of GCL System Integration Technology Co., Ltd., a company with its shares listed on the Shenzhen Stock Exchange (Stock Code: 002506).

ZHU Zhanjun (CEO), aged 48, has been an Executive Director and Executive President of the Company since January 2015. He has been appointed as the Chief Executive Officer ("CEO") of the Company since April 2016. Mr. Zhu is a member of the Strategy and Investment Committee of the Company and also a director of several subsidiaries of the Company. He has vast experience in the polysilicon and wafer business. He joined the Company in 2004 as a plant manager of one of our power plants and became a general manager in 2006. He was transferred to Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業發展有限公司) ("Jiangsu Zhongneng"), a subsidiary of the Company which manufactures polysilicon, as Deputy Director-Infrastructure in 2008. Mr. Zhu was promoted as the General Manager of Jiangsu GCL Silicon Material Technology Development Co., Ltd. (江蘇協鑫硅材料科技發展有限公司) ("Jiangsu GCL"), a subsidiary of the Company in 2009 and was appointed as a vice president of the Company in 2013, overseeing the Company's ingot business and Jiangsu GCL's wafer business. Mr. Zhu is an engineer and obtained a Master's degree in Business Administration from China Europe International Business School (中歐國際工商學院) in 2013. Mr. Zhu is currently responsible for the overall operation and management of the Group.

JI Jun, aged 70, has been an Executive Director of the Company since November 2006. He is also a member of the Strategy and Investment Committee of the Company. Mr. Ji focuses on strategic planning and business development of the Group. He has extensive experience in the power industry and has experience in handling corporate finance projects.

ZHU Yufeng, aged 36, has been an Executive Director of the Company since September 2009 and is a member of the Remuneration Committee of the Company. Mr. Zhu is also a director of several subsidiaries of the Company. He graduated from George Brown College (Business Administration Faculty) in 2005. Mr. Zhu and his family (including his father, Mr. Zhu Gongshan, who is also a Director of the Company) are the beneficiaries of a discretionary trust which owns about 34.26% issued share capital of the Company at 15 March 2018. Mr. Zhu joined a subsidiary of the Company in 2006. He is responsible for human resources, administration and project tender of the Company. Mr. Zhu is also the chairman and an executive director of GCL New Energy Holdings Limited ("GNE"), a subsidiary of the Company with its shares listed on the Hong Kong Stock Exchange Main Board (Stock Code:451).

SUN Wei, aged 46, has been an Executive Director of the Company since September 2016. Prior to the appointment, Ms. Sun was an Executive Director of the Company for the periods from November 2006 to July 2007 and from October 2007 until January 2015. She has served the Company as the Honorary Chairman of Finance and Strategy Function since January 2015. She is also a director of several subsidiaries of the Company. Ms. Sun currently is responsible for the corporate finance, financial strategy and management of the Group. Ms. Sun is the non-executive director of GNE. She is also the vice chairman of Golden Concord Holdings Limited, a company controlled by Mr. Zhu Gongshan. Ms. Sun has over 20 years' experience in corporate finance, financial strategy and management experience. Ms. Sun was awarded a Doctorate degree in Business Administration in 2005.

YEUNG Man Chung, Charles (CFO and Company Secretary), aged 49, has been an Executive Director of the Company since September 2014. He is also a member of the Nomination Committee, Corporate Governance Committee and Strategy and Investment Committee of the Company. Mr. Yeung was appointed as the Chief Financial Officer ("CFO") of the Company on 30 April 2014 and Company Secretary of the Company on 20 March 2017. He is also a director of several subsidiaries of the Company. Prior to joining the Company in April 2014, he served as 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 he 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 a major in accounting and he is also a member of The Hong Kong Institute of Certified Public Accountants and The Australian Society of Certified Practising Accountants. Mr. Yeung has over 25 years of experience in accounting, auditing and financial management. Mr. Yeung is responsible for the financial control and reporting, corporate finance, tax and risk management of the Company and its subsidiaries. Mr. Yeung is a non-executive director of GNE and also is the vice president of Golden Concord Group Limited, a company controlled by the Zhu Family Trust, since November 2017. Mr. Yeung is an independent non-executive director of Tree Holdings Limited, a company with its shares listed on the Hong Kong Stock Exchange GEM Board (Stock code: 8395). He is also a director of Millennial Lithium Corp., a company with its shares listed on the TSX Venture Exchange in Canada.

JIANG Wenwu, aged 54, has been an Executive Director of the Company since April 2016. He was the deputy general manager of Jiangsu Zhongneng in 2007 and was promoted as the general manager in 2010. In 2015, Mr. Jiang was further promoted as senior vice president (solar business) of the Company. In 2017, Mr. Jiang was promoted as the chairman of Jiangsu Zhongneng. He is also a director of several subsidiaries of the Company. Mr. Jiang is a senior engineer. He obtained an executive master's degree in business administration in 2014 from Cheung Kong Graduate School of Business and a master's degree in engineering in 2003 from Liaoning Shihua University (遼寧石油化工大學), the PRC. Mr. Jiang is responsible for the daily operation and management of Jiangsu Zhongneng, the principal business of which is production and sale of polysilicon.

ZHENG Xiongjiu, aged 49, has been an Executive Director of the Company since April 2016. He was the general manager of the Company's two wafer plants in 2010. Since 2013, Mr. Zheng has managed the wafer business of five wafer plants including the two original wafer plants. In 2015, Mr. Zheng was promoted as senior vice president (solar business) of the Company. Mr. Zheng is also a director of several subsidiaries of the Company. He graduated from Xian Jiaotong University in 1991, major in mechanical engineering. Mr. Zheng obtained a Master's degree in Business Administration from China Europe International Business School (中歐國際工商學院) in 2016. Mr. Zheng is currently responsible for the daily operation and management of the five wafer plants of the Company, the principal business of which is production and sale of wafer.

Independent Non-Executive Directors

HO Chung Tai, Raymond SBS, MBE, S.B.St.J., JP, aged 78, has been an Independent Non-Executive Director of the Company since September 2007. He is the chairman of the Remuneration Committee, the Strategy and Investment Committee and the Corporate Governance Committee of the Company, and also a member of the Audit Committee and the Nomination Committee of the Company.

Dr. Ho has 50 years of experience in the fields of civil, structural, environmental and geotechnical engineering and direct project management of mega size engineering projects including 40 years in Hong Kong and 10 years in the United Kingdom, with direct responsibility in the HK$3.0 billion project of Electrification and Modernisation of Kowloon-Canton Railway from the mid-70's till early 80's, all the government-funded infrastructure works for Shatin New Town and Tseung Kwan O New Town from early 80's till the end of 1993, major projects of tunnels, bridges, flyovers, roads, dockyards, jetties, hospitals, hotels, incinerators, high-rise commercial and residential buildings, geotechnical work, environmental studies and projects. Dr. Ho holds a Doctorate degree in Civil Engineering from the City University of London, United Kingdom, an Honorary Doctorate of Business Administration from the City University of Hong Kong, an Honorary Doctorate of Laws from the University of Manchester, United Kingdom, a Postgraduate Diploma in Geotechnical Engineering from the University of Manchester, United Kingdom and a Bachelor's degree in Civil Engineering from the University of Hong Kong. Dr. Ho is an independent non-executive director of Deson Development International Holdings Limited, China State Construction International Holdings Limited, Chinlink International Holdings Limited and AP Rentals Holdings Limited.

YIP Tai Him, aged 47, has been an Independent Non-Executive Director of the Company since March 2009. He is the chairman of the Audit Committee and the Nomination Committee and is also a member of the Remuneration Committee, the Strategy and Investment Committee and the Corporate Governance Committee of the Company. Mr. Yip is a practising accountant in Hong Kong. He is also a member of the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants in the United Kingdom. He has over 20 years of experience in accounting, auditing and financial management. Mr. Yip is currently an independent non-executive director of the following listed companies in Hong Kong, namely, Shentong Robot Education Group Company Limited, Redco Properties Group Limited, Bisu Technology Group International Limited, Sino Golf Holdings Limited and New Wisdom Holding Company Limited.

SHEN Wenzhong, aged 49, Dr. Shen has been an Independent Non-Executive Director of the Company since July 2015. He is a member of the Audit Committee and the Strategy and Investment Committee of the Company. Dr. Shen has been a Professor and PhD Supervisor in the Department of Physics and Astronomy, Shanghai Jiao Tong University since 1999 as well as a Changjiang Chair Professor of Shanghai Jiao Tong University since 2000. He became the director of the Solar Power Research Institute of Shanghai Jiao Tong University since 2007. Dr. Shen has participated in various science and technology research programmes in the PRC, published scientific papers in international journals and books on photovoltaic subjects. He graduated from the Shanghai Institute of Technical Physics, Chinese Academy of Sciences with a doctorate degree in 1995. During the period from 1996–1999, he joined Georgia State University in the U.S. as a postdoctoral fellow. Dr. Shen is currently an executive council member of China Renewable Energy Society, the chairman of the Committee of Shanghai Solar Energy Society, an advisory committee member of the International Photovoltaic Science and Engineering Conference and the chief editor of an academic journal "Solar PV of China". He is an independent non-executive director of Shanghai Aerospace Automobile Electromechanical Co., Ltd. (上海航天汽車機電股份有限公司), a company with its shares listed on The Shanghai Stock Exchange, and Jolywood (Suzhou) Sunwatt Co., Ltd. (蘇州中來光伏新材股份有限公司), a company with its shares listed on The Shenzhen Stock Exchange.

WONG Man Chung, Francis, aged 53, has been an Independent Non-Executive Director of the Company since April 2016. He is also a member of the Strategy and Investment Committee of the Company. He is a Certified Public Accountant (Practising). Mr. Wong is a fellow member in respect of The Chartered Association of Certified Accountants, The Institute of Chartered Accountants in England and Wales, The Society of Chinese Accountants & Auditors and The Hong Kong Institute of Certified Public Accountants and a certified tax adviser of the Taxation Institute of Hong Kong. Previously, Mr. Wong has worked for KPMG, an international accounting firm for 6 years and the Compliance Department of Hong Kong Securities Clearing Company Limited for about 2 years. He has over 27 years of experience in auditing, taxation, corporate internal control & governance, acquisition & financial advisory, corporate restructuring & liquidation, family trust & wealth management. Mr. Wong is currently an independent non-executive director of China Oriental Group Company Limited, Digital China Holdings Limited, Wai Kee Holdings Limited, Integrated Waste Solutions Group Holdings Limited, Greenheart Group Limited, Kunming Dianchi Water Treatment Co., Ltd., China New Higher Education Group Limited and Hilong Holding Limited, the shares of all these companies are listed on the Main Board of the Stock Exchange of Hong Kong Limited. Mr. Wong holds a master's degree in management from Guangzhou Jinan University (廣州暨南大學), the PRC.

Senior Management

At the date of this report, the senior management of the Group comprises the above executive Directors, namely, Mr. Zhu Gongshan, Mr. Zhu Zhanjun, Mr. Ji Jun, Mr. Zhu Yufeng, Ms. Sun Wei, Mr. Yeung Man Chung, Charles, Mr. Jiang Wenwu and Mr. Zheng Xiongjiu.

As at 15 March 2018

The Company is dedicated to achieve and maintain a high standard of corporate governance to maximize the Company's and the stakeholders' value, with continuous review and evaluation of the various systems and procedures are carried out to ensure their effectiveness. During 2017, the Company had organized an in-house Directors' training in corporate governance for the Directors and senior management of the Company. The Strategy and Investment Committee has reviewed and assessed its responsibility to cover evaluation of significant investment and disposal proposals. Other work done in relation to corporate governance during 2017 is delineated in this report.

The Company has complied with all the code provisions as stipulated in the Corporate Governance Code (the "Code") under Appendix 14 in the Listing Rules throughout the year ended 31 December 2017 save for the deviation from the following code provisions of the Code:

(i) Code provision A.6.7

Code provision A.6.7 stipulates that independent non-executive directors (the "INEDs") and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. One of our independent non-executive director, who was not in Hong Kong when the extraordinary general meeting of the Company held on 9 February 2017 and 11 August 2017, was unable to attend such meetings.

(ii) Code provision E.1.2

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Mr. Zhu Gongshan, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 24 May 2017 as he had to attend certain business abroad. Mr. Zhu had invited Mr. Yeung Man Chung, Charles, an executive Director, Chief Financial Officer and Company Secretary of the Company to attend and act as the chairman of such meeting.

The Board

Board Composition

The Board is currently comprised twelve Directors with professional background and/or extensive expertise and experience in the Group's business related industries. The Board consists of eight Executive Directors and four INEDs. The Directors who served the Board during the year ended 31 December 2017 and up to the date of this report are as follows:

Executive Directors

Zhu Gongshan *(Chairman)*
Zhu Zhanjun *(CEO)*
Ji Jun
Zhu Yufeng
Sun Wei
Yeung Man Chung, Charles *(CFO and Company Secretary)*
Jiang Wenwu
Zheng Xiongjiu

Independent Non-executive Directors

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

Biographical details of the Directors are set out under the section headed "Biographical details of Directors and Senior Management" of this annual report on pages 39 to 42.

Mr. Zhu Gongshan and Mr. Zhu Yufeng are members of the Zhu Family Trust which is a controlling shareholder of the Company. Mr. Zhu Yufeng is the son of Mr. Zhu Gongshan. Ms. Sun is a vice chairman of Golden Concord Holdings Limited, a company controlled by Mr. Zhu Gongshan. Mr. Yeung Man Chung, Charles is the vice president of Golden Concord Group Limited, a company controlled by the Zhu Family Trust.

Save for the above and to the best knowledge of the Company, there is no financial, business, family or other material or relevant relationships among members of the Board and the substantial shareholders of the Company.

Each of the four INEDs has made a written confirmation to the Company of his independence with reference to the criteria and guidelines as set out in Rule 3.13 of the Listing Rules. Each Director has declared to the Company of his/her interests in any material contracts or other interest in the business of the Group or in any competing business with the Group. During the year ended 31 December 2017, the Company complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules which require the minimum number of INEDs and at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

Appropriate insurance to cover against liability of the Directors and officers of the Company has been arranged and renewed annually.

Board Process and Effectiveness

The Board is responsible for leading the Group's activities by determining strategic directions and business plan, exercising a number of reserved powers to oversee the operations and monitor the financial performance of the Group by determination of the annual budget, approving significant capital investment, ensuring the integrity of the Group's accounting and financial reporting system and to oversee management in the design, implementation and monitoring of the risk management and internal control systems of the Group.

The management is responsible to implement the Board's decision within the delegated authority, to make investment proposal, report their performance regularly to the Board and ensure by continuous monitoring that the Group's risk management and internal control systems are effective. Key features of Board process:

- at least four regular Board meetings will be held each year, with additional meetings to be held as and when required. All Directors will be informed of the tentative dates of the regular board meetings to be held at the beginning of each year. In 2017, there were four regular meetings and twenty-three non-regular meetings held by the Board;
- in respect of regular meetings, at least 14 days' notice is given to all Directors to give them an opportunity to attend. For all other meetings, reasonable notice is given;
- proposed agenda will be given to all Directors at least 14 days prior to the regular meetings to give them an opportunity to include matters in the agenda and the board papers were sent to all Directors at least 3 days before the meetings;
- all Directors are able to access to the advice and services of the Company Secretary, management and external professionals with a view to ensuring that board procedures, all applicable rules and regulations, are followed;
- minutes of all board meetings and committee meetings have been sent to all Directors for their comments and records respectively, within a reasonable time after the meetings are held; and
- a procedure has been adopted by the Company to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense.

Appointment and Re-election of Directors

The INEDs are appointed for a specific term of office for three years. All Directors, including the INEDs, are subject to retirement by rotation and eligible for re-election at annual general meetings in accordance with the Company's Articles of Association, provided that every Director shall be retired at least once every three years. At the annual general meeting held on 24 May 2017, the newly appointed additional Director in September 2016, namely Ms. Sun Wei had been retired and elected as Director. Mr. Zhu Zhanjun, Mr. Zhu Yufeng, Mr. Yip Tai Him and Mr. Yeung Man Chung, Charles, had been retired and re-elected as Directors at such meeting.

Nomination of Director

Where vacancies arise at the Board or whenever any qualified professionals or individuals with relevant expertise and experience is likely to be invited to join the Board, the qualifications, experience and awards (if any) of the proposed candidate(s) will be put forward to the Nomination Committee for its consideration and decision whether to make recommendation to the Board.

Responsibilities of Directors

During the year, the Directors had performed their responsibilities by attending and participating in various committees meetings, board meetings and general meetings. In order to encourage the Director's active participation in the meetings, meeting materials will be and had been dispatched to the Directors in advance of the meetings (for all regular meetings, at least three days in advance) to allow them to have the chance to read and understand the issues to be discussed at the meetings. The Company will also circulate a monthly report to the Directors to keep them up-to-date of the status and position of the Group.

At the beginning of each year, the Directors are provided with the tentative schedule of regular meetings so that they can mark their calendar as early as possible to avoid conflict of meetings. There were twenty-seven Board meetings held during the year and the average attendance rate is 77.5%. An annual general meeting and two extraordinary general meetings were held during the year of 2017. The attendance of such meetings is shown in the table below:

Members of the Board	Number of Board meetings attended/held	Number of general meetings attended/held
Executive Directors		
Zhu Gongshan *(Chairman)*	13/27	0/3
Zhu Zhanjun	25/27	0/3
Ji Jun	24/27	0/3
Zhu Yufeng	5/27	0/3
Sun Wei	13/27	0/3
Yeung Man Chung, Charles	26/27	3/3
Jiang Wenwu	19/27	0/3
Zheng Xiongjiu	23/27	0/3
Independent Non-executive Directors		
Ho Chung Tai, Raymond	24/27	3/3
Yip Tai Him	26/27	3/3
Shen Wenzhong	27/27	1/3
Wong Man Chung, Francis	26/27	3/3

Directors' Induction and Continuous Professional Development

Upon the appointment of new Directors, a comprehensive directors' handbook, which sets out the Company's business and a summary of the applicable laws, rules and regulations and key governance issues, will be and had been provided to each newly appointed Directors. A training regarding the rules and regulations applicable to directors of listed companies to observe during their services on Board will also be provided to each of the newly appointed Directors. During the year, the Company had organized an in-house Directors' training in relation to connected transactions and inside information for the Directors and the senior management of the Company to attend.

Ongoing updating the Directors and senior management of the Company on further developments and requirements of any applicable rules, regulations and laws or refreshing their knowledge and skills by providing briefings or arrangement of seminars had been adopted by the Company during the year. In addition, understanding the business and operations of the Group is also important for the Directors to discharge their responsibilities.

The Directors acknowledged the importance of updating their professional development and refreshing their knowledge and skills. The Company encouraged the Directors to participate in any seminar or forum organized by professional bodies, independent auditors, solicitors, chambers and business organizations as well as reading relevant articles. Below is a table in accordance with the records maintained by the Company indicating the Directors had received the following training in compliance with Rule A.6.5 of the Listing Rules during the year:

	Corporate Governance/ Updates on Laws, Rules & Regulations		Accounting/Financial/ Management or Other Professional Skills	
Directors	**Read Materials**	**Attend Seminars/ Briefings**	**Read Materials**	**Attend Seminars/ Briefings**
Executive Directors				
Zhu Gongshan *(Chairman)*	√	√	√	√
Zhu Zhanjun *(CEO)*	√	√	√	√
Ji Jun	√	√	√	√
Zhu Yufeng	√	√	√	√
Sun Wei	√	√	√	√
Yeung Man Chung, Charles	√	√	√	√
Jiang Wenwu	√	√	√	√
Zheng Xiongjiu	√	√	√	√
Independent Non-executive Directors				
Ho Chung Tai, Raymond	√	√	√	√
Yip Tai Him	√	√	√	√
Shen Wenzhong	√	√	√	√
Wong Man Chung, Francis	√	√	√	√

Chairman and Chief Executive Officer

Mr. Zhu Gongshan had performed the dual roles of Chairman of the Board and the Chief Executive Officer of the Company since September 2009, but since 1 April 2016, Mr. Zhu Zhanjun was appointed as CEO of the Company. The primary responsibilities of the Chairman are to provide leadership to the Board in setting corporate goals of the Company, overseeing the performance and effectiveness of the Board, ensuring the compliance of rules and regulations and taking a lead to ensure that the Board acts in the best interest of the Company and shareholders as a whole. In particular, the Chairman should ensure that Board meetings are effectively conducted, including all Directors to receive timely, adequate, accurate, complete and reliable information. The Chairman also takes the primary responsibility for ensuring that good corporate governance practices and procedures are established.

The primary responsibilities of the Chief Executive Officer of the Company are to provide leadership for the management of the Company, taking a lead to implement the Company's business strategies and oversee the performance of the management in achieving corporate goals.

The Chairman will meet with the non-executive Directors to discuss openly with them of any issues concerning the Company, without the presence of the executive Directors. During the year, a meeting had been held among the Chairman and the INEDs.

Delegation by the Board

The Board delegates certain responsibilities to various committees which are discussed below. Each of these committees has its respective terms of reference, all of them are posted on the Stock Exchange's and the Company's websites.

Accountability and Audit

The Directors acknowledge their responsibility for preparing the financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the profits and cash flows of the Group in accordance with International Financial Reporting Standards, disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. In preparing the financial statements for the year ended 31 December 2017, the Directors have selected suitable accounting policies and applied them consistently; made judgements and estimates which are reasonable and have prepared the financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position, results of operations, cash flows and changes in equity of the Group. The Independent Auditor's Report relating to their reporting responsibilities on the financial statements of the Company is set out on pages 101 and 107 of this annual report.

Audit Committee

The Audit Committee comprises three INEDs, namely Mr. Yip Tai Him, Ir. Dr. Ho Chung Tai, Raymond and Dr. Shen Wenzhong. Mr. Yip Tai Him, who is a practicing accountant in Hong Kong and a member of the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants in the United Kingdom, possesses extensive accounting experience and serves as the chairman of the committee.

The terms of reference of the Audit Committee, which has been updated on 4 January 2016, setting out the operation, authorities and responsibilities of the committee is available on the websites of the Company and the Stock Exchange. The major responsibilities of the Audit Committee includes:

- monitoring integrity of the financial statements, annual report and interim report;
- monitoring and assessing the risk management and internal control systems (including the adequacy of resources, qualifications and experience of accounting and financial reporting staff);
- discussing the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems;
- considering any major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- monitoring the independence of an external auditor;

- monitoring and assessing the performance of the external auditor, proposing to the Board the appointment or removal of the external auditor, and facilitating the communication between external auditor and internal audit function;

- reviewing any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control, management's response and the Board's timely response; and

- acting as key representative body for overseeing the Company's relations with the external auditor.

Four Audit Committee meetings were held in 2017 and the attendance is set out in the following table:

Members of Audit Committee	**Number of meetings attended/held**
Mr. Yip Tai Him *(Chairman)*	4/4
Ir. Dr. Ho Chung Tai, Raymond	4/4
Dr. Shen Wenzhong	4/4

In addition to the aforesaid four meetings, the Audit Committee also held a meeting in March 2018. The following work was performed by the Audit Committee during the year ended 31 December 2017 and up to the date of this report:

i. reviewed and approved the audit fees;

ii. assessed the independence of the external auditors;

iii. approved the scope of audit for the year ended 31 December 2017;

iv. reviewed the reports from Deloitte Touche Tohmatsu ("Deloitte") for the interim and year end of 2017;

v. reviewed the 2017 audited financial statements and the results announcement (including the unaudited financial statements and the results announcement for the 1st half of 2017);

vi. reviewed the report on the continuing connected transactions for the financial year ended 31 December 2017;

vii. reviewed the interim and year end internal audit reports and concluded that the Group has effective risk management and internal control systems and the qualifications and experience of the Company's accounting staff and resources for financial reporting function are adequate;

viii. reviewed the corporate governance review report (including the compliance status of provisions in relation to risk management and internal audit under Appendix 14 of the Listing Rules) prepared by Protiviti Shanghai Co., Limited and reported to the Board of its conclusion and recommendation;

ix. recommended the election of the proposed external auditors at the forthcoming annual general meeting; and

x. reviewed and approved certain non-audit services provided by Deloitte.

The Audit Committee monitors the audit and non-audit services rendered to the Group by its external auditors and ensures that their engagement in other non-audit services will not impair their audit independence.

For the year ended 31 December 2017, the total remuneration in respect of services provided by Deloitte is analysed as follows:

Nature of Service	**Fees** (RMB'000)
Audit services	
— 2017 Annual audit	12,586
Non-audit services	
— 2017 Interim review	3,043
— Others	2,365

Risk Management and Internal Controls

Assisted by the Corporate Governance Committee and the Audit Committee, the Board monitors the risk management and internal control systems of the Company and its subsidiaries on an ongoing basis. The risk management and internal control systems (the "Systems") implemented by the Board, management and relevant parties aims to manage rather than eliminate risks of failure to achieve the following objectives, and to only provide reasonable, but not absolute, assurance against material misstatement or loss:

- efficiency and effectiveness of operation
- reliability of financial reporting
- compliance with applicable laws and regulations
- effectiveness of risk management

Members of the Board and the management of the Company actively participate in activities related to corporate governance and discuss major issues. The Audit Committee collects corporate governance information and reports to the Board. The senior management of the Company is proactively engaged in the risks assessment of the Company and the review of its response measures.

The Company has an internal control department in place to be responsible for the implementation of risk management and internal control policies. In performing its responsibilities, the internal control department must organize and coordinate management to identify and assess the risks exposed to the Company for the Board's consideration and motivate the management to design, implement and manage a suitable internal control and risk management system to facilitate policies adopted by the Board. In addition to the internal control department, all employees are accountable for the risk management and internal control under each of their scope of responsibilities.

Systems Overview

Each business units of the Company adopts the risk management and internal control structure of the Company during the ordinary course of business. The risk management portion within the structure provides clear and effective management procedures for each business units to identify and review risks and set risk priorities for the purpose of resource allocation and corresponding risk management. The management can also has a clear understanding of the significant risks exposed to the Company through such System and make and implement decisions accordingly, enabling its business to achieve a better performance. Further, the internal control portion within the structure offers a clear guideline to each business units by clarifying the internal control objective of each key line of business and conducting regular review of the effectiveness of control activities adopted for the purpose of control.

Systems Structure and Communication Mechanism

The Board of the Company has established the Audit Committee, which is currently comprised of three independent non-executive directors. Members of the Audit Committee have extensive experiences in the industry and ensure their full independence. The Company has established and published the Terms of Reference for the Audit Committee, which expressly specifies the authorities and responsibilities of the Audit Committee, in accordance with the Listing Rules.

The Board of the Company has established the Corporate Governance Committee, which is currently comprised of the Chief Financial Officer and two independent non-executive directors of the Company, with one of the independent non-executive director acting as the Chairman. The Corporate Governance Committee meets regularly to review the governance policies and practices, compliance of laws and regulations and implementation of regulatory and monitoring system of the Company.

Business units established under the headquarter of the Company include polysilicon unit, ingot unit and wafer unit. The internal control department is responsible for the overall management of internal control and risk management works within both of the headquarter and each business units thereunder. Each business units (including direct subsidiaries) has established its own legal and internal control department for the conducting of specific internal control and risk management works.

For the purpose of continuous monitoring of risk management and internal controls by the Board and management, the Company has established various communication channels, ensuring that information are communicated and implemented in a timely and accurate manner, and providing the Board with relevant confirmation from management:

- The legal and internal control department of each business unit has adopted a dual-reporting mechanism, i.e. matters in relation to risks and internal controls are required to report simultaneously to the relevant head in each business unit and the internal control department;

- The internal control department collects risk information monthly. Each business unit shall complete a form regarding progress made in risk controls on a monthly basis and submit it to the internal control department for preparation of monthly risk report, and remind the management of such matters like significant risk warning; and

- The internal control department reports risk management and internal controls regularly to the management, the Audit Committee and the Board, ensuring the Board having known sufficient information for the fulfillment of continuous supervision responsibility.

Review Procedure for Systems Effectiveness

The Audit Committee of the Company, on behalf of the Board, makes a comprehensive assessment of the effectiveness of risk management and internal control system at least semi-annually. The Audit Committee has strictly implemented the supervision function of risk management and internal control during the year in the following specific procedures:

- to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective internal control and risk management systems; discussion shall include whether the resources of the Company in accounting and financial reporting functions, qualification and experience of employees, employee training and relevant budget is sufficient or not;

- to consider major investigation findings on risk management and internal control matters on its own initiative or as delegated by the Board and management's response to these findings;

- to ensure coordination between the internal and external auditors, and also ensure the internal audit function entitles sufficient resource and proper place inside the Company, and review and supervise its effectiveness;

- to report to the Board in relation to matters regarding code provision C.3 of the Code.

Four meetings were held by the Audit Committee during the year, mainly discussing risk controls, follow-up of corporate governance and external audit, as well as reviewing the internal control reports in relation to corporate governance and risk management scope.

It is the responsibility of the management of the Company to implement risk management and internal control systems on an on-going basis and report the implementation position at least semi-annually to the Audit Committee and the Board. Management has primarily conducted the following works in relation to risk management and internal control during the year:

- Annual risk assessment: the Company has established a basic risk management system for risk identification, assessment, response and reporting, and conducts comprehensive risk assessment semi-annually;

- Significant risk response: employing external independent consultancy institution to make analysis, assessment and report on the response measures in relation to the key risks focused on by the Board and management;

- Internal risk examination: the Company has established and implemented the risk control manager procedure and conducted internal risk examination on each of key business department, including finance, human resource, sales, information security, safety, environment and firefighting, procurement and storage and logistics;

- Optimizing system revision procedure: the Company has performed in-depth review on the management and control of key projects for the year and participated in the establishment and improvement of various management systems and procedures;

- Internal control assessment: the internal control department and each business unit conducted internal control assessments on all normally operating subsidiaries, covering business processes including finance and financial investment, from procurement to payment, inventory and logistics, human resources management, from sales to payment collection and asset management, etc. The rating of the overall internal control assessment is quite satisfactory.

Significant Risks and Management Procedure

At the end of the year, the Company has identified risk updates, performed overall risk assessment, reviewed risk changes and selected significant risks which need constant attention. During the year, the Company has adopted the following measures in relation to significant risks:

- To cope with the potential risk of overcapacity caused by rapid industry expansion, the Company will accelerate its research and development for new technologies and new technique, and highlight differentiated product strategies, in order to achieve obvious technical and cost advantage to maintain its product competitiveness.

- In response to the market competitive risk arising from the development of monosilicon, the Company has, on one hand, not only actively reinforced its monosilicon business by expanding its monosilicon product line and developing new technologies vigorously, but also enhancing the competitiveness of its manufacturing capacity and accelerating the industrialization of its monosilicon products, with an aim to promote its monosilicon and polysilicon products simultaneously. On the other hand, the Company will cooperate with professional upstream and downstream companies for technology research and development, so as to develop polysilicon product lines with higher cost performance to continuously enhance the competitiveness of its polysilicon products.

- In order to deal with industry fluctuation risks generated by policy-related subsidy reduction and stringent quality supervision imposed on the industry, the Company will strengthen its product competitiveness internally by improving its production efficiency and the cost performance of its products. Meanwhile, it will allocate resources in the industry rationally, consolidate its position in the domestic market and gradually expand into overseas markets. In addition, the Company will continue to promote its corporate image, shoulder its corporate social responsibility, strengthen public opinion monitoring, maintain its relationship with public media, and enhance its social influence.

Inside Information Internal Control

An inside information committee has been set up since November 2012, which is currently comprises four executive Directors. The committee's principal function is to determine whether any confidential information arises from time to time is inside information or not. If the committee recognizes that the information constitutes inside information, it will report to the Board and recommend timely disclosure of such information pursuant to the relevant provisions under the Securities and Futures Ordinance and the Listing Rules. A monthly report of potential inside information, which if further develops, may become inside information will be provided to the committee for continuous monitoring. A policy of inside information has been provided to the senior managers of the Group. They are encouraged to report any incidence or information they believe as inside information when performing their duties to their senior managers or the committee directly.

In view of the inadvertent failure to announce the past connected transactions with Xi'an Datang Electric Power Design and Research Institute Co., Ltd.* (西安大唐電力設計研究院有限公司) ("Xi'an Datang Electric"), an associate of a connected person of the Company at the subsidiary level, the Company proactively took remedial measures, including the publication of the announcement on 28 April 2017, the engagement of an independent internal control consultant to review the Group's internal control system in relation to the connected transactions and to improve the reporting system between the Company and GNE.

Apart from the aforesaid and based on the efforts devoted by the Group, external reviews carried out by external advisor, the auditor's report from Deloitte, the Audit Committee and the management had concluded that there is neither material irregularities nor areas of material concerns that would have the significant adverse impact on the Company's financial position or results of operations, and that the risk management and internal control systems are adequate and effective and the Company's staff and resources for the accounting, internal audit and financial reporting functions are adequate. The above conclusion has been reported and confirmed to the Board, and the Board is of the view that the risk management and internal control systems of the Group are effective.

Remuneration of Directors and Senior Management

Remuneration Committee

The Remuneration Committee comprises two INEDs and one executive Director, namely Ir. Dr. Ho Chung Tai, Raymond (chairman of the committee), Mr. Yip Tai Him and Mr. Zhu Yufeng. The Board resolved to adopt that the Remuneration Committee has the duty to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management. A copy of the terms of reference setting out the operation, authorities and responsibilities of the Remuneration Committee is available at the Company's and the Stock Exchange's websites.

The primary responsibilities of the Remuneration Committee include:

- determining, with delegated responsibility, the remuneration packages of individual executive Directors and senior management;
- making remuneration recommendations of non-executive Directors to the Board;
- recommending the remuneration policy and structure for all Directors and senior management to the Board for approval; and
- reviewing and approving the compensation arrangement to executive Directors and senior management for any loss or termination of officer appointment to ensure that it is consistent with contractual terms and is fair and not excessive.

Two meetings were held by the Remuneration Committee during the year 2017 and the attendance is set out in the following table:

Members of Remuneration Committee	**Number of meetings attended/held**
Ir. Dr. Ho Chung Tai, Raymond *(Chairman)*	2/2
Mr. Yip Tai Him	2/2
Mr. Zhu Yufeng	1/2

Subsequent to the year ended 31 December 2017 and up to the date of this report, the committee had convened a meeting in March 2018.

The Remuneration Committee had performed the following work during to the year ended 31 December 2017 and up to the date of this report:

i. reviewed and recommended the Board on the remuneration policy of the executive Directors and senior management of the Company;

ii. reviewed, considered and approved the remuneration package of the existing executive Directors;

iii. approved the adjustment of remuneration of the executive Directors;

iv. reviewed and recommended the Board the adoption of the share award scheme; and

v. reviewed and approved the service agreement and letter of appointment for non-executive Directors.

Other Committee

Strategy and Investment Committee

The Strategic and Investment Committee comprises eight members, four INEDs and four executive Directors. The INEDs are Ir. Dr. Ho Chung Tai, Raymond (who is also the chairman of the committee), Mr. Yip Tai Him, Dr. Shen Wenzhong and Mr. Wong Man Chung, Francis. The executive Directors who are also the committee members are Mr. Zhu Gongshan, Mr. Zhu Zhanjun, Mr. Ji Jun and Mr. Yeung Man Chung, Charles. The terms of reference of the committee was revised and adopted by adding the review and evaluation of significant investment and disposal proposal of the Group on 14 June 2016. The change enables more Directors to involve in the early discussion stage of significant proposed transactions before they are passed to the board decision level, which is considered to be a better decision making process. A copy of the terms of reference setting out the operation, authorities and responsibilities of such committee is available at the Company's and the Stock Exchange's websites.

The primary responsibilities of the Strategy and Investment Committee include:

- reviewing long-term strategic development plans;
- reviewing the annual performance of the Company and assessing implementation and progress of the long term strategic development plans;
- reviewing and recommending to the Board for opportunities of upgrading the facilities, expansion, mergers and acquisitions;
- reviewing and recommending to the Board with regard to the political, social and economic development in the PRC affecting or potentially affecting the business activities of the Group;
- reviewing and monitoring the relationship of the Company with its key strategic joint-venture partners or the relationship building with these partners; and
- reviewing, evaluation and recommendation to the Board of any significant investment and disposal proposals.

Seven meetings were held by the Strategy and Investment Committee during the year 2017 and the attendance is set out in the following table:

Members of Strategy and Investment Committee	**Number of meetings attended/held**
Ho Chung Tai, Raymond	6/7
Zhu Gongshan	6/7
Zhu Zhanjun	6/7
Ji Jun	6/7
Yeung Man Chung, Charles	7/7
Yip Tai Him	7/7
Shen Wenzhong	7/7
Wong Man Chung, Francis	7/7

The Strategy and Investment Committee had carried out the following work during the year:

- Reviewed the long-term strategic development plan of the Group; and
- Reviewed certain investment proposals and reported to the Board of its conclusion.

Subsequent to the year ended 31 December 2017 and up to the date of this report, the committee held a meeting in January 2018.

Nomination Committee

The Nomination Committee comprises two INEDs, namely Mr. Yip Tai Him (chairman of the committee) and Ir. Dr. Ho Chung Tai, Raymond, and an executive Director, namely Mr. Yeung Man Chung, Charles. A copy of the terms of reference setting out the operation, authorities and responsibilities of the Nomination Committee is available at the Company's and the Stock Exchange's websites.

The duties of the Nomination Committee include reviewing the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board, identifying and making recommendations to the Board on the selection of individual nominated for directorships, assessing the independence of INEDs, and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

A meeting was held by the Nomination Committee during the year 2017 and the attendance is set out in the following table:

Members of Nomination Committee	**Number of meetings attended/held**
Yip Tai Him	1/1
Ho Chung Tai, Raymond	1/1
Yeung Man Chung, Charles	1/1

During the meeting, the committee had reviewed, assessed or made recommendations to the Board (where suitable) on (i) the independence of the INEDs against the criteria and guidelines as set out in Rule 3.13 of the Listing Rules and concluded that all INEDs had complied with the criteria; (ii) the composition of the existing Board members with reference to their age, sex, experience, qualification and expertise against the business scope of the Company and (iii) succession plan.

A summary of the board diversity policy is set out as follows:

The Company continuously seeks to enhance the effective performance of its Board and also recognizes the benefits of diversity in the boardroom.

When identifying suitable candidates and making nominations of the Board members, the Nomination Committee will consider their skills, knowledge, experience and an appropriate mix of diversity, the perspectives of involve a number of factors, including but not limited to gender, age, culture and other qualities.

The Nomination Committee will take into account the Company's own business model and specific needs to ensure the diversity perspectives appropriate to the Company.

Equality of opportunity in all aspects of the Company's business is much emphasized by the Company. Board candidates will be considered against objective criteria and Board appointments will continue to be made on a merit basis.

The Nomination Committee will regularly review the diversity policy to ensure its continued effectiveness and report to the Board of any revisions of or recommendation on this policy.

Corporate Governance Committee

The Corporate Governance Committee comprises two INEDs, namely Ir. Dr. Ho Chung Tai, Raymond (chairman of the committee), Mr. Yip Tai Him and an executive Director, namely Mr. Yeung Man Chung, Charles. A copy of the terms of reference setting out the operation, authorities and responsibilities of the Corporate Governance Committee is available at the Company's website.

The duties of the Corporate Governance Committee includes:

i. developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;

ii. reviewing and monitoring the training and continuous professional development of Directors and senior management;

iii. reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

iv. developing, reviewing and monitoring the code of conduct applicable to employees and Directors; and

v. reviewing the Company's compliance with the Code and disclosure in the Corporate Governance Report.

Two meetings have been convened by the committee during the year 2017 and the attendance is set out in the following table:

Members of Corporate Governance Committee	Number of meetings attended/held
Ho Chung Tai, Raymond	1/2
Yip Tai Him	2/2
Yeung Man Chung, Charles	2/2

In view of the inadvertent failure to announce the past connected transactions with Xi'an Datang Electric (the "Past Connected Transactions"), a meeting was held to review the Past Connected Transactions and to propose remedial measures, including the engagement of an independent internal control consultant to review the adequacy and effectiveness of the Group's internal control system in relation to connected transactions, to be taken by the Company.

The committee had also reviewed and evaluated the effectiveness of (i) the performance of certain policies and practices adopted by the Company, including the whistle-blowing policy, the inside information policy and discloseable transaction policy and connected transaction policy; and (ii) the Board committees, including the Audit Committee, Remuneration Committee, Nomination Committee and Strategy and Investment Committee; (iii) the policy in relation to the training and continuous professional development of Directors and senior management; (iv) the constitution, authority and responsibilities of the Strategy and Investment Committee which mainly deals with the investment proposals and make recommendations to the Board; and (v) the report on whistle-blowing policy. The committee concluded the adopted policies are effective.

Compliance with Model Code

The Board has adopted the model code with terms no less exacting than the required standard as set out in Appendix 10 of the Listing Rules as its own model code of conduct regarding Directors' securities transactions (the "Model Code"). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2017.

Investor Relations and Communication with Shareholders

The Board recognizes the importance of communication with shareholders and has adhered to its established communication policy. The general communication policy includes timely dispatch full and accurate information to shareholders and investment public by announcement, financial reports and circulars through the website of the Stock Exchange and the Company's website; maintain dialogue with shareholders by disclosing the way of communication to the Board and in relation to share registration matters, the contact of the share registrar in Hong Kong; and by convening the general meetings (if any) and annual general meeting. On 24 May 2017, the Company convened an annual general meeting. At the meeting, the Directors, members and/or chairman of the Board committees had attended and answer questions raised by the shareholders.

Directors and our Investor Relations team also communicated from time to time with analysts, fund managers, institutional shareholders and media while keeping the stringent standard of not disclosing inside information to any selective group. The Directors, executives together with our Investor Relations team held/participated in meetings, presentations and conference with them. Details of investor relations activities were further described under the section headed "Major Investor Relations Activities" of this report.

There is no change in the Company's Memorandum and Articles of Association during the year. A copy of the Memorandum and Articles of Association is available at the websites of the Stock Exchange and the Company.

Shareholders' Rights

Procedures for members to convene extraordinary general meeting ("EGM")

The following procedures are subject to the Company's Articles of Association and applicable legislation and regulation.

1. Pursuant to Article 58 of the Articles of Association of the Company, any one or more members of the Company 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 an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

2. The requisitionist(s) shall deposit his/their requisition together with the proposals to be considered at such meeting at the principal place of business of the Company at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time and for the attention of the Chairman of the Board and the Company Secretary.

3. If the requisition is in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the requirements under the Articles of Association to all the registered members. On the contrary, if the requisition is invalid, the members concerned will be advised of this outcome and accordingly, an EGM will not be convened as requested.

4. The notice period to be given to all the registered members for consideration of the proposal raised by the member(s) concerned at an EGM varies according to the nature of the proposal, as follows:

   — at least twenty-one (21) clear days' notice in writing if the proposal constitutes a special resolution of the Company, which cannot be amended other than to a mere clerical amendment to correct a patent error; and

   — at least fourteen (14) clear days' and not less than ten (10) clear business days' notice in writing if the proposal constitutes an ordinary resolution of the Company.

Members who have enquiries about the above procedures may write to the Company Secretary at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time.

Procedures for a Member to Propose a Person for Election as a Director

The following procedures are subject to the Company's Articles of Association and applicable legislation and regulation.

1. If a member, who is duly qualified to attend and vote at the general meeting convened to deal with appointment/election of director(s), wishes to propose a person (other than the member himself/herself) for election as a director at that meeting, he/she can deposit a written notice at the Company's principal office at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, or at any address notified by the Company from time to time for the attention of the Company Secretary of the Company.

2. In order for the Company to inform all members of that proposal, the written notice must state the full name of the person proposed for election as a director, his/her biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the member concerned and that person indicating his/her willingness to be elected.

3. The period for lodgment of such a written notice will commence on the day after the despatch of the notice of the general meeting and end no later than seven (7) clear days prior to the date of such general meeting. If the notice is received less than fifteen (15) business days prior to that general meeting (twenty (20) business days in case of annual general meeting), the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the members at least fourteen (14) clear days and not less than ten (10) business days prior to the general meeting (twenty (20) business days in case of annual general meeting).

Members who have enquiries about the above procedures may write to the Company Secretary at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time.

Enquiries to the Board

No procedure set in the Articles of Association of the Company is available for any member to put forward an enquiry to the Board. A member may, of course, at any time write to the board of directors of the Company at the Company's principal office at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time. In relation to share registration matters in Hong Kong, a member shall contact the branch share registrar in Hong Kong, namely Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

REPORT OF THE DIRECTORS

The directors of the Company (the "Directors" or the "Board") submit their report together with the audited consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2017.

Principal Activities

The principal activities of the Group during the year 2017 are principally engaged in the manufacturing and sale of polysilicon and wafers products, and developing, owning and operation of solar farms.

The particulars of the Company's principal subsidiaries and interests in joint ventures are set out in notes 57 and 21 of the consolidated financial statements, respectively.

Business Review

The Group's revenue is derived principally from the sales of polysilicon, wafer and electricity, which is primarily conducted in the PRC. An analysis of the Group's performance for the year by operating segment is set out in note 6 to the consolidated financial statements.

A fair review of the Group's business, including the important events affecting the Group that have occurred since the end of 2017 and the likely future developments of the Group's business, is set out in the Chairman's Statement, CEO's Review of Operations and Outlook, and the Management Discussion and Analysis sections on pages 12 to 35 of this report. Principal risks and uncertainties facing the Company were reviewed and assessed by the Board, which was set out in the Corporate Governance Report under the Risk Management and Internal Controls section on pages 50 to page 54. Details about the Group's financial risk management are set out in note 45 to the consolidated financial statements.

Other than the inadvertent failure to announce the past connected transactions with Xi'an Datang Electric, details of which were disclosed in the Company's announcement dated 28 April 2017, throughout 2017, there was no incidence of non-compliance with the relevant laws and regulations in relation to the operations that have a significant impact on the Group's business.

A description of the Group's environmental policies and performance, compliance with relevant laws and regulations and relationships with major stakeholders are set out on pages 37 and 38 of this report, details of which will be included in the environmental, social and governance report to be published by the Company.

Results and Appropriations

The results of the Group for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss and other comprehensive income from pages 108 to 109. The Directors do not recommend the payment of any final dividend for the year ended 31 December 2017 (2016: Nil).

Financial Summary

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years is set out on pages 2 to 3.

Property, Plant and Equipment

Movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

Share Capital

Details of movements in the issued share capital of the Company during the year are set out in note 41 to the consolidated financial statements.

Distributable Reserves

The distributable reserves of the Company as at 31 December 2017 amounted to RMB26,750.2 million (2016: RMB23,594.9 million).

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

Bank Borrowings

Particulars of the Group's bank and other borrowings are set out in note 36 to the consolidated financial statements.

Donations

Donations by the Group for charitable and other purposes as at 31 December 2017 amounted to RMB5.7 million (2016: RMB10.0 million).

Equity-linked Agreements

Save for the share option schemes, the share award scheme and the US subsidiary's equity incentive plan described below, the convertible bonds with details of movements set out in note 52 to the consolidated financial statements, no equity-linked agreements were entered into by the Group during the year ended 31 December 2017, or subsisted at the end of the year 2017.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 21 May 2018 to Monday, 28 May 2018, both days inclusive, during which period no transfer of shares of the Company will be effected and for the purpose of determining the identity of members who are entitled to attend and vote at the annual general meeting of the Company to be held on Monday, 28 May 2018 at 11:30 a.m. In order to be eligible to attend and vote at the annual general meeting, all completed share transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services 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.

Directors

The directors of the Company during the year and up to the date of this report are:

Executive Directors

Mr. Zhu Gongshan *(Chairman)*
Mr. Zhu Zhanjun *(Chief Executive Officer)*
Mr. Ji Jun
Mr. Zhu Yufeng
Ms. Sun Wei
Mr. Yeung Man Chung, Charles *(Chief Financial Officer and Company Secretary)*
Mr. Jiang Wenwu
Mr. Zheng Xiongjiu

Independent Non-executive Directors

Ir. Dr. Ho Chung Tai, Raymond
Mr. Yip Tai Him
Dr. Shen Wenzhong
Mr. Wong Man Chung, Francis

In accordance with Articles 87(1) and (2) of the Articles of Association of the Company, Mr. Jiang Wenwu, Ir. Dr. Ho Chung Tai, Raymond, Dr. Shen Wenzhong and Mr. Wong Man Chung, Francis will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company has assessed their independence and considers that all the independent non-executive Directors are independent in accordance with guidelines set out in the Listing Rules.

Directors' Services Contracts

Each of the non-executive Directors has entered into a service contract with the Company for a fixed term of three years and will be terminated by not less than three months' notice in writing served by either party on the other. Upon the expiry of the notice period, the appointment will be terminated.

No Director proposed for re-election at the forthcoming annual general meeting has entered into any service agreements with any member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interest in Contracts

Save as disclosed under the section headed "Connected Transactions and Continuing Connected Transactions" in this report of the Directors, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party, and which subsisted at the end of the year or at any time during the year.

Permitted Indemnity Provision

Subject to the applicable laws, every Directors, Company Secretary and other officers of the Company shall be indemnified out of the assets and profits of the Company against all actions, costs charges, losses, damages and expenses incurred by him or her in the execution of his or her duties or in relation thereto pursuant to the Company's Articles of Associations, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. Such provisions were in force during the course of the financial year ended 31 December 2017 and remained in force as of the date of this report.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Company

As at 31 December 2017, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules:

(A) Long position in the shares and underlying shares of the Company:

	Number of Shares held					
Name of Director/ chief executive	**Beneficiary of a trust**	**Corporate interests**	**Personal/ Family interests**	**Number of underlying Shares held**	**Total**	**Approximate percentage of issued share capital**
Zhu Gongshan	6,197,054,822 (note 1)	—	—	173,333,334 (note 1)	6,370,388,156	34.26%
Zhu Zhanjun	—	—	3,400,000	2,719,359 (note 2)	6,119,359	0.03%
Ji Jun	—	—	—	2,215,774 (note 2)	2,215,774	0.01%
Zhu Yufeng	6,197,054,822 (note 1)	—	—	175,851,259 (note 3)	6,372,906,081	34.28%
Sun Wei	—	—	5,723,000	3,222,944 (note 2)	8,945,944	0.05%
Yeung Man Chung, Charles	—	—	—	1,700,000 (note 2)	1,700,000	0.01%
Jiang Wenwu	—	—	9,600,000	1,712,189 (note 2)	11,312,189	0.06%
Zheng Xiongjiu	—	—	250,000	2,517,924 (note 2)	2,767,924	0.01%
Ho Chung Tai, Raymond	—	—	—	1,007,170 (note 2)	1,007,170	0.01%
Yip Tai Him	—	—	—	1,007,170 (note 2)	1,007,170	0.01%

Notes:

(1) An aggregate of 6,197,054,822 shares of the Company are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan) as beneficiaries. Happy Genius Holdings Limited had lent 312,000,000 shares of the Company to the convertible bond investor's associate under the shares lending agreement dated 23 November 2013 (as amended by an agreement dated 15 July 2015 and further amended by an agreement dated 25 January 2016), out of which 69,333,333 shares were returned on 29 April 2016 and 69,333,333 shares were returned on 7 April 2017. Happy Genius Holdings Limited was thus also interested in a long position of 173,333,334 shares of the Company.

(2) These are share options granted by the Company to the Directors, pursuant to the share option scheme adopted by the shareholders of the Company on 22 October 2007. Such granted share options can be exercised by the Directors at various intervals during the period from 1 April 2009 to 28 March 2026 at an exercise price of HK$1.324, HK$1.160 or HK$0.586.

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

(B) Long position in the shares of the Company's associated corporation, namely GCL New Energy Holdings Limited ("GNE"), in which the Company indirectly holds approximately 62.28% issued shares:

	Number of shares of GNE held					
Name of Director/ chief executive	Beneficiary of a trust	Corporate interests	Personal interests	Number of underlying shares held	Total	Approximate percentage of issued share capital of GNE
Zhu Gongshan	1,909,978,301 (Note 1)	—	—		1,909,978,301	10.01%
Zhu Yufeng	1,909,978,301 (Note 1)	—	—	3,523,100 (Note 2)	1,913,501,401	10.03%
Sun Wei	—	—	—	27,178,200 (Note 2)	27,178,200	0.14%
Yeung Man Chung, Charles	—	—	—	15,099,000 (Note 2)	15,099,000	0.08%
Zheng Xiongjiu	—	—	2,450,000	—	2,450,000	0.01%

Notes:

1. 1,909,978,301 shares in GNE are beneficially owned by Dongsheng Photovoltaic Technology (Hong Kong) Limited ("Dongsheng PV"). Dongsheng PV is wholly-owned by GCL System Integration Technology Co., Ltd. and approximately 22.40% and 28.19% of the issued shares in GCL System Integration, the holding company of Dongsheng PV, is held by the Zhu Family Trust and Mr. Zhu Yufeng, an executive director of GNE and son of Mr. Zhu Gongshan, respectively.

2. These are share options granted by GNE. Such granted share options can be exercised by Mr. Zhu Yufeng at the interval between 24 July 2015 and 23 July 2025 at an exercise price of HK$0.606 per share of GNE and by Ms. Sun Wei and Mr. Yeung Man Chung, Charles at the interval between 24 November 2014 and 23 July 2025 at an exercise price of HK$1.1798 or HK$0.606 per share of GNE.

Save as disclosed above, as at 31 December 2017, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register that was required to be kept under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Option Schemes

Share option scheme of the Company

(A) Pre-IPO Share Option Scheme

The Company adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") on 22 October 2007 which became effective on 13 November 2007. No further options under the Pre-IPO Share Option Scheme can be granted after 13 November 2007, the date of listing of the shares of the Company, on the Stock Exchange ("Date of Listing"). The provisions of the Pre-IPO Share Option Scheme shall be valid and effective for a period of 10 years from the effective date, thus, the Pre-IPO Share Option Scheme was expired and all the outstanding options were lapsed on 12 November 2017.

(B) Share Option Scheme of the Company

The Company also adopted a share option scheme (the "Share Option Scheme") on 22 October 2007 which became effective on 13 November 2007. The purpose of the Share Option Scheme is to motivate personnel to 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 eligible person who may be invited by the Board to take up options are: (a) any director or mid-level to senior management of the Company; or (b) any director or mid-level to senior management of any members of the Group.

The Share Option Scheme shall be valid and effective for a period of 10 years from 22 October 2007, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme. The total number of shares issued and to be issued upon exercise of the options granted to each eligible person (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company in issue from time to time. Any offer of grant of options shall remain open for acceptance together with an acceptance remittance of HK$1.00 to be received by the Company shall not be more than 30 days from the date of offer. The exercise price of any options granted shall not be less than whichever is the highest of:

(a) The nominal value of the a share of the Company;

(b) The closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheet on the date of offer; and

(c) The average closing price of a share of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer.

At an extraordinary general meeting of the Company held on 26 November 2015, the shareholders of the Company approved the refreshment of the existing limit to an aggregate number of shares of the Company which may be allotted and issued pursuant to the exercise of options granted under the Share Option Scheme and any other share option scheme of the Company not exceeding 200,000,000 shares of the Company.

During the year, no share options was granted, a total of 9,527,826 share options were lapsed, the outstanding share option pursuant to the Scheme Option Scheme as at 31 December 2017 is 174,815,650.

Details of the share options outstanding and movements under the Share Option Scheme of the Company during the year are as follows:

Name or category of participant	Date of grant	Exercise period	Exercise Price per share (HK$)	Outstanding as at 1.1.2017	Granted during the year	Lapsed or forfeited during the year	Cancelled during the year	Exercised during the year	Outstanding as at 31.12.2017
Directors/chief executive and their associates									
Ji Jun	16.2.2009	1.4.2009 to 15.2.2019	0.586	1,510,755	—	—	—	—	1,510,755
	29.3.2016	18.4.2016 to 28.3.2026	1.324	705,019	—	—	—	—	705,019
Zhu Yufeng	16.2.2009	1.4.2009 to 15.2.2019	0.586	1,007,170	—	—	—	—	1,007,170
	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,510,755	—	—	—	—	1,510,755
Sun Wei	16.2.2009	1.4.2009 to 15.2.2019	0.586	1,510,755	—	—	—	—	1,510,755
	19.2.2016	15.3.2016 to 18.2.2026	1.16	1,712,189	—	—	—	—	1,712,189
Zhu Zhanjun	29.3.2016	18.4.2016 to 28.3.2026	1.324	2,719,359	—	—	—	—	2,719,359
Yeung Man Chung, Charles	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,700,000	—	—	—	—	1,700,000
Jiang Wenwu	19.2.2016	15.3.2016 to 18.2.2026	1.16	1,712,189	—	—	—	—	1,712,189
Zheng Xiongjiu	19.2.2016	15.3.2016 to 18.2.2026	1.16	2,517,924	—	—	—	—	2,517,924
Yip Tai Him	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,007,170	—	—	—	—	1,007,170
Ho Chung Tai, Raymond	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,007,170	—	—	—	—	1,007,170
Zhu Qingsong (associate of Mr. Zhu Gongshan and an employee of the Group)	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,007,170	—	—	—	—	1,007,170

Name or category of participant	Date of grant	Exercise period	Exercise Price per share (HK$)	Outstanding as at 1.1.2017	Granted during the year	Lapsed or forfeited during the year	Cancelled during the year	Exercised during the year	Outstanding as at 31.12.2017
Non-director employees (in aggregate)	16.2.2009	1.4.2009 to 15.2.2019	0.586	8,995,035	—	(151,076)	—	(3,493,479)	5,350,480
	24.4.2009	1.5.2009 to 23.4.2019	1.046	807,750	—	—	—	—	807,750
	12.1.2011	1.3.2011 to 11.1.2021	3.296	5,035,850	—	—	—	—	5,035,850
	15.7.2011	1.9.2011 to 14.7.2021	4.071	6,093,378	—	—	—	—	6,093,378
	5.7.2013	16.9.2013 to 4.7.2023	1.630	31,610,029	—	(6,153,807)	—	—	25,456,222
	24.3.2014	26.5.2014 to 23.3.2024	2.867	22,359,174	—	(503,585)	—	—	21,855,589
	19.2.2016	15.3.2016 to 18.2.2026	1.16	91,954,623	—	(2,719,358)	—	(963,000)	88,272,265
	29.3.2016	18.4.2016 to 28.3.2026	1.324	2,316,491	—	—	—	—	2,316,491
Total				**188,799,955**		**(9,527,826)**		**(4,456,479)**	**174,815,650**

Note: The vesting period under the Share Option Scheme is 20% of the share options granted on the year of grant, the first, second, third and fourth anniversary of the date of grant, respectively. All share options granted will be fully vested on the fourth anniversary of the date of grant.

(C) Share option scheme of a subsidiary

GCL New Energy Holdings Limited ("GNE"), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 451), in which the Company indirectly owned 62.28% issued shares as at 31 December 2017, is a subsidiary of the Company.

GNE adopted a share option scheme (the "GNE Share Option Scheme") on 15 October 2014 for the purpose to motivate personnel to optimize their future contributions to GNE and its subsidiaries ("GNE 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 GNE Group, and additionally in the case of executives of GNE, to enable GNE Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

The GNE 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. The total number of shares issued and to be issued upon exercise of the options granted to each eligible person (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of GNE in issue from time to time. Any offer of grant of options shall remain open for acceptance together with an acceptance remittance of HK$1.00 to be received by GNE shall not be more than 30 days from the date of offer. The exercise price of any options granted shall not be less than whichever is the highest of:

(a) the nominal value of the share of GNE;

(b) the closing price of a share of GNE as stated in the Stock Exchange's daily quotations sheet on the date of offer; and

(c) the average closing price of a share of GNE as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer.

During the year, no share options was granted, exercised nor cancelled under the GNE Share Option Scheme, and 73,220,084 share options were lapsed.

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

				Number of options				
Name or category of participant	**Date of grant**	**Exercise period**	**Exercise Price per share (HK$)**	**Outstanding as at 1.1.2017**	**Granted during the year**	**Lapsed or forfeited during the year**	**Exercised during the year**	**Outstanding as at 31.12.2017**
Directors/chief executive								
Zhu Yufeng	24.7.2015	24.7.2015 to 23.7.2025	0.606	3,523,100	—	—	—	3,523,100
Sun Wei	23.10.2014	24.11.2014 to 22.10.2024	1.1798	24,158,400	—	—	—	24,158,400
	24.7.2015	24.7.2015 to 23.7.2025	0.606	3,019,800	—	—	—	3,019,800
Yeung Man Chung, Charles	23.10.2014	24.11.2014 to 22.10.2024	1.1798	12,079,200	—	—	—	12,079,200
	24.7.2015	24.7.2015 to 23.7.2025	0.606	3,019,800	—	—	—	3,019,800
Directors of GNE and employees of GNE	23.10.2014	24.11.2014 to 22.10.2024	1.1798	285,431,496	—	(26,171,600)	—	259,259,896
	24.7.2015	24.7.2015 to 23.7.2025	0.606	333,375,854	—	(47,048,484)	—	286,327,370
Total				**664,607,650**		**(73,220,084)**		**591,387,566**

Please refer to the 2017 annual report of GNE under the section "Report of Directors" with the heading "Share Option Schemes" for the details of the GNE Share Option Scheme and the movements of options granted thereunder during the year.

Share Award Scheme

Subsequent to the financial year ended 31 December 2016 and on 16 January 2017 (the "Adoption Date"), the Company adopted a share award scheme (the "Scheme"), pursuant to which the existing shares of the Company ("Shares") may be purchased by the trustee from the market out of cash contributed by the Group and/or the Company may allot and issue new Shares to Computershare Hong Kong Trustees Limited (the "Trustee") in accordance with any specific mandate approved by the shareholders. Such Shares would be used to grant to certain eligible persons who are employees of the Company and its subsidiaries. The purpose of the Scheme is to effectively attract, retain and incentivise core employees of the Group and align their interests and growth with the Group as a whole.

The Scheme shall be subject to the administration of the Board, a committee (comprising executive Director, INEDs and senior executive) and the Trustee in accordance with the scheme rules and the trust deed.

The maximum number of Shares that can be held by the Trustee under the Scheme is limited to 2% of the total number of issued Shares at any given time. The maximum number of award shares which may be granted to a grantee who is not a Director but unvested under the Scheme shall not exceed 0.1% of the total number of issued Shares from time to time. The maximum number of award shares which may be granted to a grantee who is a Director shall not, in aggregate, exceed 0.5% of the total number of issued Shares in any 12-month period.

Subject to any early termination as may be determined by the Board pursuant to the terms of the scheme rules, the Scheme shall be valid and effective for the period commencing on the Adoption Date until the later of (i) the 10th anniversary of the Adoption Date, and (ii) such date that all awards outstanding are fully vested, settled, lapsed, forfeited or cancelled (as the case may be).

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

US Subsidiary's Equity Incentive Plan

The Company's US subsidiary, GCL Solar Materials US II, LLC ("GCL US II"), has adopted an equity plan on 31 March 2017 ("Plan Date") pursuant to a resolution passed on the same date to grant non-voting Class B Units ("Class B Units") which will expire on the later of (i) the sixth anniversary of the Plan Date, or (ii) such date that all Class B Units outstanding are fully vested, settled, lapsed, forfeited or cancelled (as the case may be) (the "US Equity Incentive Plan"). The purpose of the US Equity Incentive Plan is to, through the grant of Class B Units to certain eligible persons, effectively attract, retain and incentivise the core employees and align their interests with the growth of GCL US II as a whole.

Under the US Equity Incentive Plan, the board of directors of GCL US II may grant Class B Units of GCL US II to eligible persons. The aggregate number of Class B Units granted shall not exceed 10% of the fully diluted equity of GCL US II.

The Class B Units granted will be vested in full in three years with one-third to be vested on each of the first, the second and the third anniversary of the Plan Date, respectively.

No Class B Unit has been issued to the Directors of the Company.

Interests and Short Positions of Substantial Shareholders

As at 31 December 2017, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO:

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

Name	Note	**Capacity/nature of interest**	**Number of shares/ underlying shares**	**Approximate percentage of issued share capital of the Company**
Asia Pacific Energy Fund Limited	1	Interest in a controlled corporation	6,370,388,156	34.26%
Haitong International Securities Group Limited		Interest in a controlled corporation	1,140,000,000	6.13%

Notes:

1. An aggregate of 6,197,054,822 shares of the Company are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan) as beneficiaries. Happy Genius Holdings Limited had lent 312,000,000 shares of the Company to the convertible bond investor's associate under the shares lending agreement dated 23 November 2013 (as amended by an agreement dated 15 July 2015 and further amended by an agreement dated 25 January 2016), out of which 69,333,333 shares were returned on 29 April 2016 and 69,333,333 shares were returned on 7 April 2017. Happy Genius Holdings Limited was thus also interested in a long position of 173,333,334 shares of the Company.

2. The total number of ordinary shares of the Company in issue as at 31 December 2017 is 18,592,021,200.

Save as disclosed aforesaid, so far as is known to any Directors or chief executive of the Company, as at 31 December 2017, no other persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO.

Director's Interest in Significant Contracts

Save as disclosed in the heading "Connected Transactions and Continuing Connected Transactions", there is no transaction, arrangement or contract of significance subsisting during or at the end of the year in which a director of the Company is or was materially interested, either directly or indirectly.

Connected Transactions and Continuing Connected Transactions

The INEDs of the Company, have reviewed and considered the report from internal auditors in respect of the internal audit procedures taken and findings on the continuing connected transactions, confirmed that the continuing connected transactions for the year ended 31 December 2017 and that they were entered into:

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 written agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company 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 of the Group in accordance with the Hong Kong Standard on Assurance Engagement 3000 (Revised)"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 year ended 31 December 2017, the continuing connected transactions, which were entered into:

a) have received the approval of the Board;

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

c) have been in accordance with the relevant agreements governing such transactions; and

d) have not exceeded the relevant announced cap amounts for the financial year ended 31 December 2017.

Given the following relationship between the Group and the connected person(s) of the Company, the Group has the following connected transactions and continuing connected transactions for the year ended 31 December 2017:

(A) The Zhu Family Trust is a trust under which Mr. Zhu Gongshan (an executive Director and the chairman of the Board) and his family (including Mr. Zhu Yufeng, an executive Director of the Company, an executive director of GNE, the chairman of the board of directors of GNE and the son of Mr. Zhu Gongshan) are beneficiaries.

(B) Before October 2017, 徐州金山橋熱電有限公司 (Xuzhou Jinshanqiao Cogeneration Co., Ltd.*) ("Jinshanqiao Holdco") had been ultimately held by Mr. Zhu Gongshan (an executive Director and the chairman of the Board), and the Zhu Family Trust. In October 2017, upon completion of the acquisition of Jinshanqiao Holdco by an independent third party of the Company, Jinshanqiao Holdco ceased to be an associate of Mr. Zhu, and is not a connected person of the Company under Chapter 14A of the Listing Rules.

(C) 51% equity interests in 揚州港口污泥發電有限公司 (Yangzhou Harbour Sludge Power Co., Ltd.*) ("Yangzhou Power") is indirectly held by the Zhu Family Trust.

(D) 72% equity interests in 太倉港協鑫發電有限公司 (Taicang GCL Power Generation Co., Ltd *) ("Taicang Power") is held by the Zhu Family Trust.

(E) 協鑫智慧能源股份有限公司 (GCL Intelligent Energy Co., Ltd.*) (formerly known as GCL Intelligent Energy (Suzhou) Co. Ltd.*協鑫智慧能源（蘇州）有限公司) ("GCL Intelligent Energy") is an indirectly owned subsidiary of Golden Concord Group Limited, which is in turn ultimately held by the Zhu Family Trust.

(F) 江蘇嘉潤置業有限公司 (Jiangsu Jiarun Property Co., Ltd.*) ("Jiangsu Jiarun") is ultimately wholly-owned by Mr. Zhu Yufeng, an executive Director and son of Mr. Zhu Gongshan.

(G) 72% of the equity interest in 蘇州協鑫商業管理有限公司 (Suzhou GCL Commercial Management Limited*) (an indirect wholly-owned subsidiary of the Company) ("Suzhou GCL") is held by the Zhu Family Trust.

(H) 協鑫集成科技股份有限公司 (GCL System Integration Technology Co., Ltd.) ("GCL System Integration") is established in the PRC with its shares listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange (stock code: 2506). Approximately 22.40% and 28.19% of the issued shares in GCL System Integration are held by the Zhu Family Trust and Mr. Zhu Yufeng (an executive Director, an executive director of GNE and son of Mr. Zhu Gongshan).

(I) 蘇州鑫之海企業管理諮詢有限公司 (Suzhou Xin Zhi Hai Management Consulting Co., Ltd.*) ("Suzhou Xin Zhi Hai") is an indirect wholly-owned subsidiary of Golden Concord Group Limited, which owns approximately 34.26% of the issued shares in the Company. Further, Golden Concord Group Limited is ultimately held by the Zhu Family Trust.

(J) Following the sale and purchase agreements dated 11 December 2017 ("SPAs") entered into between 東昇光伏科技（香港）有限公司 (Dongsheng Photovoltaic Technology (Hong Kong) Limited*) ("Dongsheng PV"), a wholly-owned subsidiary of GCL System Integration, respectively with Haitong International New Energy VIII Limited and Sum Tai Holdings Limited in relation to the sale and purchase of approximately 10.01% of the total issued shares of GNE ("Subject Shares"), GNE Group has become connected subsidiaries of the Company pursuant to Chapter 14A of the Listing Rules. All conditions set out in the SPAs were fulfilled upon which the SPAs became effective, pursuant to the SPAs, the voting rights of the Subject Shares at general meeting of GNE were vested in Dongsheng PV on 27 December 2017.

(K) 無錫華光鍋爐股份有限公司 (Wuxi Huaguang Guolu Holding Limited*) ("Wuxi Huaguang") (a company incorporated in the PRC and the shares of which are listed on the Shanghai Stock Exchange, with stock code 600475) holds approximately 24.81% shareholding interest in 高佳太陽能股份有限公司 (Konca Solar Cell Co., Ltd.*) (a subsidiary of the Company), therefore, Wuxi Huaguang is a connected person of the Company at the subsidiary level. In addition, Wuxi Huaguang effectively holds 90.33% of shareholding interest in 西安大唐電力設計研究院有限公司 (Xi'an Datang Electric Power Design and Research Institute Co., Ltd.*) ("Xi'an Datang Electric"), Xi'an Datang Electric is therefore an associate of a connected person of the Company at the subsidiary level.

(L) 江蘇協鑫建設管理有限公司 (Jiangsu GCL Construction Management Limited*) ("Jiangsu GCL Construction") is an indirect wholly-owned subsidiary of Golden Concord Group Limited, which is in turn ultimately held by Zhu Family Trust.

(M) Mr. Yip Sum Yin, who was a director of GNE in the past 12 months.

(N) 72% equity interest in 蘇州協鑫能源科技有限公司 (Suzhou GCL New Energy Technology Co., Ltd.*) ("Suzhou GCL Energy") is held by the Zhu Family Trust.

Details of the connected transactions of the Group for the year ended 31 December 2017 that are subject to the reporting and annual review requirements under the Listing Rules are set out below:

Formation of a joint venture company, 蘇州協鑫新能源光伏科技有限公司 (Suzhou GCL New Energy Photovoltaic Technology Co. Ltd.*) ("JV Company"), in the PRC

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person
蘇州協鑫新能源發展有限公司 (Suzhou GCL New Energy Development Company Limited*) ("Suzhou GCL New Energy") (an indirect subsidiary of the Company and an indirect wholly-owned subsidiary of GNE) and 協鑫集成科技(蘇州)有限公司(GCL System Integration (Suzhou) Limited*) ("GCL System Suzhou") (a wholly-owned subsidiary of GCL System Integration)	(1), (5)	Joint Venture Agreement dated 3 March 2017 (Please refer to details in the joint announcement of the Company and GNE dated 3 March 2017)	As a developer of photovoltaic power station projects, GNE Group has been seeking opportunities to expand its project development channels. The JV Company provides the GNE Group with ready access to a number of project opportunities in the PRC. GNE is an approximate 62.28% owned subsidiary of the Company.	(H), (A)

Transactions with Xi'an Datang Electric

(Please refer to details in the announcement of the Company and GNE both dated 28 April 2017, the announcement of GNE dated 30 June 2017 and two joint announcements of the Company and GNE dated 15 September 2017 and 23 October 2017)

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person
漣水鑫源光伏電力有限公司 (Lianshui GCL New Energy Company Limited*) ("Lianshui GCL New Energy") (an indirect subsidiary of the Company and an indirect wholly-owned subsidiary of GNE) and Xi'an Datang Electric	(2), (5)	Lianshui EPC Agreement dated 30 December 2016	As a developer of photovoltaic power station projects, the GNE Group has to engage contractors to provide EPC services to construct its power station projects. Xi'an Datang Electric is an established EPC contractor and has extensive local resources. The GNE Group believes that Xi'an Datang Electric can deliver services at a quality standard which meets the expectations of the GNE Group.	(K)
蘇州協鑫新能源投資有限公司 (Suzhou GCL New Energy Investment Co., Ltd.*) ("Suzhou GCL New Energy") and Lianshui GCL New Energy, (both are indirect subsidiaries of the Company and indirect wholly-owned subsidiaries of GNE) and Xi'an Datang Electric	(2), (5)	Lianshui EPC Supplemental Agreement dated 30 December 2016		(K)
Xi'an Datang Electric and 南京協鑫新能源發展有限公司 (Nanjing GCL New Energy Development Co., Ltd*) ("Nanjing GCL New Energy") (an indirect subsidiary of the Company and an indirect wholly-owned subsidiary of GNE) and Lianshui GCL New Energy	(2), (5)	Lianshui Equipment Purchase Agreement dated 17 January 2017		(K)

Transactions with Xi'an Datang Electric (continued)

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person
Suzhou GCL New Energy and Lianshui GCL New Energy and Xi'an Datang Electric	(2), (5)	Lianshui EPC Supplemental Agreement dated 30 June 2017	As a developer of photovoltaic power station projects, the GNE Group has to engage contractors to provide EPC services to construct its power station projects. Xi'an Datang Electric is an established EPC contractor and has extensive local resources. The GNE Group believes that Xi'an Datang Electric can deliver services at a quality standard which meets the expectations of the GNE Group.	(K)
華容縣協鑫光伏電力有限公司 (Huarong GCL New Energy Company Limited*) ("Huarong GCL New Energy") (an indirect subsidiary of the Company and an indirect wholly-owned subsidiary of GNE) and Xi'an Datang Electric	(2), (5)	Huarong EPC Agreement dated 28 April 2017		(K)
GNE and Xi'an Datang Electric	(2), (5)	Huarong GNE Guarantee dated 28 April 2017		(K)
Xi'an Datang Electric and Nanjing GCL New Energy and Huarong GCL New Energy	(2), (5)	Huarong Equipment Purchase Agreement dated 28 April 2017		(K)
Suzhou GCL New Energy and Huarong GCL New Energy and Xi'an Datang Electric	(2), (5)	Huarong EPC Supplemental Agreement dated 28 April 2017		(K)

Transactions with Xi'an Datang Electric (continued)

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person
三門峽協立光伏電力有限公司 (Sanmenxia GCL New Energy Co., Ltd.*) ("Sanmenxia GCL New Energy") (an indirect subsidiary of the Company and an indirect wholly-owned subsidiary of GNE) and Xi'an Datang Electric	(2), (5)	Henan Sanmenxia EPC Agreement dated 28 April 2017	As a developer of photovoltaic power station projects, the GNE Group has to engage contractors to provide EPC services to construct its power station projects. Xi'an Datang Electric is an established EPC contractor and has extensive local resources. The GNE Group believes that Xi'an Datang Electric can deliver services at a quality standard which meets the expectations of the GNE Group.	(K)
GNE and Xi'an Datang Electric	(2), (5)	Henan Sanmenxia GNE Guarantee dated 28 April 2017		(K)
Suzhou GCL New Energy and Sanmenxia GCL New Energy and Xi'an Datang Electric	(2), (5)	Henan Sanmenxia EPC Supplemental Agreement dated 28 April 2017		(K)
Xi'an Datang Electric and Nanjing GCL New Energy and Sanmenxia GCL New Energy	(2), (5)	Henan Sanmenxia Equipment Purchase Agreement dated 28 April 2017		(K)
淮北鑫能光伏電力有限公司 (Huaibei GCL New Energy Co., Ltd*) ("Huaibei GCL New Energy") (an indirect subsidiary of the Company and an indirect wholly-owned subsidiary of GNE) and Xi'an Datang Electric	(2), (5)	Huaibei PC Agreement dated 15 September 2017		(K)
Suzhou GCL New Energy and Huaibei GCL New Energy and Xi'an Datang Electric	(2), (5)	Huaibei PC Supplemental Agreement dated 15 September 2017		(K)

Transactions with Xi'an Datang Electric (continued)

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person
GNE and Xi'an Datang Electric	(2), (5)	Huaibei GNE Guarantee dated 15 September 2017	As a developer of photovoltaic power station projects, the GNE Group has to engage contractors to provide EPC services to construct its power station projects. Xi'an Datang Electric is an established EPC contractor and has extensive local resources. The GNE Group believes that Xi'an Datang Electric can deliver services at a quality standard which meets the expectations of the GNE Group.	(K)
Xi'an Datang Electric and Zhenjiang GCL New Energy and Huaibei GCL New Energy	(2), (5)	Huaibei Equipment Purchase Agreement dated 15 September 2017		(K)
Suzhou GCL New Energy and Huarong GCL New Energy and Xi'an Datang Electric	(2), (5)	Second Huarong EPC Supplemental Agreement dated 23 October 2017	Huarong GCL New Energy can acquire the Huarong Leased Assets for the Huarong Project through finance lease arrangements with Cinda Financial Leasing. The requirement to acquire the Huarong Leased Assets directly from Xi'an Datang Electric was released upon signing the Second Huarong EPC Supplemental Agreement.	(K)
信達金融租賃有限公司 (Cinda Financial Leasing Co., Ltd.*) ("Cinda Financial Leasing") and Xi'an Datang Electric and Huarong GCL New Energy and Nanjing GCL New Energy	(2), (5)	Huarong Sale and Purchase Agreement dated 23 October 2017		(K)

Transactions with Jiangsu GCL Construction

(Please refer to details in the announcements of the Company dated 29 September 2017 and 23 October 2017)

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person
新疆協鑫新能源材料科技有限公司 (Xinjiang GCL New Energy Materials Technology Co., Limited*) (an indirectly owned subsidiary of the Company) ("Xinjiang GCL") and Jiangsu GCL Construction	(3), (5)	Project Management and Consulting Agreement dated 29 September 2017	Jiangsu GCL Construction has accumulated extensive experience on project construction and management, and it provides assistance on project registration and approval process as well as coordination with local government via its internal professional project management team. Jiangsu GCL Construction's expertise facilitates the local approval procedures, including land registrations, construction approvals, project commencement and any subsequent inspections by local government of the Xinjiang Project and Suzhou Project (as defined below).	(L), (A)
Suzhou GCL and Jiangsu GCL Construction	(3), (5)	Current Project Management and Consulting Agreement dated 23 October 2017		(L), (A)

Disposal of Printed Circuit Board Business by GNE

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person
GNE and Mr. Yip Sum Yin	(4), (5)	Sale and Purchase Agreement dated 30 December 2016 (Please refer to details in the joint announcement of the Company and GNE dated 30 December 2016, the circular of GNE dated 20 January 2017, the announcements of GNE and the Company both dated 1 June 2017 and 2 August 2017)	(i) the profit contribution from Same Time (as defined below) and its subsidiaries ("Disposal Group") is relatively limited. For the year ended 31 December 2015 and for the six months ended 30 June 2016, the Disposal Group recorded an audited loss of approximately RMB91,196,000.00 and an unaudited profit of approximately RMB19,776,000.00, respectively; (ii) there is no strategic synergy between the Disposal Group and the remaining solar power business of the GNE Group; (iii) the business concentration on the solar business after the Disposal (as defined below) is consistent with GNE's strategy to focus on its core solar power business, which allows GNE and its management team to focus its resources on the business area where it has the most competitive strengths; (iv) the more focused and simplified business model after the Disposal likely facilitates investors in assessing the value of GNE.	(M)

Notes:

(1) Suzhou GCL New Energy entered into a joint venture agreement ("Joint Venture Agreement") with GCL System Suzhou dated 3 March 2017, pursuant to which Suzhou GCL New Energy and GCL System Suzhou agreed to invest RMB102,000,000 and RMB98,000,000 respectively into the JV Company, and each hold 51% and 49% of the equity interests in the JV Company respectively.

The JV Company's scope of business covers the development, investment, construction and sale of photovoltaic power station projects; photovoltaic power technology consulting services; and procurement of photovoltaic materials and equipment.

(2) GNE, through its subsidiaries, entered into the following agreements with Xi'an Datang Electric on the following respective dates:

On 30 December 2016,

The Lianshui Engineering, Procurement and Construction ("EPC") Agreement ("Lianshui EPC Agreement") between Lianshui GCL New Energy as principal and Xi'an Datang Electric as contractor in relation to the 15MW agricultural photovoltaic power station project located in Tangji town of Lianshui County of Huai'an City, the PRC ("Lianshui Project") at an estimated consideration of RMB102,291,232; and

The Lianshui EPC Supplemental Agreement between Suzhou GCL New Energy and Lianshui GCL New Energy as joint principals and Xi'an Datang Electric as contractor under which Suzhou GCL New Energy and Lianshui GCL New Energy agreed to undertake Lianshui GCL New Energy's obligations and liabilities under the Lianshui EPC Agreement.

On 17 January 2017,

The Lianshui Equipment Purchase Agreement between Xi'an Datang Electric as customer and Nanjing GCL New Energy as supplier and Lianshui GCL New Energy as principal in relation to the sale and purchase of certain system equipment for the Lianshui Project at a consideration of RMB87,051,363.05.

On 28 April 2017,

The Huarong EPC Agreement between Huarong GCL New Energy as principal and Xi'an Datang Electric as contractor in relation to the phase one (100MW) of the 200MW fishery-photovoltaic power station project located in Ta'xi Lake of Huarong County of Yueyang City of Hunan Province, the PRC ("Huarong Project") at an estimated consideration of RMB614,885,158.70; and

The Huarong GNE Guarantee between GNE and Xi'an Datang Electric in connection with the guarantee provided by GNE to Xi'an Datang Electric in respect of Huarong GCL New Energy's obligations under the Huarong EPC Agreement; and

The Huarong EPC Supplemental Agreement between Suzhou GCL New Energy and Huarong GCL New Energy as joint principals and Xi'an Datang Electric as contractor under which Suzhou GCL New Energy and Huarong GCL New Energy agreed to undertake Huarong GCL New Energy's obligations and liabilities under the Huarong EPC Agreement; and

The Huarong Equipment Purchase Agreement between Xi'an Datang Electric as customer and Nanjing GCL New Energy as supplier and Huarong GCL New Energy as principal in relation to the sale and purchase of certain system equipment for Huarong Project at a consideration of RMB512,013,185.60; and

The Henan Sanmenxia EPC Agreement between Sanmenxia GCL New Energy as principal and Xi'an Datang Electric as contractor in relation to the Henan Sanmenxia Project at an estimated consideration of RMB269,253,610; and

The Henan Sanmenxia GNE Guarantee between GNE and Xi'an Datang Electric in connection with the guarantee provided by GNE to Xi'an Datang Electric in respect of Sanmenxia GCL New Energy's obligations under the Henan Sanmenxia EPC Agreement; and

The Henan Sanmenxia EPC Supplemental Agreement between Suzhou GCL New Energy and Sanmenxia GCL New Energy as joint principals and Xi'an Datang Electric as contractor under which Suzhou GCL New Energy and Sanmenxia GCL New Energy agreed to undertake Sanmenxia GCL New Energy's obligations and liabilities under the Henan Sanmenxia EPC Agreement; and

The Henan Sanmenxia Equipment Purchase Agreement between Xi'an Datang Electric as customer and Nanjing GCL New Energy as supplier and Sanmenxia GCL New Energy as principal in relation to the sale and purchase of certain system equipment for Henan Sanmenxia Project at a consideration of RMB228,908,910.77.

On 30 June 2017,

The Lianshui EPC Supplemental Agreement with Xi'an Datang Electric, pursuant to which the terms of the Lianshui EPC Agreement were amended so that Xi'an Datang Electric no longer needs to procure certain solar modules, frames, solar energy tracking systems, inverters, transformers, combiner boxes, distributors, cables, and other photovoltaic equipment to be used for the Lianshui Project ("Lianshui Leased Assets") for Lianshui GCL New Energy and the total consideration was reduced by RMB84,000,000.

The Lianshui Finance Lease Agreements with 核建融資租賃（深圳）有限公司 (CNEC Financial Leasing (Shenzhen) Co. Ltd.*) ("CNEC Financial Leasing"), pursuant to which (i) CNEC Financial Leasing shall purchase from Xi'an Datang Electric, the Lianshui Leased Assets at a consideration of RMB84,000,000 and (ii) following the acquisition of Lianshui Leased Assets, CNEC Financial Leasing as lessor shall lease them to Lianshui GCL New Energy as lessee at an aggregate estimated rent of RMB106,161,198 and an aggregate handling fee of RMB5,040,000 for a term of eight years.

On 15 September 2017,

The Huaibei PC Agreement between Huaibei GCL New Energy as principal and Xi'an Datang Electric as contractor in relation to the 60MW photovoltaic power station project located at the coal mining subsidence area in Nanping town of Suixi County of Huaibei City of Anhui Province, the PRC ("Huaibei Project") at an estimated consideration of RMB373,877,185; and

The Huaibei PC Supplemental Agreement between Suzhou GCL New Energy and Huaibei GCL New Energy as joint principals and Xi'an Datang Electric as contractor under which Suzhou GCL New Energy agreed to undertake Huaibei GCL New Energy's obligations and liabilities under the Huaibei PC Agreement; and

The Huaibei GNE Guarantee between GNE and Xi'an Datang Electric in connection with the provision of a guarantee for RMB373,877,185 by GNE to Xi'an Datang Electric in respect of Huaibei GCL New Energy's obligations under the Huaibei PC Agreement; and

The Huaibei Equipment Purchase Agreement between Xi'an Datang Electric as customer and Zhenjiang GCL New Energy as supplier and Huaibei GCL New Energy as principal in relation to the sale and purchase of certain solar power station equipment for the Huaibei Project at a consideration of RMB123,929,856.

On 23 October 2017,

The Second Huarong EPC Supplemental Agreement, with Xi'an Datang Electric, pursuant to which the terms of the Huarong EPC Agreement was amended so that Xi'an Datang Electric no longer required to procure certain solar modules, frames, string converters, voltage converter and cables used by Huarong GCL New Energy for the Huarong Project ("Huarong Leased Assets") and the total consideration was reduced by RMB550,000,000 to RMB64,885,159.

The Huarong Sale and Purchase Agreement between Cinda Financial Leasing as purchaser, Xi'an Datang Electric as seller, Huarong GCL New Energy as lessee and Nanjing GCL New Energy as supplier for the sale and purchase of the Huarong Leased Assets used for the Huarong Project was entered into, pursuant to which Cinda Financial Leasing purchased the Huarong Leased Assets at a consideration of RMB554,597,773, of which 550,000,000 was payable by Cinda Financial Leasing and the remainder be payable by Huarong GCL New Energy.

(3) The Company, through its subsidiaries, entered into the following agreements with Jiangsu GCL Construction on the following respective dates:

On 29 September 2017,

Xinjiang GCL and Jiangsu GCL Construction entered into the Project Management and Consulting Agreement, under which Xinjiang GCL had appointed Jiangsu GCL Construction to provide management and consultancy services in respect of the project relating to the annual production of polysilicon located in Xinjiang Uyghur Autonomous Region, the PRC ("Xinjiang Project") at the aggregate consideration for the services of RMB80,000,000.

On 23 October 2017,

Suzhou GCL and Jiangsu GCL Construction entered into the Current Project Management and Consulting Agreement, under which Suzhou GCL had appointed Jiangsu GCL Construction to provide management and consultancy services in respect of the project relating to construction of a hotel, conference centre and commercial service hub in the Suzhou region, the PRC ("Suzhou Project") at the maximum aggregate consideration of RMB35,150,000, including RMB27,150,000 as consultancy services fee and a maximum of RMB8,000,000 as "investment savings prize" to be calculated as 30% of the difference between the initial execution budget and final completion expenditure for the Suzhou Project.

(4) GNE and Mr. Yip Sum Yin entered into a sale and purchase agreement dated 30 December 2016 (the "Sale and Purchase Agreement"), pursuant to which GNE conditionally agreed to sell and Mr. Yip conditionally agreed to purchase, the entire issued share capital of Same Time International (B.V.I.) Limited ("Same Time") at a fixed price of HK$250,000,000 plus, as the case may be, the adjustment amount as defined under the Sale and Purchase Agreement (the "Disposal"). All the conditions precedent set out in the Sale and Purchase Agreement have been fulfilled and completion of the Disposal took place on 2 August 2017. Same Time ceased to be a subsidiary of GNE and GNE ceased to hold any interest in Same Time.

(5) All the transactions were one-off transactions.

The Group also has one connected transaction after 31 December 2017 and up to the date of this report, which is set out in paragraphs (i) under the section headed "Events After the End of The Reporting Period" in this report.

Details of the continuing connected transactions of the Group for the year ended 31 December 2017 that are subject to the reporting and annual review requirements under the Listing Rules are set out below:

Steam supply

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person	Annual Caps for the year ended 31 December 2017 (RMB)	Actual transaction amount for the year ended 31 December 2017 (RMB)
江蘇中能硅業科技發展有限公司 (Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.*) ("Jiangsu Zhongneng") (a subsidiary of the Company) and Jinshanqiao Holdco	(1)	Existing JZ Steam Supply Agreement dated 29 September 2015	Steam is required as energy by Jiangsu Zhongneng (i) for its production of wafers and polysilicon respectively, and (ii) to provide heat for its factory plants and mortar plants during autumn and winter, and to provide heat to mortar plants during spring and summer.	(B), (A)	929,300,000	343,486,998
	(1)	New JZ Steam Supply Agreement dated 30 June 2017 (Please refer to details in the announcement of the Company dated 30 June 2017)		(B), (A)	366,000,000	286,374,640
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") (a subsidiary of the Company) and Jinshanqiao Holdco	(2)	Existing GCL Steam Supply Agreement dated 29 September 2015	Steam is required as energy by Jiangsu GCL (i) for its production of wafers and polysilicon respectively, and (ii) to provide heat for its factory plants and mortar plants during autumn and winter, and to provide heat to mortar plants during spring and summer. Steam is required by Jiangsu GCL for production of wafer products purpose.	(B), (A)	5,040,000	1,734,840
	(2)	New GCL Steam Supply Agreement dated 30 June 2017 (Please refer to details in the announcement of the Company dated 30 June 2017)		(B), (A)	2,196,000	435,240

Steam supply (continued)

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person	Annual Caps for the year ended 31 December 2017 (RMB)	Actual transaction amount for the year ended 31 December 2017 (RMB)
揚州協鑫光伏科技有限公司 (Yangzhou GCL Photovoltaic Technology Co., Ltd.*) ("Yangzhou GCL") (a subsidiary of the Company) and Yangzhou Power	(3)	Existing Yangzhou Steam Supply Agreement dated 2 June 2015	Steam is required by Yangzhou GCL for production of wafer products purpose.	(C), (A)	1,563,552	612,134
	(3)	New Yangzhou Steam Supply Agreement dated 30 June 2017 (Please refer to details in the announcement of the Company dated 30 June 2017)		(C), (A)	2,080,000	1,388,679
太倉協鑫光伏科技有限公司 (Taicang GCL Photovoltaic Technology Co., Ltd*) ("Taicang GCL") (a subsidiary of the Company) and Taicang Power	(4)	Taicang Steam Supply Agreement dated 30 June 2017 (Please refer to details in the announcement of the Company dated 30 June 2017)	Steam is required by Taicang GCL for production of wafer products purpose.	(D), (A)	2,532,000	1,834,877
江蘇鑫華半導體材料科技有限公司 (Jiangsu Xinhua Semiconductor Material Technology Limited*) ("Jiangsu Xinhua") (owned as to 50.98% by the Company) and Jinshanqiao Holdco	(5)	JX Steam Supply Agreement dated 30 June 2017 (Please refer to details in the announcement of the Company dated 30 June 2017)	Steam is required by Jiangsu Xinhua for the production of semi-conductor grade polysilicon.	(B), (A)	40,075,000	14,179,440

Desalted water supply

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person	Annual Caps for the year ended 31 December 2017 (RMB)	Actual transaction amount for the year ended 31 December 2017 (RMB)
Jinshanqiao Holdco and Jiangsu Zhongneng	(6)	Existing Desalted Water Supply Agreement dated 29 September 2015	Desalted water is required for the generation of electricity by the captive power plant owned by Jiangsu Zhongneng, which was commissioned in July 2015.	(B), (A)	4,320,000	857,952
	(6)	New Desalted Water Supply Agreement dated 30 June 2017 (Please refer to details in the announcement of the Company dated 30 June 2017)		(B), (A)	1,116,000	624,600

Lease of property

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person	Annual Caps for the year ended 31 December 2017 (RMB)	Actual transaction amount for the year ended 31 December 2017 (RMB)
蘇州協鑫工業應用研究院有限公司 (Suzhou GCL Industrial Applications Research Co., Ltd.*) ("Suzhou GCL Research") (a subsidiary of the Company) and GCL Intelligent Energy	(7)	Previous Lease Arrangements dated 16 July 2015 and 19 July 2017	3/F Headquarter and 2/F NE Zone Research Building are spare space in the property of the Group. The leasing of such spare space could bring additional rental income to the Group.	(E), (A)	2,295,000	2,295,000
	(7)	GCL Intelligent Energy Lease Agreement dated 29 September 2017 (Please refer to details in the announcement of the Company dated 29 September 2017)		(E), (A)	4,571,168	4,571,168

Lease of property (continued)

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person	Annual Caps for the year ended 31 December 2017 (RMB)	Actual transaction amount for the year ended 31 December 2017 (RMB)
Suzhou GCL Research and Jiangsu Jiarun	(8)	Jiangsu Jiarun Lease Agreement dated 29 September 2017 (Please refer to details in the announcement of the Company dated 29 September 2017)	2/F NE Zone Research Building is spare space in the property of the Group. The leasing of such spare space could bring additional rental income to the Group.	(F)	1,111,793	1,111,793

Coal supply

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person	Annual Caps for the year ended 31 December 2017 (RMB)	Actual transaction amount for the year ended 31 December 2017 (RMB)
蘇州協鑫能源科技有限公司 (Suzhou GCL Energy Technology Co., Ltd.*) ("Suzhou GCL Energy") and Jiangsu Zhongneng	(9)	Old Coal Supply Framework Agreement dated 24 May 2016	Coal is required by Jiangsu Zhongneng for the generation of its captive power plant.	(N), (A)	660,000,000	Nil
		New Coal Supply Framework Agreement dated 6 January 2017 (Please refer to details in the announcement of the Company dated 6 January 2017)	The entering into of the New Coal Supply Framework Agreement enables Jiangsu Zhongneng to procure a supplier of coal with steady supply and quality, and take advantage of bulk purchase discount which may be available to Suzhou GCL Energy as it also procures coal for its own group of power plants.	(N), (A)	1,122,000,000	764,221,678

Wafer products

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person	Annual Caps for the year ended 31 December 2017 (RMB)	Actual transaction amount for the year ended 31 December 2017 (RMB)
保利協鑫(蘇州)新能源有限公司 (GCL-Poly (Suzhou) New Energy Co., Ltd.*) ("GCL-Poly Suzhou") (a subsidiary of the Company) and GCL System Integration	(10)	Framework Agreement dated 6 January 2017 (Please refer to details in the announcement of the Company dated 6 January 2017)	The entering into of the Framework Agreement serves to secure long term customer demand for the Company in respect of the wafer products, which is consistent with the Company's strategy to focus on its core integrated solar business. The sale of the wafer products under the Framework Agreement is expected to generate stable demand and income for the Company.	(H), (A)	3,450,000,000	1,820,762,124

Staff training services

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person	Annual Caps for the year ended 31 December 2017 (RMB)	Actual transaction amount for the year ended 31 December 2017 (RMB)
Suzhou Xin Zhi Hai and GCL-Poly Suzhou	(11)	Staff Training Agreement dated 19 June 2017	The Staff Training Agreement was entered into in the usual and ordinary course of the Company's business. The Company believes that it is important to the success of the Group that its staff receives continued professional development and training.	(I), (A)	5,644,100	5,052,200
Suzhou Xin Zhi Hai and GCL-Poly Suzhou and 協鑫新能源投資(中國)有限公司 (GCL New Energy Investment (China) Co., Ltd*) ("GCL New Energy Investment") (an indirect wholly-owned subsidiary of GNE and an indirect subsidiary of the Company)	(11)	Previous Agreement dated 25 May 2017 (Please refer to details in the announcement of the Company dated 19 June 2017)		(I), (A)	4,788,120	4,459,949

Continuing connected transactions with GNE Group

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person	Annual Caps for the year ended 31 December 2017 (RMB/USD)	Actual transaction amount for the year ended 31 December 2017 (RMB/USD)
GCL New Energy International Limited ("GNE International") (an indirect wholly-owned subsidiary of GNE) and GCL Solar Energy Limited ("GCL Solar Energy") (an indirect wholly-owned subsidiary of the Company and is not a member of the GNE Group)	(12)	Asset Management & Administrative Services Agreement dated 19 May 2016 (Please refer to details in the announcement of the Company dated 27 December 2017)	Following the subscription of shares in GNE by the Group in 2014, the Group transferred its staff involved in the solar power plants to GNE Group as disclosed in the circular of GNE dated 31 March 2014. As the staff are familiar with the development, operation of the solar power plants of the Group, the entering into the Operation Service Agreement as well as the Asset Management & Administration Services Agreement were in the interests of the Group and also in line with the strategy of the Group.	(H), (J), (A)	USD4,500,000	USD500,000
蘇州協鑫新能源運營科技有限公司 (Suzhou GCL New Energy Operation and Technology Co., Ltd.*) ("Suzhou GNE Operation") (an indirect wholly-owned subsidiary of GNE) and 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") (a subsidiary of the Company and is not a member of the GNE Group)	(13)	Operation Service Agreement dated 11 July 2017 (Please refer to details in the announcement of the Company dated 27 December 2017)		(H), (J), (A)	RMB16,924,658	RMB16,924,658
Suzhou GCL Research (a subsidiary of the Company and is not a member of the GNE Group) and 協鑫新能源投資(中國)有限公司 (GCL New Energy Investment (China) Co., Ltd.*)("GNE Investment") (an indirect wholly-owned subsidiary of GNE)	(14)	GNE Investment Lease Agreement dated 29 September 2017 (Please refer to details in the announcement of the Company dated 27 December 2017)		(H), (J), (A)	RMB5,803,245	RMB5,803,245

Continuing connected transactions with GNE Group (continued)

Parties	Notes	Nature of transaction	Purpose of transaction	Relationship between the Group and the connected person	Annual Caps for the year ended 31 December 2017 (RMB)	Actual transaction amount for the year ended 31 December 2017 (RMB)
Suzhou GCL Industrial Applications Research and 協鑫電力設計研究有限公司 (GCL Electric Power Design and Research Co., Ltd.*) ((“GCL Electric”) an indirect wholly-owned subsidiary of GNE)	(15)	GNE Electric Lease Agreement dated 29 September 2017 (Please refer to details in the announcement of the Company dated 27 December 2017)	Following the subscription of shares in GNE by the Group in 2014, the Group transferred its staff involved in the solar power plants to GNE Group as disclosed in the circular of GNE dated 31 March 2014. As the staff are familiar with the development, operation of the solar power plants of the Group, the entering into the Operation Service Agreement as well as the Asset Management & Administration Services Agreement were in the interests of the Group and also in line with the strategy of the Group.	(G), (I), (J)	1,077,819	1,077,819

Notes:

(1) Jiangsu Zhongneng entered into an agreement (the “Existing JZ Steam Supply Agreement”) dated 29 September 2015 with Jinshanqiao Holdco, pursuant to which Jinshanqiao Holdco agreed to supply steam with pressure of 0.8 Mpa and 3.8 Mpa at a price of RMB165 per tonne and RMB180.7 per tonne, respectively, to Jiangsu Zhongneng for three years, commencing from 1 November 2015 and ending on 31 October 2018.

Jiangsu Zhongneng entered into an agreement dated 30 June 2017 (the “New JZ Steam Supply Agreement”) with Jinshanqiao Holdco in replacement of the Existing JZ Steam Supply Agreement. Pursuant to the New JZ Steam Supply Agreement, Jinshanqiao Holdco agreed to supply, and Jiangsu Zhongneng agreed to purchase, steam with pressure of 0.8 Mpa and 3.8 Mpa and temperature at 220 and 380℃ for the period, commencing from 1 July 2017 and ending on 31 May 2020 at a price of RMB165 per tonne (2.8 Mpa) and RMB215 per tonne (3.8 Mpa), and payable monthly in arrears based on the amount of steam utilised by Jiangsu Zhongneng in the relevant month.

Subject to the relevant steam supply annual caps, if (1) the reference price prescribed by Xuzhou Price Bureau is adjusted; or (2) otherwise agreed by the parties, the parties may adjust the steam supply price but in any event not exceeding the reference price prescribed by Xuzhou Price Bureau (after adjustment, if any).

(2) Jiangsu GCL entered into a steam supply agreement (the "Existing GCL Steam Supply Agreement") dated 29 September 2015 with Jinshanqiao Holdco, pursuant to which Jiangsu GCL purchased steam with pressure of 0.6–0.8 Mpa and temperature at 200°C–260°C at a price of RMB180 per tonne for three years, commencing from 1 November 2015 and ending on 31 October 2018.

Jiangsu GCL entered into an agreement dated 30 June 2017 (the "New GCL Steam Supply Agreement") with Jinshanqiao Holdco in replacement of the Existing GCL Steam Supply Agreement. Pursuant to New GCL Steam Supply Agreement, Jinshanqiao Holdco agreed to supply, and Jiangsu GCL agreed to purchase, steam with pressure of 0.6 to 0.8 Mpa and temperature at 200 to 260° C for the period, commencing from 1 July 2017 and ending on 31 May 2020 at price of RMB180 per tonne and payable monthly in arrears based on the amount of steam utilised by Jiangsu GCL in the relevant month.

Subject to the relevant steam supply annual caps, if (1) the reference price prescribed by Xuzhou Price Bureau is adjusted; or (2) otherwise agreed by the parties, the parties may adjust the steam supply price but in any event not exceeding the reference price prescribed by Xuzhou Price Bureau (after adjustment, if any).

(3) Prior to the completion of the disposal of non-solar power business of the Company to 上海其辰投資管理有限公司 (Shanghai Qichen Investment Management Co., Ltd.*, a company beneficially owned by the Zhu Family Trust) on 8 December 2015, Yangzhou GCL, had been purchasing steam from Yangzhou Power under the terms of a steam supply contract (the "Existing Yangzhou Steam Supply Agreement") dated 2 June 2015 for two years, commencing from 10 June 2015 and ending on 9 June 2017.

Yangzhou GCL and Yangzhou Power entered into an agreement dated 30 June 2017 (the "New Yangzhou Steam Supply Agreement"), pursuant to which, Yangzhou Power agreed to supply, and Yangzhou GCL agreed to purchase, steam for industrial use with pressure of more than 0.6 Mpa and temperature at more than 150℃ for the period commencing from 10 June 2017 and ending on 31 May 2020 after the expiry of the Existing Yangzhou Steam Supply Agreement on 9 June 2017 at price of RMB178.2 per tonne and payable monthly in arrears based on the amount of steam supplied by Yangzhou Power in the relevant month.

Subject to the relevant steam supply annual caps, if (1) the reference price prescribed by Yangzhou Price Bureau is adjusted; or (2) otherwise agreed by the parties, the parties may adjust the steam supply price but in any event not exceeding the reference price prescribed by Yangzhou Price Bureau (after adjustment, if any).

(4) Taicang GCL and Taicang Power entered into an agreement dated 30 June 2017 (the "Taicang Steam Supply Agreement"), pursuant to which, Taicang Power agreed to supply, and Taicang GCL agreed to purchase, steam for industrial use with pressure of 0.6 to 0.8 Mpa and temperature at 160 to 200℃ for the period commencing from 1 July 2017 and ending on 31 May 2020 at price of RMB211 per tonne and payable monthly in arrears based on the amount of steam supplied by Taicang Power in the relevant month.

Subject to the relevant steam supply annual caps, if (1) the reference price prescribed by Taicang Government is adjusted; or (2) otherwise agreed by the parties, the parties may adjust the steam supply price but in any event not exceeding the reference price prescribed by Taicang Government (after adjustment, if any).

(5) Jiangsu Xinhua and Jinshanqiao Holdco entered into an agreement dated 30 June 2017 (the "JX Steam Supply Agreement"), pursuant to which, Jinshanqiao Holdco agreed to supply, and Jiangsu Xinhua agreed to purchase, steam with pressure of 0.8 Mpa and temperature at 180 to 200°C for the period, commencing from 1 July 2017 and ending on 31 May 2020 at price of RMB165 per tonne, and payable monthly in arrears based on the amount of steam utilised by Jiangsu Xinhua in the relevant month.

Subject to the relevant steam supply annual caps, if (1) the reference price prescribed by Xuzhou Price Bureau is adjusted; or (2) otherwise agreed by the parties, the parties may adjust the steam supply price but in any event not exceeding the reference price prescribed by Xuzhou Price Bureau (after adjustment, if any).

(6) Jinshanqiao Holdco and Jiangsu Zhongneng had entered into a desalted water supply agreement dated 29 September 2015 (the "Existing Desalted Water Supply Agreement"), pursuant to which, Jinshanqiao Holdco agreed to supply, and Jiangsu Zhongneng agreed to purchase desalted water for three years, commencing from 1 November 2015 and ending on 31 October 2018 at a price of RMB12 per tonne.

On 30 June 2017, Jiangsu Zhongneng and Jinshanqiao Holdco entered into an agreement (the "New Desalted Water Supply Agreement") in replacement of the Existing Desalted Water Supply Agreement. Pursuant to the New Desalted Water Supply Agreement, Jinshanqiao Holdco agreed to supply, and Jiangsu Zhongneng agreed to purchase, desalted water for the period, commencing from 1 July 2017 and ending on 31 May 2020 a price of RMB12 per tonne and payable monthly in arrears based on the amount of desalted water supplied by Jinshanqiao Holdco in the relevant month.

If the raw material price or other costs increases or decreases, resulting in the cost for supplying the desalted water increasing or decreasing by 10% or above, the parties will adjust the price accordingly.

(7) On 29 September 2017, Suzhou GCL Research (as landlord) entered into the GCL Intelligent Energy Lease Agreement with GCL Intelligent Energy (as tenant) in relation to the leasing of 3/F of the headquarter building located at No.28 Xinqing Road, Suzhou Industrial Park, Suzhou, PRC ("3/F Headquarter") (with a total area of approximately 20,316.30 sq. m.) for use as offices for a term of two years commencing from 1 October 2017 to 30 September 2019 at RMB1,523,722.5 per month ("GCL Intelligent Energy Lease Agreement").

GCL Intelligent Energy is responsible for the payment of the utility fees, including water, electricity, telephone network, facilities maintenance, cleaning, carpark usage fee and property management fee.

GCL Intelligent Energy had leased an area of 3,400 sq. m. from the Group in the same property since 20 July 2015 with a monthly rent of RMB255,000 based on a unit rent of RMB75 per sq. m. per month pursuant to lease agreements entered into with Suzhou GCL Research on 16 July 2015 and 19 July 2017 ("Previous Lease Arrangements"). As GCL Intelligent Energy moved its office to 3/F Headquarter, the Previous Lease Arrangement was terminated on 1 October 2017, i.e. the commencement of the term under the GCL Intelligent Energy Lease Agreement.

(8) On 29 September 2017, Suzhou GCL Research (as landlord) entered into Jiangsu Jiarun Lease Agreement with Jiangsu Jiarun (as tenant) in relation to the leasing of the northeastern area of 2/F of the research building located at No.28 Xinqing Road, Suzhou Industrial Park, Suzhou, PRC ("2/F NE Zone Research Building") (with a total area of approximately 4,941.30 sq.m.) for use as offices for a term of two years commencing from 1 October 2017 to 30 September 2019 at RMB370,597.5 per month ("Jiangsu Jiarun Lease Agreement").

Jiangsu Jiarun is responsible for payment of the utility fees, including water, electricity, telephone network, facilities maintenance, cleaning, carpark usage fee and property management fee.

(9) On 6 January 2017, Jiangsu Zhongneng and Suzhou GCL Energy entered into a coal supply framework agreement (the "New Coal Supply Framework Agreement") to supersede the coal supply framework agreement (the "Old Coal Supply Framework Agreement") entered on 24 May 2016 for a period of three years commenced from 1 June 2016 and ending on 31 May 2019. Pursuant to the New Coal Supply Framework Agreement, Suzhou GCL Energy agreed to supply, and Jiangsu Zhongneng agreed to purchase coal on a net calorific value as received basis with a value of Qnet, ar = 4,500–6,000 kcal/kg during the period of three years commencing from 1 January 2017 and ending on 31 December 2019 ("New Coal Supply Term"). The price of coal to be supplied by Suzhou GCL Energy to Jiangsu Zhongneng pursuant to the New Coal Supply Framework Agreement from time to time shall not be higher than the market price of coal of comparable quality as may be obtained through quotations from independent third party coal suppliers (the "Reference Price"). The final purchase price will be agreed between the parties under the sale and purchase agreement to be entered into between Suzhou GCL Energy and Jiangsu Zhongneng on a monthly basis.

The actual volume of the supply of coal is to be determined by both parties based on actual purchase orders made by Jiangsu Zhongneng, although the New coal Supply Framework Agreement provides that the anticipated monthly volume of coal to be supplied during the New Coal Supply Term would be approximately 125,000 tonnes. Payment for each purchase is settled by Jiangsu Zhongneng in arrears within 10 business days after delivery of the invoice in respect of the coal supplied by Suzhou GCL Energy.

(10) GCL-Poly Suzhou and GCL System Integration entered into a framework agreement dated 6 January 2017 (the "Framework Agreement"), pursuant to which, GCL-Poly Suzhou has agreed to supply (by itself or through its subsidiaries or affiliates), and GCL System Integration has agreed to purchase (by itself or through its subsidiaries) the wafer products, being polysilicon and monocrystalline wafers, for one year commenced from 1 January 2017 to 31 December 2017 (the "Term").

Under the Framework Agreement, and subject to the annual cap, the estimated total quantity of the wafer products to be supplied by GCL-Poly Suzhou (or its subsidiaries or affiliates) during the Term was 600,000,000 pieces per annum (the "Estimated Purchase Quantity").

The actual volume of the wafer products supplied by GCL-Poly Suzhou from time to time was determined by both parties based on the delivery notices agreed between GCL-Poly Suzhou and GCL System Integration, subject to the following:

(i) the maximum monthly purchase quantity shall be 115% of 50,000,000 pieces;

(ii) the maximum total purchase quantity during the Term shall be 115% of the Estimated Purchase Quantity; and

(iii) the minimum total purchase quantity during the Term shall be 85% of the Estimated Purchase Quantity.

GCL-Poly Suzhou determined the price of the wafer products supplied by it to GCL System Integration pursuant to the Framework Agreement from time to time with reference to the prevailing market supply and demand for the wafer products and the prices charged by other wafer product suppliers at the relevant time.

The parties negotiated the price for the wafer products for each calendar month on or before the fifth day of the month. Such price is fair, reasonable and on normal commercial terms. In the event that the parties were unable to agree on the price on the fifteenth day of the month then the price was determined based on the basic price of the similar categories of products supplied by GCL-Poly Suzhou during that month to its large customers (the "Third Party Price"). If GCL System Integration disagreed with the Third Party Price, then the parties would jointly appoint an audit firm in the PRC for the purpose of ascertaining the price to be charged, which price would be binding on GCL-Poly Suzhou and GCL System Integration.

Payment for each purchase of the wafer products were settled in arrears within 15 days after delivery of the products by way of bank remittance or bank draft which may be drawn within no more than 180 days.

On 21 November 2017, GCL-Poly Suzhou, GCL System Integration and 協鑫集成科技（蘇州）有限公司 (GCL System Integration Technology (Suzhou) Ltd.*) (collectively "GCL System Integration Entities") entered into a new framework agreement, pursuant to which GCL-Poly Suzhou agreed to supply through itself or its affiliates the wafer products to the GCL System Integration Entities (or their subsidiaries) from 1 January 2018 to 31 December 2018.

(11) On 19 June 2017, GCL-Poly Suzhou and Suzhou Xin Zhi Hai entered into the staff training agreement (the "Staff Training Agreement"). Pursuant to the Staff Training Agreement, Suzhou Xin Zhi Hai agreed to provide customized training services for the employees of the Group from 16 June 2017 to 31 May 2020 by subscription of a e-learning platform (鑫知海網絡學習平台) ("E-learning Platform") at a cost of RMB730 per employee annually, including:

- standardised training module designed for the entire Group;
- customised training modules targeting specific employees;
- implementation and management of training programs; and
- development of a system to maintain employee training records.

On 25 May 2017, GCL New Energy Investment entered into an agreement with Suzhou Xin Zhi Hai, pursuant to which Suzhou Xin Zhi Hai provides the above customized training services same as the Group to the employees of the GNE Group from 1 June 2017 to 31 May 2020 (the "Previous Agreement") by subscription of the E-learning Platform at a cost of RMB730 per employee annually.

Other than the subscription to the E-learning Platform, GCL-Poly Suzhou or GCL New Energy Investment can also coordinate with Suzhou Xin Zhi Hai to arrange for other customised training programs provided by the latter (協鑫大學培訓服務) at additional costs agreed between themselves. GCL-Poly Suzhou or GCL New Energy Investment shall pay the annual subscription fee for the e-learning platform in the first quarter every year. Fees of other training provided by Suzhou Xin Zhi Hai shall be paid under separate arrangements.

Various subsidiaries of the Company entered into the Previous De Minimis Agreements with Suzhou Xin Zhi Hai in relation to the provision of customised training services for the employees from 1 January 2017 to 31 May 2017 for a total aggregated consideration of RMB74,440.

(12) On 19 May 2016, GNE International, as service provider, and GCL Solar Energy, as service recipient, entered into the Asset Management & Administrative Services Agreement for a term of three years from 19 May 2016 in relation to the provision of certain asset management and administrative services at the following services fees:

Services

(a) management services for certain GCL Solar Energy's overseas operations in South Africa and the U.S., and related administrative services, including but not limited to:

(i) operating certain photovoltaic power plant projects in South Africa and the U.S.;

(ii) restructuring or terminating a sale and leaseback transaction between Wells Fargo Bank N.A. and GCL Solar US (the "Sale and Leaseback Transaction") in order to release funds held in a restricted account;

(iii) overseeing and implementing a human resources reorganisation in the U.S.; and

(b) marketing and selling an inventory of solar modules held by GCL Solar US and related administrative services.

Service fees and reimbursement and payment terms

(a) an annual fee for the Services of US$500,000 proportionately within 1 month of each quarter end;

(b) US$0.03 per watt for any solar module sold from GCL Solar US's inventory, within 1 month following the receipt of the sale proceeds for solar modules;

(c) a commission if GNE International sells any solar module from GCL Solar US's inventory to a third party at a price per watt in excess of certain floor prices per watt, to be calculated based on the following formulas, within 1 month following the receipt of the sale proceeds for solar modules:

(i) for solar modules greater than or equal to 280 watts of rated output, the sales price per watt subtracted by the floor price of US$0.20 per watt, and then multiplied by 50%; and

(ii) for solar modules less than 280 watts of rated output, the sales price per watt subtracted by the floor price of US$0.15 per watt, and then multiplied by 50%;

(d) a one-off payment of US$1,000,000 upon confirmation that the Sale and Leaseback Transaction is restructured or terminated and funds in the restricted account with Wells Fargo Bank N.A. are released, within 30 days after the confirmation that the Sale and Leaseback Transaction is restructured or terminated and funds from the restricted account with Wells Fargo Bank N.A. are released; and

(e) GCL Solar Energy shall reimburse GNE International for all reasonable non-wage costs and expenses arising from or related to the performance of the Services ("Reimbursement"), including, but not limited to, third party professional fees, office equipment lease payments, travel costs and expenses, office supplies and pre-agreed third party engineering fees, within 5 business days following receipt of the invoice from GNE International each quarter.

(13) On 11 July 2017, Suzhou GNE Operation, as service provider, and Suzhou GCL-Poly, as service recipient entered into the Operation Service Agreement for a term of three years from 10 July 2017 in relation to the provision of operation and management services for the power plants with installed capacity of 353 MW at an annual fee of RMB35,300,000, receivable monthly in arrears.

(14) On 29 September 2017, Suzhou GCL Research (as landlord) entered into a lease agreement with GNE Investment (as tenant) in relation to the leasing of the commercial property of 25,792.2 square meters situated at 4th floor of headquarters building, No. 28 Xinqing Road, Suzhou Industrial Park, PRC for business purposes for two years, from 1 October 2017 to 30 September 2019 at RMB1,934,415 per month ("GNE Investment Lease Agreement").

GNE Investment is responsible for payment of the management fees, utilities, facilities maintenance and carparking expenses.

(15) On 29 September 2017, Suzhou GCL Research (as landlord) entered into a lease agreement with GCL Electric (as tenant) in relation to the leasing of the commercial property of 4,790.3 square meters situated at Northwest Area, 2nd floor of research and development building, No. 28 Xinqing Road, Suzhou Industrial Park, PRC for business purposes for two years, from 1 October 2017 to 30 September 2019 at approximately RMB359,273 per month ("GNE Electric Lease Agreement").

GCL Electric is responsible for payment of the management fees, utilities, facilities maintenance and carparking expenses.

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

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

On 17 August 2017, the Company, as borrower and Richmore International Development Limited, GCL Solar Energy Technology Holdings Limited and Universe Solar Energy Holdings Inc., each a wholly-owned subsidiary of the Company, as guarantors, entered into a facility agreement with various banks relating to a US$200,000,000 (which may be increased up to US$300,000,000 through the accession of additional lenders, subject to the consent of the Company) syndicated term loan facility ("Facility Agreement I"). The Facility Agreement I is scheduled to be fully repaid within 36 months after the first loan is made under it.

Under the terms of the Facility Agreement I, a "Change of Control" would occur if Mr. Zhu Gongshan (and his family) (a) is no longer the single largest shareholder of the Company, or (b) no longer has management control over the Company.

A Change of Control will trigger an obligation of mandatory prepayment under the Facility Agreement II and all amounts outstanding under the Facility Agreement I to any lender would become immediately due and payable in full on demand by the agent on behalf of such lender.

On 6 December 2017, the Company, as borrower entered into a facility agreement with the Bank as lender relating to a US$200,000,000 term loan facility ("Facility Agreement II"). The Facility Agreement II is scheduled to be fully repaid approximately 36 months after the first loan is made under it.

By the terms of the Facility Agreement II, if Mr. Zhu Gongshan and his family is no longer the single largest shareholder of the Company, the Bank may by notice to the Company, immediately cancel the Facility Agreement II and declare the outstanding loans together with accrued interest and all other amounts accrued under the Facility Agreement II, and all relevant security documents, to be immediately due and payable.

Up to the date of this report, the above obligations continue to exist.

Directors' Interests in Competing Business

The following Director is considered to have interest in the business which competes or is likely compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules:

Names of Director	Name of company in which the relevant Director has interest	Principal activities of the competing company	% interest in competing company
Mr. Zhu Yufeng	錫林郭勒中能硅業有限公司 Xilingol Zhongneng Silicon Co., Ltd.* (Dormant and inactive)	Intend to produce polysilicon ingot upon completion of construction	Mr. Zhu Yufeng, through companies controlled by him, holds 70% interest

*Note: * English name for identification only*

Deed of Non-competition

Pursuant to a restated non-competition deed dated 8 November 2015 (the "Restated NCD") entered into between the Company and Mr. Zhu Gongshan, Mr. Zhu Yufeng, Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited (collectively the "Covenantors") and approved by the independent shareholders of the Company on 26 November 2015, each of the Covenantors had undertaken to the Company that he/it would not participate or hold interests in or be engaged in or acquire or hold any business during the restricted period set out in the Restated NCD, which is involved in the business of the Group from time to time, including the production and selling of polysilicon and wafer products, the development, owning and operation of solar power plants in the PRC or overseas (the "Restricted Business"). Nevertheless, under the Restated NCD, each Covenantor had undertaken that if he/it or any of his/its affiliates is offered or becomes aware of any new investment or business opportunity which is in competition, directly or indirectly, or may lead to direct or indirect competition with the Group in connection with the Restricted Business, he/it must first procure that such opportunity be offered to the Company on no less favourable terms, and that such Covenantor would only be allowed to take up the opportunity himself/itself if the Company has declined it (the "Right of First Refusal Arrangement").

The Covenantors have provided confirmations to the Company that they have complied with the Restated NCD.

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 its shareholders. The remuneration policy of the executive Directors is reviewed by the Remuneration Committee of the Company.

The Group has adopted share option schemes as incentives to Directors, employees and eligible participants, details of the schemes are set out under the section headed "Option Schemes" in this report and in note 52 to the consolidated financial statements.

The Company has adopted a share award scheme on 16 January 2017. The purpose of such scheme is, through the grant of awards to certain eligible persons, to effectively attract, retain and incentivise core employees of the Group and align their interests and growth with the Group as a whole. Details of the scheme and the scheme rules are disclosed under an announcement of the Company dated 16 January 2017.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association or relevant laws of the Cayman Islands which would oblige the Company offer new Shares on a pro rata basis to the existing shareholders.

Major Customers and Suppliers

In 2017, the Group's largest supplier accounted for 16.7% of total purchases. The five largest suppliers accounted for 35.5% of the Group's total purchases, evidencing the purchasing department's commitment to ensuring that the Group is not dependent on any one supplier, and that our purchases are at fair market terms.

The Group's largest customer accounted for 7.5% of our revenue for the year 2017. In 2017, the Group's five largest customers accounted for 30.9% of our revenue. To the best knowledge of the Directors, there is no Directors or any of their associates or any shareholder who holds more than 5% of the ordinary shares of the Company has any interests in the suppliers or customers disclosed above.

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

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

Thereafter, the Company entered into agreements with the bondholder to purchase each of US$50 million in the principal amount of the 2019 Convertible Bonds (the "Repurchased Bonds") at the purchase price of US$47,625,000 and US$49,375,000 in cash (the "Partial Buy-back") on 26 April 2016 and 7 April 2017, respectively. After the Partial Buy-back, the Repurchased Bonds were cancelled by the Company and the principal amount of the 2019 Convertible Bonds which remains outstanding amounts to US$125 million. At 31 December 2016, the outstanding principal amount of the 2019 Convertible Bonds was US$175 million.

For the year ended 31 December 2017, the trustee of the share award scheme pursuant to the trust deed and the share award scheme purchased an aggregate of 222,998,888 shares of the Company from the market at a total consideration of approximately HK$195,987,000.

Other than disclosed above, during the year ended 31 December 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Related Party Transactions

Details of the related party transactions undertaken in normal course of business are set out in note 56 to the consolidated financial statements. All related party transactions constituted connected transactions/continuing connected transactions under the Listing Rules and that they have complied with the disclosure requirements in accordance with chapter 14A of the Listing Rules.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

Changes in Information on Directors

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

Name of Director	Details of Change	Effective Date
Mr. Yip Tai Him	The annual Director's fee was adjusted to HK$375,100 per annum which was approved by the Board of the Company	1 January 2018
	Resigned as an independent non-executive director of New Wisdom Holding Company Limited	28 March 2018
Dr. Ho Chung Tai, Raymond	The annual Director's fee was adjusted to HK$475,100 per annum which was approved by the Board of the Company	1 January 2018
Dr. Shen Wenzhong	The annual Director's fee was adjusted to HK$220,500 per annum which was approved by the Board of the Company	1 January 2018
Mr. Wong Man Chung, Francis	The annual Director's fee was adjusted to HK$264,600 per annum which was approved by the Board of the Company	1 January 2018

Auditor

The consolidated financial statements for the year ended 31 December 2017 have been audited by Messrs. Deloitte Touche Tohmatsu who will retire on conclusion of the forthcoming annual general meeting. A resolution for re-appointment of Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting.

Events After Reporting Period

Details of the events after reporting period of the Group are set out in note 54 to the consolidated financial statements.

On behalf of the Board
Zhu Gongshan
Chairman

Hong Kong, 15 March 2018

Deloitte. 德勤

TO THE SHAREHOLDERS OF GCL-POLY ENERGY HOLDINGS LIMITED
保利協鑫能源控股有限公司
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 108 to 276, 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 Certified 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.

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.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables of the solar material business segment	
We identified the recoverability of the Group's trade receivables of the solar material business segment as a key audit matter due to its significant balance and the estimation uncertainty involved in the management's assessment process in respect of the collectability of the trade receivables. Any changes in circumstances of the debtors may affect the collectability of the relevant balances. As disclosed in note 27 to the consolidated financial statements, as at 31 December 2017, the carrying amount of the Group's trade receivables was RMB5,744 million (net of allowance for doubtful debts of RMB333 million), out of which RMB845 million (net of allowance for doubtful debts of RMB333 million) was contributed by the solar material business segment.	Our procedures in relation to the recoverability of trade receivables of the solar material business segment included: • Understanding the key controls in respect of granting credit to the third parties and the impairment assessment performed by the Group's management on the Group's receivables; • Obtaining an understanding of the management basis and assessment in relation to the recoverability of the Group's trade receivables; • Checking, on a sample basis, the accuracy and completeness of the relevant debt aging analysis and subsequent settlements; • Evaluating the management's assessment over estimated future cash-flows 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 settlements; and • Performing a retrospective review of the accuracy of the management judgements and assumptions relating to the allowance for doubtful debts made in the prior year.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment of the solar material business segment	
We identified impairment of property, plant and equipment of the solar material business segment as a key audit matter due to the risk that machineries and equipment of the solar material business segment are subject to rapid technological advancement on production. Against this, the carrying amounts of the machineries and equipment may be higher than the recoverable amount which involves estimation uncertainty on assumptions of such recoverable amount. As at 31 December 2017, the carrying amount of the Group's property, plant and equipment of the solar material business segment was RMB22,812 million. During the year ended 31 December 2017, the Group recognised an impairment loss of RMB263 million. When a review for impairment is conducted, the recoverable amount is determined based on higher of fair value less cost of disposal and value in use which relies on the management's assumptions and estimates of future income generation from the use of the relevant assets.	Our procedures in relation to the impairment of property, plant and equipment of the solar material business segment included: • Understanding of the key controls in respect of the impairment review process of property, plant and equipment; • Understanding on the management methodology and basis applied in calculating the recoverable amount; and • Evaluating the management prepared recoverable amount calculations of the relevant assets by 1) checking the mathematical accuracy of the impairment models; and 2) assessing key assumptions applied in value in use calculations, if relevant.

Key Audit Matters (Continued)

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 solar farms 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 RMB2,814 million from the state grid companies in the PRC were recognised for the year ended 31 December 2017 in which certain on-grid solar farms 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 the 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 example, 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 farms 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 farms to the Catalogue were successfully completed against the historical record of the Group.

Key Audit Matters (Continued)

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 RMB34,409 million via various financing arrangements, details of which are disclosed in note 36 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 our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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	**23,794,455**	22,024,537
Cost of sales		**(15,595,756)**	(14,980,339)
Gross profit		**8,198,699**	7,044,198
Other income	7	**843,063**	926,431
Distribution and selling expenses		**(119,140)**	(72,631)
Administrative expenses		**(2,188,439)**	(1,847,030)
Finance costs	8	**(2,541,020)**	(2,149,266)
Other expenses, gains and losses, net	9	**(1,308,122)**	(1,091,067)
Share of profits of associates	20	**8,444**	—
Share of profits of joint ventures	21	**18,517**	33,489
Profit before tax		**2,912,002**	2,844,124
Income tax expense	10	**(637,880)**	(537,172)
Profit for the year from continuing operations	11	**2,274,122**	2,306,952
Discontinued operations			
Profit (loss) for the year from discontinued operations	12	**77,112**	(112,208)
Profit for the year		**2,351,234**	2,194,744
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(143,387)**	31,233
Total comprehensive income for the year		**2,207,847**	2,225,977
Profit (loss) for the year attributable to owners of the Company			
— from continuing operations		**1,926,373**	2,099,295
— from discontinued operations		**48,025**	(69,883)
Profit for the year attributable to owners of the Company		**1,974,398**	2,029,412

	Note	2017 RMB'000	2016 RMB'000
Profit (loss) for the year attributable to non-controlling interests			
— from continuing operations		**347,749**	207,657
— from discontinued operations		**29,087**	(42,325)
Profit for the year attributable to non-controlling interests		**376,836**	165,332
		2,351,234	2,194,744
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,879,998**	2,064,780
Non-controlling interests		**327,849**	161,197
		2,207,847	2,225,977
		2017 RMB cents	2016 RMB cents
Earnings per share	15		
From continuing and discontinued operations			
— Basic		**10.70**	11.03
— Diluted		**10.62**	11.03
From continuing operations			
— Basic		**10.44**	11.41
— Diluted		**10.37**	11.41

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**63,780,283**	52,461,558
Investment properties	17	**75,116**	79,772
Prepaid lease payments		**1,177,644**	1,123,690
Goodwill	18	**176,528**	176,528
Other intangible assets	19	**853,552**	124,990
Interests in associates	20	**1,073,100**	—
Interests in joint ventures	21	**776,999**	659,296
Financial assets designated as at fair value through profit or loss	22	**131,689**	—
Available-for-sale investments	23	**442,322**	300,000
Convertible bonds receivable	24	**—**	128,211
Deferred tax assets	25	**260,200**	114,747
Deposits, prepayments and other non-current assets	27	**6,083,415**	3,639,900
Amounts due from related companies	28	**151,700**	144,700
Pledged and restricted bank deposits	30	**1,186,848**	953,446
		76,169,396	59,906,838
CURRENT ASSETS			
Inventories	26	**990,885**	965,674
Trade and other receivables	27	**14,537,031**	12,284,566
Amounts due from related companies	28	**720,438**	267,764
Prepaid lease payments		**27,282**	25,726
Available-for-sale investments	23	**339,848**	112,922
Held for trading investments	29	**100,733**	111,522
Tax recoverable		**1,042**	23,968
Pledged and restricted bank deposits	30	**3,720,040**	3,230,654
Bank balances and cash	30	**10,673,203**	8,958,397
		31,110,502	25,981,193
Assets classified as held for sale	31	**—**	1,131,282
		31,110,502	27,112,475
CURRENT LIABILITIES			
Trade and other payables	32	**19,591,747**	17,860,068
Amounts due to related companies	33	**177,061**	422,446
Advances from customers	34	**612,263**	517,566
Bank and other borrowings — due within one year	36	**17,107,779**	13,022,414
Obligations under finance leases — due within one year	37	**740,911**	858,173
Notes payables — due within one year	38	**2,968,031**	648,104
Convertible bonds payables — due within one year	40	**1,765,257**	—
Derivative financial instruments	39	**15,899**	16,011
Deferred income		**49,982**	46,801
Tax payables		**394,871**	98,957
		43,423,801	33,490,540
Liabilities directly associated with assets classified as held for sale	31	**—**	910,112
		43,423,801	34,400,652
NET CURRENT LIABILITIES		**(12,313,299)**	(7,288,177)
TOTAL ASSETS LESS CURRENT LIABILITIES		**63,856,097**	52,618,661

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT LIABILITIES			
Advances from customers	34	**118,675**	182,623
Bank and other borrowings — due after one year	36	**32,857,143**	20,257,141
Obligations under finance leases — due after one year	37	**895,691**	1,655,267
Notes and bonds payables — due after one year	38	**1,861,383**	4,473,241
Convertible bonds payables — due after one year	40	**—**	2,012,997
Deferred income		**593,784**	276,329
Deferred tax liabilities	25	**221,842**	367,121
		36,548,518	29,224,719
NET ASSETS		**27,307,579**	23,393,942
CAPITAL AND RESERVES			
Share capital	41	**1,632,181**	1,631,804
Reserves		**21,143,036**	19,189,012
Equity attributable to owners of the Company		**22,775,217**	20,820,816
Non-controlling interests		**4,532,362**	2,573,126
TOTAL EQUITY		**27,307,579**	23,393,942

The consolidated financial statements on pages 108 to 276 were approved and authorised for issue by the board of directors on 15 March 2018 and are signed on its behalf by:

Zhu Gongshan	**Yeung Man Chung, Charles**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000 (Note i)	Other reserve RMB'000 (Note ii)	Capital reserve RMB'000 (Note iii)	Statutory reserve funds RMB'000 (Note iv)	Special reserves RMB'000 (Note v)	Share options reserve RMB'000	Translation reserve RMB'000 (Note vii)	Accumulated profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2016	1,372,260	7,353,442	—	(619,157)	67,251	1,454,789	(2,399,641)	190,846	(15,120)	8,449,502	15,854,172	1,705,312	17,559,484
Exchange differences arising from translation of financial statements of foreign operations	—	—	—	—	—	—	—	—	35,368	—	35,368	(4,135)	31,233
Profit for the year	—	—	—	—	—	—	—	—	—	2,029,412	2,029,412	165,332	2,194,744
Total comprehensive income for the year	—	—	—	—	—	—	—	—	35,368	2,029,412	2,064,780	161,197	2,225,977
Recognition of share-based payment expenses in respect of share options (note 52)	—	—	—	—	—	—	—	27,057	—	—	27,057	71,409	98,466
Forfeitures of share options	—	—	—	—	—	—	—	(5,647)	—	31,263	25,616	(25,616)	—
Issue of new shares through Rights Issue (as defined in note 41)	259,544	2,647,352	—	—	—	—	—	—	—	—	2,906,896	—	2,906,896
Transaction costs attributable to the issuance of Rights Issue	—	(61,541)	—	—	—	—	—	—	—	—	(61,541)	—	(61,541)
Issue of new shares through rights issue by GNE (as defined in note 2) to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	742,378	742,378
Transaction cost attributable to the issuance of rights issue by GNE to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(23,005)	(23,005)
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	48,813	48,813
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(106,317)	(106,317)
Acquisition of additional interest in an existing subsidiary	—	—	—	—	—	—	3,836	—	—	—	3,836	(22,266)	(18,430)
Acquisition of a subsidiary (note 42)	—	—	—	—	—	—	—	—	—	—	—	21,221	21,221
Transfer to reserves	—	—	—	—	—	854,965	—	—	—	(854,965)	—	—	—
At 31 December 2016	1,631,804	9,939,253	—	(619,157)	67,251	2,309,754	(2,395,805)	212,256	20,248	9,655,212	20,820,816	2,573,126	23,393,942
Exchange differences arising from translation of financial statements of foreign operations	—	—	—	—	—	—	—	—	(94,400)	—	(94,400)	(48,987)	(143,387)
Profit for the year	—	—	—	—	—	—	—	—	—	1,974,398	1,974,398	376,836	2,351,234
Total comprehensive income for the year	—	—	—	—	—	—	—	—	(94,400)	1,974,398	1,879,998	327,849	2,207,847
Recognition of share-based payment expenses in respect of share options (note 52)	—	—	—	—	—	—	—	13,536	—	—	13,536	33,706	47,242
Exercise of share options	377	3,165	—	—	—	—	—	(866)	—	—	2,676	—	2,676
Forfeitures of share options	—	—	—	—	—	—	—	(47,841)	—	61,450	13,609	(13,609)	—
Purchase of shares under share award scheme (note 52)	—	—	(170,097)	—	—	—	—	—	—	—	(170,097)	—	(170,097)
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	487,991	487,991
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(183,631)	(183,631)
Non-controlling interests arising on acquisitions of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	1,753	1,753
Deemed disposals of partial interests in subsidiaries	—	—	—	—	—	(5,826)	329,131	—	—	(111,620)	211,685	1,288,315	1,500,000
Disposal of PCB business (as defined in note 1)	—	—	—	—	—	(19,126)	—	—	—	19,126	—	—	—
Transaction cost on deemed disposal of partial interest in a subsidiary	—	—	—	—	—	—	(17,627)	—	—	—	(17,627)	(10,675)	(28,302)
Acquisition of additional interests in existing subsidiaries	—	—	—	—	—	—	(5,574)	—	—	—	(5,574)	(34,057)	(39,631)
Change of interests in existing subsidiaries arising from restructuring (Note vi)	—	—	—	—	—	11,097	15,098	—	—	—	26,195	61,594	87,789
Transfer to reserves	—	—	—	—	—	639,725	—	—	—	(639,725)	—	—	—
At 31 December 2017	1,632,181	9,942,418	(170,097)	(619,157)	67,251	2,935,624	(2,074,777)	177,085	(74,152)	10,958,841	22,775,217	4,532,362	27,307,579

Notes:

(i) For the year ended 31 December 2017, the Company paid in total of RMB170,097,000 to Computershare Hong Kong Trustees Limited ("Trustee") to purchase 222,998,888 shares of the Company in the market pursuant to the Share Award Scheme (the "Scheme") established on 16 January 2017 ("Adoption Date") by the board of directors of the Company. As at 31 December 2017, all the shares were held by the Trustee. More details are set out in note 52a (II).

(ii) Other reserve represents the equity (other than share capital) attributable to owners of the Company prior to the reverse acquisition, including share premium, capital reserve, contribution from a shareholder, other reserve, share options reserve, revaluation reserve and deficit. As the Company was accounted for as reverse acquisition by GCL Solar Energy Technology Holdings Inc. ("GCL Solar Energy") in 2009, such reserves attributable to owners of the Company were reclassified to other reserve upon the completion of the reverse acquisition.

Upon disposal of the non-solar power business in 2015, a portion of the amount was realised and transferred to the share premium, share options reserve and accumulated profits of the Group.

(iii) Capital reserve represents the amount of contribution from former immediate holding company of GCL Solar Energy of United States dollars ("US$") 15,009,000 (equivalent to RMB126,029,000) net of the 500,000 ordinary shares of GCL Solar Energy repurchased for a consideration of US$7,000,000 (equivalent to RMB58,778,000) and cancelled prior to 2009.

(iv) Pursuant to the relevant laws in the People's Republic of China (the "PRC"), each of the subsidiaries established in the PRC is required to transfer 5%–10% (2016: 5%–10%) of its profit after tax as per statutory financial statements (as determined by the management of the subsidiary) to the reserve funds (including the general reserve fund and enterprise development fund where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the subsidiary. The enterprise development fund can only be used for development and is not available for distribution to shareholder.

(v) Special reserves represent (i) the difference between the consideration to acquire additional interests in subsidiaries and the respective share of the carrying amounts of the net assets acquired; (ii) the difference by which the non-controlling interests were adjusted and the fair value of consideration received in relation to the disposal of partial interest of a subsidiary; (iii) deemed disposal of partial interest in a subsidiary in relation to the share subscription by a third-party investor and related transaction costs; and (iv) change of interests in existing subsidiaries arising from restructuring.

(vi) As part of the group restructuring during the year ended 31 December 2017, the Company transferred 0.45% equity interest in Jiangsu Zhongneng (as defined in note 2) to a non-controlling shareholder of Konca Solar (as defined in note 18) in exchange for the transfer of 5% effective equity interest of Konca Solar from the non-controlling shareholder to the Group and a waiver of the net dividend payable of RMB87,785,000 to the non-controlling shareholder.

(vii) Translation reserve and non-controlling interests included cumulative amount of RMB45,029,000 and RMB27,272,000 as at 31 December 2016 relating to the share of other comprehensive income of the disposal group classified as held for sale attributable to the owners of the Company and non-controlling interests, respectively, and included in equity.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**2,351,234**	2,194,744
Adjustments for:			
Income tax		**643,203**	585,276
Finance costs		**2,548,377**	2,161,473
Interest income		**(229,148)**	(195,361)
Loss on disposal of non-solar power business		**—**	577
Bargain purchase from business combination		**—**	(67,111)
Unrealised exchange gain, net		**(7,974)**	(33,260)
Depreciation of property, plant and equipment		**3,701,443**	3,509,746
Depreciation of investment properties		**4,656**	4,655
Amortisation of prepaid lease payments		**27,275**	26,903
Amortisation of other intangible assets		**78,571**	11,014
Amortisation of deferred income		**(58,497)**	(147,024)
Loss on disposal of property, plant and equipment		**147,848**	26,489
Loss on disposal of other intangible assets		**132**	—
Share of profits of joint ventures		**(18,517)**	(33,489)
Share of profits of associates		**(8,444)**	—
Gain on deemed disposal of a joint venture		**—**	(1,822)
Loss on deemed disposal of an associate		**3,227**	—
Share-based payment expenses		**78,129**	98,466
Waiver of other payables		**(195)**	(19,020)
Loss (gain) on fair value change of held for trading investments		**27,954**	(24,947)
Unrealised gain on fair value change for financial assets designated as fair value through profit or loss		**(16,689)**	—
Gain on disposal of available-for-sale investment		**(152)**	—
Gain on available-for-sale investments		**(2,883)**	—
Gain on convertible bonds receivable		**(13,506)**	(34,504)
(Gain) loss on fair value change of derivative financial instruments, net		**(112)**	3,436
Loss on fair value change of convertible bonds payables		**156,515**	356,126
(Reversal of) impairment loss on trade and other receivables, net		**(43,246)**	6,545
Write-down of inventories		**13,677**	199,905
Impairment loss on property, plant and equipment		**262,634**	540,737
Impairment loss on deposits for acquisitions of property, plant and equipment		**—**	59,536
Loss on measurement to fair value less costs to sell	12	**4,734**	114,435
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 farm projects		**(18,745)**	—
Operating cash flows before movements in working capital		**9,544,989**	9,343,525
(Increase) decrease in inventories		**(26,479)**	110,596
(Increase) decrease in trade and other receivables, including proceeds from bills receivable discounted		**(1,532,308)**	1,782,537
Increase in amounts due from related companies		**(196,180)**	(232,328)
Increase (decrease) in trade and other payables		**1,745,674**	(2,561,702)
Increase in amounts due to related companies		**17,241**	112,084
Increase in advances from customers		**30,746**	18,681
Increase in deferred income		**158,518**	—
Increase in deposits, prepayments and other non-current assets		**(144,091)**	(123,551)
Increase in held for trading investments		**(24,338)**	(66,296)
Cash generated from operations		**9,573,772**	8,383,546
Income taxes paid		**(618,561)**	(598,425)
NET CASH FROM OPERATING ACTIVITIES		**8,955,211**	7,785,121

	Notes	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**154,685**	145,627
Proceeds from disposal of assets classified as held for sale		**—**	29,991
Proceeds from disposal of property, plant and equipment		**52,853**	90,273
Payments for construction and purchase of property, plant and equipment and land use rights		**(16,551,676)**	(10,788,638)
Proceeds from early redemption of convertible bonds receivable		**141,717**	—
Investments in associates		**(1,067,883)**	—
Investments in joint ventures		**(129,839)**	—
Dividends received from joint ventures		**20,268**	47,014
Capital refunded from a joint venture		**7,289**	—
Addition of financial assets designated as fair value through profit or loss		**(115,000)**	—
Addition of available-for-sale investments		**(641,461)**	(282,759)
Proceeds from disposal of available-for-sale investments		**7,343**	—
Repayment of available-for-sale investments		**268,893**	—
Addition of prepaid lease payments		**(17,015)**	(1,040)
Addition of other intangible assets		**(703,210)**	(39,155)
Net cash inflow from acquisition of subsidiaries	42	**32,877**	19,079
Withdrawal of pledged and restricted bank deposits		**3,969,188**	7,043,473
Placement of pledged and restricted bank deposits		**(4,696,420)**	(4,240,232)
Receipt of government grants related to depreciable assets		**—**	16,545
Advances to related companies		**(29,319)**	(14,819)
Repayment from related companies		**6,655**	29,962
Repayment from (loans to) third parties		**20,919**	(20,556)
Loan to a joint venture		**(71,000)**	(20,807)
Settlement of payables to vendors of solar farms		**(23,738)**	(132,159)
Payment of deposits for acquisitions of solar farms		**—**	(31,800)
Proceeds from disposal of PCB business	43a	**190,250**	—
Proceeds from disposal of three solar farm projects	43b	**175,442**	—
Proceeds from transfer of ITC Benefit (as defined in note 35)	35	**222,751**	—
NET CASH USED IN INVESTING ACTIVITIES		**(18,775,431)**	(8,150,001)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(2,880,232)**	(2,387,145)
Interest paid for convertible bonds payables		**(59,290)**	(53,996)
New bank and other borrowings raised		**34,408,584**	30,505,138
Repayment of bank and other borrowings		**(19,650,773)**	(32,235,863)
Proceeds from sale and finance leaseback arrangements		**—**	71,451
Repayment of obligations under finance leases		**(901,911)**	(971,751)
Redemption of convertible bonds payables		**(344,965)**	(307,605)
Repayment of notes and bonds payables	38	**(1,190,000)**	(1,190,000)
Proceeds from issuance of notes and bonds payables	38	**885,000**	1,618,575
Transaction costs paid for the issuance of bonds		**(3,540)**	—
Proceeds from Rights Issue (as defined in note 41) by the Company, net		**—**	2,845,355
Proceeds from rights issue by GNE from non-controlling interests, net		**—**	719,373
Proceeds from exercise of share options		**2,676**	—
Contribution from non-controlling interests		**487,991**	30,394
Proceeds from deemed disposal of partial interest in a subsidiary		**1,500,000**	—
Transaction costs paid for the deemed disposal of partial interest in a subsidiary		**(28,302)**	—
Acquisition of additional interest in existing subsidiaries		**(2,559)**	(18,430)
Dividends paid to non-controlling interests		**(105,841)**	(106,317)
Advance from related companies		**2,967**	2,014
Repayment to related companies		**(100)**	(5,369)
(Repayment to) loan from a joint venture		**(251,752)**	251,752
Purchase of shares under the Scheme		**(170,097)**	—
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**11,697,856**	(1,232,424)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,877,636**	(1,597,304)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**8,984,993**	10,340,815
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF BANK BALANCES AND CASH HELD IN FOREIGN CURRENCIES		**(189,426)**	241,482
CASH AND CASH EQUIVALENTS AT 31 DECEMBER			
represented by			
— Bank balances and cash		**10,673,203**	8,958,397
— Bank balances and cash classified as held for sale		**—**	26,596
		10,673,203	8,984,993

1. General Information

GCL-Poly Energy Holdings Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands on 12 July 2006 under the Companies Law, Cap 22 of the Cayman Islands. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 November 2007. The address of the registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is at Units 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company collectively referred to as the "Group"), associates and joint ventures are principally engaged in (1) the manufacturing of polysilicon and wafers for the solar industry; and (2) the sale of electricity, development, investment, management and operation of solar projects. 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 and presentation currency of the Company is Renminbi ("RMB").

2. Basis of Preparation

The directors of the Company (the "Directors") have given careful consideration to the going concern status of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately RMB12,313 million as at 31 December 2017 and the Group had cash and cash equivalents of approximately RMB10,673 million against the Group's total borrowings (comprising bank and other borrowings, obligations under finance leases, notes and bonds payables and convertible bonds payables) amounted to approximately RMB58,196 million, out of which approximately RMB22,582 million will be due in the coming twelve months.

In April and July 2017, 保利協鑫 (蘇州) 新能源有限公司 (GCL-Poly (Suzhou) New Energy Limited*, "GCL-Poly Suzhou") and 江蘇中能硅業科技發展有限公司 (Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. *, "Jiangsu Zhongneng"), wholly-owned subsidiaries of the Company received the "Notice of Acceptance of Registration" (the "Notice") from the National Association of Financial Market Institutional Investors (the "Association") in the PRC in relation to the issue of super short-term commercial papers ("SSCP") and short-term commercial paper ("SCP") by GCL-Poly Suzhou and Jiangsu Zhongneng, respectively. The maximum registered amounts of the SSCP and the SCP are RMB5 billion and RMB1 billion, respectively, and such registered amounts will be effective for two years from the date of issue of the Notice, and GCL-Poly Suzhou and Jiangsu Zhongneng may issue the SSCP and SCP in tranches within the effective period. As assessed by China Chengxin International Credit Rating Company Limited, GCL-Poly Suzhou and Jiangsu Zhongneng have been given AA+ rating and AA rating, respectively.

The Group intends to issue the SSCP and SCP as and when required to meet its funding needs. In view of the nature and swift process of the underwriting and issuance of the SSCP and SCP in the robust inter-bank debt market of the PRC, and the past successful issuances, the Directors are satisfied that funding could be obtained through the issuance of the registered instrument as and when required by the Group within the next twelve months from the date of approval of these consolidated financial statements for issuance.

* English name for identification only

2. Basis of Preparation (Continued)

The Directors have evaluated the Group's current undrawn banking facilities and renewable bank borrowings. In order to improve liquidity, the Group continues to pay close attention in managing the Group's cash position and conducts on-going negotiations with banks to ensure that the existing facilities will be successfully renewed and additional banking facilities are obtained when necessary. The Directors believe that the Group will be able to renew the banking facilities upon maturity dates and raise additional banking facilities as and when required by the Group's operating cash needs.

GCL New Energy Holdings Limited ("GNE"), whose shares are listed on the Stock Exchange, is a subsidiary of the Company. As at 31 December 2017, certain subsidiaries of the Company guaranteed bank and other borrowings of GNE and its subsidiaries (collectively referred to as "GNE Group") amounted to approximately RMB4,355 million. The Directors have evaluated the going concern status of GNE Group in preparing these consolidated financial statements, in light of the fact that, GNE Group's current liabilities exceeded its current assets by RMB9,305 million. In addition, as at 31 December 2017, GNE Group has entered into agreements to construct solar farm and acquire other assets which will involve capital commitments of approximately RMB3,869 million.

In addition, subject to the availability of additional financial resources, GNE Group is currently looking for further opportunities to increase the scale of its solar farm operations through mergers and acquisitions. In the event that GNE Group is successful in securing more solar farm investments or expanding the investments in the existing solar farms in the coming twelve months from 31 December 2017, additional cash outflows will be required to settle further committed capital expenditure.

As at 31 December 2017, GNE Group's total borrowings comprising bank and other borrowings, convertible bonds payables, bonds payable and loans from fellow subsidiaries amounted to RMB35,430 million, out of which RMB9,065 million will be due in the coming twelve months provided that the covenants under the borrowing agreements are satisfied. GNE Group's pledged and restricted bank 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 GNE 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. GNE Group is actively pursuing additional financing including, but not limited to, equity and debt financing and bank borrowings.

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

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

(ii) On 23 January 2018, GNE 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 GNE Group's business operations, repayment of borrowings and other general corporate purposes;

2. Basis of Preparation (Continued)

(iii) GNE 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 solar farm projects in exchange for cash proceeds or co-investing into new projects to reduce future capital expenditure requirement to GNE Group; (ii) divesting certain of its existing solar farm projects to third parties under built-transfer-operate model; and (iii) striving for providing plant operation and maintenance services to those divested solar farms for additional operating cashflow to GNE Group, with details below.

— On 30 June 2017, GNE Group entered into share transfer agreements to sell two solar farms 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 GNE, at a cash consideration of approximately RMB262 million, which is subsequently completed in July 2017;

— On 31 May 2017, GNE 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 farms from GNE Group, for a total capacity of approximately 200MW under built-transfer-operate model. On 30 August 2017, GNE Group had sold one of its solar farms with a capacity of 17.4MW to Fuyang New Energy for cash consideration of RMB25,910,000; and

— On 21 November 2017, GNE 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 GNE Group's solar farm projects.

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

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

(v) On 20 November 2017, GNE 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 GNE; and

(vi) GNE Group has completed the construction of 156 solar farms with approval for on-grid connection up to 31 December 2017. GNE Group also has additional 4 solar farms 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 farms have an aggregate installed capacity of approximately 5.9GW and are expected to generate operating cash inflows to GNE Group.

* English name for identification only

2. Basis of Preparation (Continued)

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

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 (the "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 the Annual Improvements to IFRSs 2014–2016 Cycle

Except as described below, the application of the above 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 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 53. 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 53, 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 and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised IFRSs 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 Transactions 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 Associates and Joint Ventures	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 anticipate that the application of all other new and amendments to IFRSs and interpretations will have no material impact on the Group's consolidated financial statements in the foreseeable future.

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

(b) New and revised IFRSs in issue but not yet effective (Continued)

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements 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 generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss ("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*, the entire amount of the change in the fair value of the financial liability designated as 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 and revised IFRSs in issue 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:

- Financial assets classified as loans and receivables carried at amortised cost as disclosed in note 45(a): 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. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of IFRS 9;

- Listed debt instruments classified as available-for-sale investments carried at fair value as disclosed in note 23: these are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the listed debt instruments in the open market, and the contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding. Accordingly, the listed debt instruments will be measured at FVTOCI upon the application of IFRS 9, and the fair value gains or losses accumulated in the investments revaluation reserve will be reclassified to profit or loss when the listed debentures are derecognised;

- Equity securities classified as available-for-sale investments carried at cost less impairment as disclosed in note 23: these securities qualified for designation as measured at FVTOCI under IFRS 9, however, the Group plans not to elect the option for designating these securities to be measured at FVTOCI and will measure these securities at fair value with subsequent fair value gains or losses to be recognised in profit or loss. Upon initial application of IFRS 9, fair value changes related to these securities, representing the differences between cost less impairment and fair value would be adjusted to accumulated profits as at 1 January 2018;

- Financial assets designated as at FVTPL as disclosed in note 22: these financial assets do not contain contractual terms giving rise to cash flows that are solely payments of principal and interest on the principal outstanding. The Group will revoke FVTPL designation but will continue to measure these financial assets at fair value upon the application of IFRS 9;

- Investments in asset management plans classified as available-for-sale investments carried at fair value as disclosed in note 23: these investments do not contain contractual terms giving rise to cash flows that are solely payments of principal and interest on the principal outstanding, and hence will be measured at FVTPL upon application of IFRS 9;

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

(b) New and revised IFRSs in issue but not yet effective (Continued)

IFRS 9 *Financial Instruments* (Continued)

Classification and measurement: (Continued)

- Convertible bonds designated as at FVTPL as disclosed in note 40: 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 change in fair value attributed to a change in credit risk of these financial liabilities would be transferred out from accumulated profits as at 1 January 2018; and

- Except for financial assets which are subject to expected credit loss 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 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 that are subject to the impairment provisions upon application of IFRS 9 by the Group.

Based on the assessment by the Directors, if the expected credit loss model was 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, amounts due from related companies and pledged and restricted bank deposits. Such further impairment recognised under the expected credit loss model would reduce the opening accumulated profits and increase the deferred tax assets at 1 January 2018.

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

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

(b) New and revised IFRSs in issue but not yet effective (Continued)

IFRS 15 *Revenue from Contracts with Customers* (Continued)

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 considerations, as well as licensing application guidance.

The Group currently recognised revenue from the sales of polysilicon and wafer upon goods are delivered and titles have passed. Advances from customers are reversed upon orders are fulfilled. Sales agreements typically do not contain product warranties except for return and replacement of defective products within 30 days from delivery.

Processing income are recognised upon sawing and cutting services are rendered to customers.

Regarding the electricity sales contracts, the Group currently recognised revenue 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 solar farms have qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar farms. 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 sales of polysilicon and wafer, processing and electricity sales contracts, particularly, on the determination and timing of recognition of consideration from customers, the applicability of significant financing component and variable consideration, and anticipated that the application of IFRS 15 in the future may result in more disclosures and change in presentation, but its application is not likely to have a material impact on the timing and amounts recognised in respective periods.

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 IAS 17 *Leases* and the related interpretations when it becomes effective.

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

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

(b) New and revised IFRSs in issue but not yet effective (Continued)

IFRS 16 *Leases* (Continued)

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 presents 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 in relation to lease liability 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 lands where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

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

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of RMB2,434,494,000 as disclosed in note 48. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon 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 Group has previously entered into sales and leaseback arrangements which were accounted under IAS 39 and IAS 17 as disclosed in note 36 and 37 respectively, certain of the Group's sale and leaseback arrangements may not satisfy the requirements of IFRS 15 as sales of assets and hence will be considered as collateralised borrowings under IFRS 16. In accordance with the transition provision of IFRS 16, sale and leaseback transactions entered into before the date of initial application would not be reassessed upon application of IFRS 16, however, the application of IFRS 16 may impact the Group's sale and leaseback transactions in the future after application of IFRS 16.

In addition, the Group currently considers refundable rental deposits paid of RMB260,868,000 and refundable rental deposits received of RMB105,000 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 and would be included in the initial measurement of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

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

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

(b) New and revised IFRSs in issue but not yet effective (Continued)

Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*

The amendments clarify classification and measurement of cash-settled share-based payment under certain specific circumstances and share-based payments in which the Group is required by local tax law or regulation to withhold certain number of equity instruments for settlement of the employee's tax obligation. The Directors do not anticipate that the application of Amendments to IFRS 2 will have a material impact on the classification and measurement of the Group's share-based payment transactions.

4. Significant Accounting Policies

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

The consolidated financial statements have been prepared on the historical cost basis except for certain 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.

The principal accounting policies are set out below.

4. Significant Accounting Policies (Continued)

Basis of consolidation

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

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

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

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

Profit or loss and each item 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 intragroup 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 existing 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 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 or, 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 re-assessment, the net amount 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 at 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 Group's 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 monitored for internal management purposes and not larger than an operating segment.

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

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal (or any of the CGU within group of CGUs in which the Group monitors goodwill).

Investments in associates 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 associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates 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 charges result 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 associates 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 period 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 *Impairment of Assets* 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 and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the joint venture is included in the determination of the gain or loss on disposal of the associate or 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 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 a 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 as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous 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, rebates and other similar allowances.

Revenue is recognised at its initial fair value 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 sale of goods and scrap materials are recognised when the goods or scrap materials are delivered and titles have passed.

Revenue from the sale 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.

Sales agreements typically do not contain product warranties except for return and replacement of defective products within 30 days from delivery. Sales agreements do not contain any post-shipment obligations or any other return or credit provisions.

Processing fees income are recognised when the services are provided.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

4. Significant Accounting Policies (Continued)

Revenue recognition (Continued)

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.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Leasing

An arrangement that involves a legal form of a lease is not, in substance, accounted for as a lease if:

— the Group retains all the risks and rewards incident to ownership of an underlying asset and enjoys substantially the same rights to its use as before the arrangement;

— the primary reason for the arrangement is not to convey the right to use an asset; and

— an option is included on terms that make its exercise almost certain.

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 lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

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.

4. Significant Accounting Policies (Continued)

Leasing (Continued)

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

Sale and leaseback resulting in a finance lease

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised 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. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

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 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 period, 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 (that is, 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.

4. Significant Accounting Policies (Continued)

Foreign currencies (Continued)

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 period in which they are incurred.

Government grants

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

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period 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 service 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 benefits 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

Equity-settled share-based payment transactions

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.

The fair value of the equity settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions 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 profits.

Irrespective of any modifications to the terms and conditions on which the equity instruments were granted, or a cancellation or settlement of that grant of equity instruments, the entity should recognise, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, the entity should recognise the effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee.

If the modification increases the fair value of the equity instruments granted (e.g. by reducing the exercise price), measured immediately before and after the modification, the entity shall include the incremental fair value granted in the measurement of the amount recognised for services received as consideration for the equity instruments granted. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that the original equity instrument, both estimated as at the date of the modification. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognised immediately, or over the vesting period if the employee is required to complete an additional period of service before becoming unconditionally entitled to those modified equity instruments.

Cash-settled share-based payment transactions

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

4. Significant Accounting Policies (Continued)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for 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 differences 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 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.

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 they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. Significant Accounting Policies (Continued)

Property, plant and equipment

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

Properties 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 properties 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 assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets 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 sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attribution expenditure.

Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

4. Significant Accounting Policies (Continued)

Intangible assets (Continued)

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

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives 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 relevant 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 CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs 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 CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) 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 CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a 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 directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets

Financial assets are classified into the following specific categories: financial assets at FVTPL, available-for-sale financial assets and loans and receivables. The classification 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 and points 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.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is (i) held for trading or (ii) designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset 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 (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated 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 includes any dividend or interest earned on the financial assets and is included in the "other expenses, gains and losses, net" line item. Fair value is determined in the manner described in note 46.

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables or (b) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as available-for-sale investments are measured at fair value at the end of each reporting period except for unquoted equity investments whose fair value cannot be reliably measured. Changes in the carrying amount of available-for-sale 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 available-for-sale 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 available-for-sale investments 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.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Convertible bonds receivable

At the date of issue, the Directors have designated convertible bonds receivable as at FVTPL and initially recognised at fair value. In subsequent periods, the convertible bonds receivable is measured at fair value with changes in fair value recognised in profit or loss. Transaction costs relating to the issuance of the convertible bonds receivable are charged to profit or loss immediately.

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, amounts due from related companies, pledged and restricted bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

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

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 available-for-sale 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; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other 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 or other 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 available-for-sale investments 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 the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

In respect of available-for-sale 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 available-for-sale 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 the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points 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 (i) held for trading or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL (Continued)

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

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

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities and is included in the "other expenses, gains and losses, net" line item.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amounts due to related companies, bank and other borrowings, notes and bonds payables are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

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 and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or 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.

Revenue recognition on tariff adjustments on electricity sales

Tariff adjustment 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 (the "New Tariff Notice") to launch a new subsidising policy for distributed solar farms and adjusted benchmark on-grid price for electricity generated by centralised solar farms (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 Renewable Energy Tariff Subsidy Catalogue (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.

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

Critical judgements in applying accounting policies (Continued)

Revenue recognition on tariff adjustments on electricity sales (Continued)

Tariff adjustments of RMB2,814,078,000 (2016: RMB1,860,222,000) have been recognised for the year ended 31 December 2017 and are included in the sales of electricity as disclosed in note 6. Such amount is recognised based on the management judgement that all of the Group's operating solar farms 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 farms. Cumulative amount of tariff receivables relating to solar farms yet to register in 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 farm 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 solar farms are able to be registered in the Catalogue in due course. Further, the accrued revenue on tariff subsidy are fully recoverable but just subject to timing of allocation of funds from the government, after considering that there were no bad debt experiences with the state grid companies in the past and the tariff subsidy was 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 RMB34,408,584,000 (2016: RMB30,505,138,000) via various financing arrangements with details disclosed in note 36.

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.

Joint ventures

GNE Group holds 50%, 50%, 32% and 15% of the voting rights in its joint ventures in Yili, Qichuang, Zhongmin GCL and Tongling Huiyin (all defined in note 21) and the Group holds 50.98%, 53% and 50% of the voting rights in its joint arrangement in Jiangsu Xinhua, Jingshifeng and Jiequan Jingshifeng (all defined in note 21), respectively. 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.

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

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.

Useful lives and impairment of property, plant and equipment

The Group has made substantial investments in property, plant and equipment for the solar material business, solar farm business and new 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.

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 RMB63,780,283,000 (2016: RMB52,461,558,000) (excluding assets classified as held for sale), net of accumulated depreciation and impairment of RMB18,948,391,000 (2016: RMB15,790,066,000).

During the year ended 31 December 2017, the Group recognised impairment on plant and machinery amounting to RMB262,634,000 (2016: RMB540,737,000) (note 16).

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

On assessing any impairment of the Group's trade receivables and amounts due from related companies, the management regularly reviews the recoverability, creditworthiness of customers and ages of the trade receivables. Impairment on trade 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 RMB16,373,123,000 (2016: RMB12,534,121,000), net of allowance for doubtful debts of RMB415,782,000 (2016: RMB459,028,000). Additionally, as at 31 December 2017, the carrying amount due from related companies was RMB872,138,000 (2016: RMB412,464,000). No impairment was recognised in both years.

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

Key sources of estimation uncertainty (Continued)

Inventories

A significant portion of the Group's working capital is devoted to inventories and the nature of inventories is subject to frequent technological changes. As at 31 December 2017, the carrying amount of inventories was RMB990,885,000 (2016: RMB965,674,000). The management reviews the inventory age listing on a periodic basis to identify slow-moving, obsolete and defective inventories. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The amount of allowance would be changed as a result of changes in current market conditions and technology subsequently. During the year, inventories of RMB13,677,000 (2016: RMB199,905,000) were written-down and included in cost of sales.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In particular, the estimation of fair value of the convertible bonds payables as disclosed in note 40 may include some assumptions not supported by observable market prices or rates, including the volatility of the share price of the Company, dividend yields and discount rate, which are determined based on the management's expectations for the market development. As at 31 December 2017, the fair value of the convertible bonds payables was approximately RMB1,765,257,000 (2016: RMB2,012,997,000).

Note 46 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

6. Segment Information

Information reported to the Executive Directors of the Company, being collectively the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided, except for the business operations of GNE, which is assessed by the CODM as a separate operating segment.

No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

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

(b) Solar farm business — manages and operates 371MW solar farms, of which 18MW is located in the United States of America ("USA") and 353MW is located in the PRC. These solar farms were constructed or acquired by the Group prior to obtaining a controlling stake in GNE.

(c) New energy business — represents the business operations of GNE, which is principally engaged in the development, construction, operation and management of solar farms. In August 2017, one of the operating segments of GNE Group regarding PCB business was sold and accordingly has been presented as discontinued operations in the consolidated statement of profit or loss and other comprehensive income.

6. Segment Information (Continued)

Segment revenue and results

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

Year ended 31 December 2017

	Solar material business RMB'000	Solar farm business RMB'000	New energy business RMB'000 (Notes a and b)	Total RMB'000
Segment revenue				
Revenue from external customers	**19,354,988**	**497,187**	**4,785,113**	**24,637,288**
Segment profit	**1,263,593**	**67,828**	**929,509**	**2,260,930**
Less: profit for the year from discontinued operations of PCB business				**(77,112)**
Elimination of inter-segment profit				**(29,064)**
Unallocated income				**93,143**
Unallocated expenses				**(93,851)**
Gain on convertible bonds receivable (note 24)				**13,506**
Loss on fair value change of convertible bonds issued by the Company (note 40)				**(37,771)**
Loss on fair value change of held for trading investments (note 9)				**(27,954)**
Compensation income arising from shutdown of a power plant (note 9)				**155,606**
Gain on fair value change for financial assets designated as at FVTPL (note 9)				**16,689**
Profit for the year from continuing operations				**2,274,122**

6. Segment Information (Continued)

Segment revenue and results (Continued)

Year ended 31 December 2017 (Continued)

Additional analysis presented to CODM which excludes the operating results of PCB business of new energy business, is set out below:

	New energy business RMB'000 (Notes a and b)
Segment revenue — Continuing operations	**3,942,280**
Segment profit — Continuing operations	**852,397**

Year ended 31 December 2016

	Solar material business RMB'000	Solar farm business RMB'000	New energy business RMB'000 (Notes a and b)	Total RMB'000
Segment revenue				
Revenue from external customers	19,269,818	508,294	3,737,989	23,516,101
Segment profit (loss)	2,319,517	(161,262)	131,365	2,289,620
Add: loss for the year from discontinued operations of PCB business				112,208
Elimination of inter-segment profit				(4,846)
Unallocated income				65,594
Unallocated expenses				(34,197)
Gain on convertible bonds receivable (note 24)				34,504
Loss on fair value change of convertible bonds issued by the Company (note 40)				(180,878)
Gain on fair value change of held for trading investments (note 9)				24,947
Profit for the year from continuing operations				2,306,952

6. Segment Information (Continued)

Segment revenue and results (Continued)

Year ended 31 December 2016 (Continued)

Additional analysis presented to CODM which excludes the operating results of PCB business of new energy business, is set out below:

	New energy business RMB'000 (Note a and b)
Segment revenue — Continuing operations	2,246,425
Segment profit — Continuing operations	243,573

Notes:

a. The operating results of new energy business included allocated corporate expenses.

b The revenue of the new energy business for the current year comprised sales of electricity (including tariff adjustments) amounting to approximately RMB3,942,280,000 (2016: RMB2,246,425,000) and sales of printed circuit boards amounting to approximately RMB842,833,000 (2016: RMB1,491,564,000).

The segment profit of the new energy business for the current year comprised profit contributed by the sales of electricity of approximately RMB852,397,000 (2016: RMB243,573,000) and profit contributed by the sales of printed circuit boards of approximately RMB77,112,000 (2016: loss of RMB112,208,000).

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit for 2017 represents the profit of each respective segment excluding unallocated income, unallocated expenses (including certain exchange losses (gains), gain on disposal of available-for-sale investments held by the Company and unallocated tax expense), gain on convertible bonds receivable, change in fair value of convertible bonds issued by the Company, change in fair value of held for trading investments, change in fair value of financial assets designated as at FVTPL and compensation income arising from shutdown of a power plant. In addition to the aforesaid items, segment profit (loss) for 2016 also included depreciation of an aircraft and the respective finance costs under sale and finance leaseback arrangements which are allocated to the solar material business segment for 2017. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

6. Segment Information (Continued)

Segment assets and liabilities

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

	2017 RMB'000	2016 RMB'000
Segment assets		
Solar material business	**44,772,551**	38,350,554
Solar farm business	**3,818,921**	4,156,910
New energy business (Note)	**55,391,914**	41,437,588
Total segment assets	**103,983,386**	83,945,052
Convertible bonds receivable	**—**	128,211
Held for trading investments	**100,733**	111,522
Financial assets designated as at FVTPL	**131,689**	—
Interest in an associate	**172,100**	—
Interests in joint ventures	**95,299**	—
Available-for-sale investments held by the Company	**99,808**	112,922
Unallocated bank balances and cash	**2,576,349**	2,379,683
Unallocated corporate assets	**120,534**	341,923
Consolidated assets	**107,279,898**	87,019,313
Segment liabilities		
Solar material business	**31,628,470**	25,633,378
Solar farm business	**2,193,475**	2,407,710
New energy business (Note)	**45,238,764**	34,157,909
Total segment liabilities	**79,060,709**	62,198,997
Convertible bonds issued by the Company	**839,615**	1,154,536
Unallocated corporate liabilities	**71,995**	271,838
Consolidated liabilities	**79,972,319**	63,625,371

6. Segment Information (Continued)

Segment assets and liabilities (Continued)

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

- All assets are allocated to operating segments, other than corporate bank balances and cash and other assets (including held for trading investments, financial assets designated as at FVTPL, interest in an associate, interests in joint ventures and available-for-sale investments held by the Company (2016: including an aircraft, convertible bonds receivable, held for trading investments and available-for-sale investments held by the Company)) of the management companies and investment holdings companies; and

- All liabilities are allocated to operating segments, other than other liabilities (including convertible bonds issued by the Company (2016: including convertible bonds issued by the Company and certain obligations under finance leases)) of the management companies and investment holdings companies.

Note: The segment assets and liabilities of new energy business included the segment assets and liabilities of GNE Group and the effect arising from fair value adjustments relating to the assets and liabilities of GNE acquired in 2014, which were subject to subsequent amortisation/depreciation over the estimated useful lives of the relevant assets. The fair value adjustments relating to the relevant assets were fully offset by the impairment losses on measurement to fair value less cost to sell recognised as at 31 December 2016.

As at 31 December 2016, the segment assets and liabilities of new energy business included RMB1,131 million (2017: nil) assets classified as held for sale and RMB910 million (2017: nil) liabilities directly associated with assets classified as held for sale due to the operating segment of GNE Group regarding the PCB business was contracted to be sold. The sale was completed on 2 August 2017.

6. Segment Information (Continued)

Other segment information (included in the segment profit or loss or segment assets or regularly provided to the CODM)

Year ended 31 December 2017

Continuing operations and discontinued operation of PCB business

	Solar material business RMB'000	Solar farm business RMB'000	New energy business RMB'000 (Note)	Unallocated RMB'000	Elimination of inter-segment profit RMB'000	Total RMB'000
Amount included in the measure of segment profit or loss or segment assets:						
Interests in joint ventures	516,579	101,860	63,261	95,299	—	776,999
Interests in associates	900,000	—	1,000	172,100	—	1,073,100
Share of profits (loss) of joint ventures	930	13,361	6,161	(1,935)	—	18,517
Share of profits of associates	—	—	—	8,444	—	8,444
Addition to property, plant and equipment, prepaid lease payments and other intangible assets						
— arising from acquisition of subsidiaries	—	—	2,563,648	—	—	2,563,648
— other additions	3,963,937	5,944	10,904,672	—	—	14,874,553
Depreciation of property, plant and equipment	(2,450,238)	(164,222)	(1,089,361)	(260)	2,638	(3,701,443)
Depreciation of investment properties	(4,656)	—	—	—	—	(4,656)
Finance costs	(1,063,864)	(161,489)	(1,439,439)	—	116,415	(2,548,377)
Amortisation of prepaid lease payments	(24,637)	(315)	(2,323)	—	—	(27,275)
Amortisation of other intangible assets	(78,571)	—	—	—	—	(78,571)
(Loss) gain on disposal of property, plant and equipment	(147,408)	13	(453)	—	—	(147,848)
Write-down of inventories	(13,677)	—	—	—	—	(13,677)
Reversal of impairment loss on trade and other receivables, net	8,020	35,226	—	—	—	43,246
Impairment loss on property, plant and equipment	(262,634)	—	—	—	—	(262,634)
Loss on measurement to fair value less costs to sell	—	—	(4,734)	—	—	(4,734)
Research and development expenses	(956,136)	—	—	—	—	(956,136)
Income tax (expense) credit	(608,855)	(24,463)	34,830	(44,715)	—	(643,203)

6. Segment Information (Continued)

Other segment information (included in the segment profit or loss or segment assets or regularly provided to the CODM) (Continued)

Year ended 31 December 2016

Continuing operations and discontinued operation of PCB business

	Solar material business RMB'000	Solar farm business RMB'000	New energy business RMB'000 (Note)	Unallocated RMB'000	Elimination of inter-segment profit RMB'000	Total RMB'000
Amount included in the measure of segment profit or loss or segment assets:						
Interests in joint ventures	515,650	101,487	42,159	—	—	659,296
Addition to property, plant and equipment, prepaid lease payments and other intangible assets						
— arising from acquisition of subsidiaries	5,175	—	2,556,831	—	—	2,562,006
— other additions	2,257,551	29,949	11,294,822	—	—	13,582,322
Depreciation of property, plant and equipment	(2,610,297)	(157,431)	(715,779)	(26,239)	—	(3,509,746)
Depreciation of investment properties	(4,655)	—	—	—	—	(4,655)
Finance costs	(1,081,149)	(145,948)	(978,450)	(8,005)	52,079	(2,161,473)
Amortisation of prepaid lease payments	(23,205)	(361)	(3,337)	—	—	(26,903)
Amortisation of other intangible assets	(11,014)	—	—	—	—	(11,014)
Loss on disposal of property, plant and equipment	(26,356)	(105)	(28)	—	—	(26,489)
Write-down of inventories	(5,755)	(194,150)	—	—	—	(199,905)
Impairment loss on trade and other receivables, net	(6,545)	—	—	—	—	(6,545)
Impairment loss on property, plant and equipment	(442,175)	(98,562)	—	—	—	(540,737)
Loss on measurement to fair value less costs to sell	—	—	(114,435)	—	—	(114,435)
Research and development expenses	(247,295)	—	—	—	—	(247,295)
Income tax expense	(561,777)	(16,759)	(5,915)	(825)	—	(585,276)

6. Segment Information (Continued)

Revenue from major products

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

	2017 **RMB'000**	2016 RMB'000
Continuing operations		
Sales of wafer	**17,432,680**	17,889,741
Sales of electricity (Note)	**4,429,387**	2,751,995
Sales of polysilicon	**766,448**	985,645
Processing fees	**938,383**	334,838
Others (mainly comprising the sales of ingots)	**227,557**	62,318
	23,794,455	22,024,537
Discontinued operations		
Sales of printed circuit boards	**842,833**	1,491,564
	24,637,288	23,516,101

Note: Sales of electricity included RMB2,814,078,000 (2016: RMB1,860,222,000) tariff adjustments received and receivable from the state grid companies in the PRC based on the prevailing nationwide government policies on renewable energy for solar farms. Details of settlement arrangement of tariff is disclosed in note 27.

6. Segment Information (Continued)

Geographical information

The Group's revenue from continuing operations and discontinued operations from external customers by customer's location and information about its non-current assets by location of the assets are detailed below:

Continuing operations

	Revenue from external customers		Non-current assets*	
	2017 RMB'000	2016 RMB'000	**2017 RMB'000**	2016 RMB'000
The PRC	**19,217,418**	18,427,434	**70,322,331**	56,875,229
Taiwan	**1,194,112**	1,409,742	**—**	—
Thailand	**966,257**	360,057	**—**	—
Malaysia	**779,670**	678,407	**—**	—
Korea	**620,243**	624,547	**—**	—
Vietnam	**296,819**	93,189	**—**	—
Hong Kong	**284,813**	50,850	**175,337**	108,952
India	**148,341**	106,885	**—**	—
Singapore	**140,119**	191,186	**—**	—
The USA	**80,071**	53,006	**1,458,844**	846,106
Canada	**47,046**	—	**—**	—
Japan	**7,555**	33	**102,051**	84,405
South Africa	**—**	—	**101,860**	101,487
Others	**11,991**	29,201	**122**	—
	23,794,455	22,024,537	**72,160,545**	58,016,179

Discontinued operations

During the year ended 31 December 2017, sales of printed circuit boards amounting to RMB842,833,000 (2016: RMB1,491,564,000) was mainly from external customers located in the PRC, Hong Kong, Netherlands and Germany (2016: the PRC).

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

6. Segment Information (Continued)

Information about major customers

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

	2017 RMB'000	2016 RMB'000
Customer A(1)	**N/A(2)**	2,217,592

(1) Revenue from solar material business — sales of wafer.

(2) 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.

There were no customer contributing over 10% of total sales of the Group for the year ended 31 December 2017.

7. Other Income

	2017 RMB'000	2016 RMB'000
Continuing operations		
Sales of scrap materials	**389,526**	199,994
Bank and other interest income	**228,910**	195,361
Government grants (note 35)	**141,310**	347,087
Management and consultancy fee income	**18,494**	20,843
Rental income	**17,700**	14,921
Waiver of other payables	**195**	19,020
Income arising from transfer of capacity quota	**—**	22,725
Compensation income (Note)	**—**	43,167
Others	**46,928**	63,313
	843,063	926,431

Note: The amount represents the compensation income received upon litigation settlements and penalty surcharge against overdue receivables of the solar material business in 2016.

8. Finance Costs

	2017 RMB'000	2016 RMB'000
Continuing operations		
Interest on:		
Bank and other borrowings	**2,266,174**	1,796,439
Discounted bills receivable and letters of credit	**140,079**	153,253
Obligations under finance leases	**146,392**	173,279
Notes and bonds payables	**326,884**	308,813
Total borrowing costs	**2,879,529**	2,431,784
Less: Interest capitalised	**(338,509)**	(282,518)
	2,541,020	2,149,266

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.

9. Other Expenses, Gains and Losses, Net

	2017 RMB'000	2016 RMB'000
Continuing operations		
Research and development costs	**956,136**	247,295
Restructuring expenses	**13,022**	—
Exchange gain, net	**(7,974)**	(20,685)
Gain on convertible bonds receivable (note 24)	**(13,506)**	(34,504)
Loss on fair value change of convertible bonds payables (note 40)	**156,515**	356,126
Loss (gain) on fair value change of held for trading investments	**27,954**	(24,947)
Unrealised gain on fair value change for financial assets designated as at FVTPL	**(16,689)**	—
Bargain purchase from business combination	**—**	(67,111)
Impairment loss on property, plant and equipment (note 16) (Note a)	**262,634**	540,737
Impairment loss on deposits for acquisitions of property, plant and equipment (Note b)	**—**	59,536
(Gain) loss on fair value change of derivative financial instruments, net (note 39)	**(112)**	3,436
(Reversal of) impairment loss on trade and other receivables, net (note 27)	**(43,246)**	6,545
Loss on disposal of property, plant and equipment	**147,395**	26,461
Loss on deemed disposal of a partial interest in an associate	**3,227**	—
Gain on deemed disposal of a joint venture	**—**	(1,822)
Compensation income arising from shutdown of a power plant (Note c)	**(155,606)**	—
Gain on disposal of three solar farm projects (note 43(b))	**(18,745)**	—
Gain on redemption of available-for-sale investments	**(2,883)**	—
	1,308,122	1,091,067

Notes:

(a) Amounts represent impairment loss recognised on property, plant and equipment of the solar material business and solar farm business of RMB262,634,000 (2016: RMB442,175,000) and nil (2016: RMB98,562,000), respectively. Details of the above said impairments are set out in note 16.

(b) Impairment loss on deposits for acquisitions of property, plant and equipment represents specific impairment on (i) a deposit of RMB30,000,000 upon suspension of a construction project in consequence of an updated cost benefit analysis based on the forecast market trend; and (ii) a deposit of RMB29,536,000 upon liquidation of a third party construction company for the year ended 31 December 2016.

(c) Amount represents compensation received during the current year upon finalisation of negotiation with the local government of Taicang city, the PRC, for the shutdown and cessation of operation of a power plant under the previously discontinued non-solar power business, pursuant to an integration policy of cogeneration plants in Taicang city undertaken by the local government of Taicang city.

10. Income Tax Expense

	2017 RMB'000	2016 RMB'000
Continuing operations		
PRC Enterprise Income Tax ("EIT")		
Current tax	**725,148**	439,214
Under(over)provision in prior years	**32,630**	(27,376)
	757,778	411,838
USA Federal and State Income Tax		
Current tax	**340**	260
Underprovision in prior years	**—**	9
	340	269
Hong Kong Profits Tax		
Overprovision in prior years	**(5,891)**	—
Other jurisdictions	**46**	11
PRC dividend withholding tax	**183,611**	46,834
Deferred tax (note 25)	**(298,004)**	78,220
	637,880	537,172

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%, except for those subsidiaries described below. The under(over)provision of EIT in prior years arose mainly as a result of completion of tax clearance procedures by certain PRC subsidiaries with the respective tax authorities.

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

Certain subsidiaries of GNE Group, being enterprises in public infrastructure projects, under the PRC Tax Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating income were derived. For the year ended 31 December 2017, certain subsidiaries of GNE engaged in public infrastructure projects had their first year of operating income.

Federal and State tax rate in the USA are calculated at 35% and 8.84%, respectively for both years. The U.S. Tax Cuts and Jobs Act (the "Act") was enacted into law on 22 December 2017. The Act includes significant changes to the U.S. corporate income tax system that are effective on 1 January 2018, including a reduction of the U.S. corporate income tax rate from 35% to 21%.

10. Income Tax Expense (Continued)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax was made as there were no assessable profit for both years.

Taxation arising from other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group's subsidiaries and joint ventures that are tax residents in the PRC are subject to the PRC dividend withholding tax of 5% or 10% for those non-PRC tax resident immediate holding companies registered in Hong Kong and the British Virgin Islands ("BVI"), respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008. A provision for deferred taxation of RMB32,307,000 (2016: RMB183,440,000) in respect of withholding tax on undistributed profits has been charged to profit or loss during the current year and RMB183,611,000 (2016: RMB46,834,000) has been credited to profit or loss during the current year upon payment. See note 25 for details.

The tax charge for the year from continuing operations 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 from continuing operations	**2,912,002**	2,844,124
Tax at PRC EIT rate of 25% (Note a)	**728,001**	711,031
Tax effect of expenses not deductible for tax purpose	**203,679**	208,372
Tax effect of income not taxable for tax purpose	**(31,658)**	(190,317)
Tax effect of share of profits of associates	**(2,111)**	—
Tax effect of share of profits of joint ventures	**(4,629)**	(8,372)
Tax effect of deductible temporary difference not recognised	**58,266**	201,681
Tax effect of tax losses not recognised	**101,364**	96,815
Utilisation of tax losses previously not recognised	**(7,680)**	(174,462)
Effect of tax exemption and tax concessions granted to certain subsidiaries in the PRC	**(665,222)**	(463,261)
Effect of different tax rates of group companies operating in jurisdictions other than the PRC	**(571)**	(388)
Withholding tax	**32,307**	183,440
Under(over)provision in prior years, net	**26,739**	(27,367)
Tax arising from group restructuring (Note b)	**199,395**	—
Income tax expense for the year from continuing operations	**637,880**	537,172

Notes:

(a) The PRC EIT rate is used as it is the domestic tax in the jurisdiction where the operation of the Group is substantially based.

(b) EIT arising from group restructuring is calculated at 10% of the difference between the consideration for the transfer of the subsidiaries and the registered capital of the respective subsidiaries incorporated in the PRC.

11. Profit for the Year

	2017 RMB'000	2016 RMB'000
Continuing operations		
Profit for the year has been arrived at after charging (crediting) the following items:		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**2,417,702**	2,287,949
Retirement benefits scheme contributions	**77,485**	74,820
Share-based payment expenses	**78,129**	98,466
Total staff costs	**2,573,316**	2,461,235
Depreciation of property, plant and equipment	**3,654,072**	3,431,250
Depreciation of investment properties	**4,656**	4,655
Amortisation of prepaid lease payments	**27,174**	26,192
Amortisation of other intangible assets	**78,571**	11,014
Total depreciation and amortisation	**3,764,473**	3,473,111
Less: net amounts included in opening and closing inventories	**(17,391)**	(77,360)
Total of depreciation and amortisation charged to profit or loss	**3,747,082**	3,395,751
Auditor's remuneration	**12,586**	12,544

12. Discontinued Operations

On 30 December 2016, GNE 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 GNE, 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 GNE Group's long-term policy to focus on its core solar farms business, which will allow GNE 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 31). Details of the Disposal are set out in the announcement of GNE dated 30 December 2016 and the circular of GNE 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 profits (loss) for the period/year from the discontinued PCB business is set out below.

Analysis of profits (loss) for the period/year from discontinued operations

The results of the discontinued operations for the period/year 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)**	(1,383,305)
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**	50,331
Income tax expense	**(5,323)**	(48,104)
	(4,666)	2,227
Loss on measurement to fair value less costs to sell	**(4,734)**	(114,435)
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 period/year from discontinued operations (attributable to owners of GNE)	**77,112**	(112,208)

12. Discontinued Operations (Continued)

	1 January 2017 to 2 August 2017 RMB'000	1 January 2016 to 31 December 2016 RMB'000
Profit (loss) for the period/year from discontinued operations include the following:		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**132,167**	236,661
Retirement benefit scheme contributions	**10,764**	19,128
Total staff costs	**142,931**	255,789
Depreciation of property, plant and equipment	**64,762**	155,856
Amortisation of prepaid lease payments	**101**	711
Total of depreciation and amortisation	**64,863**	156,567
Cost of inventories recognised as an expense	**795,834**	1,383,305
Auditor's remuneration	**—**	694

Note: During the year ended 31 December 2017, staff costs and depreciation and amortisation of approximately RMB123,479,000 (2016: RMB212,528,000) and RMB62,142,000 (2016: RMB158,024,000) were capitalised as cost of inventories, respectively. Depreciation and amortisation adjustment of RMB5,761,000 arising from fair value adjustments relating to assets and liabilities of GNE acquired in 2014 was included in the relevant amount in the table above for the year ended 31 December 2016. No such fair value adjustments are recognised during the year ended 31 December 2017.

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 used in investing activities	**(48,331)**	(139,118)
Net cash outflows used in financing activities	**(30,881)**	(36,431)
Net cash outflows	**(4,891)**	(39,616)

13. Directors', Chief Executive's Emoluments and Five Highest Paid Employees

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

(a) Directors' and Chief Executive's emoluments

Directors' and chief executive's remuneration for this year, disclosed pursuant to the applicable Listing Rules and the CO, is as follows:

Year ended 31 December 2017

Name of Director	Directors' fee RMB'000	Salaries and other benefits RMB'000	Performance related bonuses RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
Executive Directors (Note 6)						
Mr. ZHU Gongshan	—	6,585	5,198	—	—	11,783
Mr. ZHU Zhanjun	—	4,622	3,700	261	418	9,001
Mr. JI Jun	—	1,300	100	60	108	1,568
Mr. ZHU Yufeng	—	5,198	5,782	80	421	11,481
Ms. SUN Wei	—	4,765	4,352	200	1,960	11,277
Mr. YEUNG Man Chung, Charles	—	4,765	4,608	120	1,151	10,644
Mr. JIANG Wenwu	—	3,265	2,904	184	272	6,625
Mr. ZHENG Xiongjiu	—	2,673	2,904	200	400	6,177
Independent Non-executive Directors (Note 8)						
Ir. Dr. HO Raymond Chung Tai	668	—	—	—	155	823
Mr. YIP Tai Him	490	—	—	—	155	645
Dr. SHEN Wenzhong	267	—	—	—	—	267
Mr. WONG Mai Chung, Francis	267	—	—	—	—	267
	1,692	33,173	29,548	1,105	5,040	70,558

13. Directors', Chief Executive's Emoluments and Five Highest Paid Employees (Continued)

(a) Directors' and Chief Executive's emoluments (Continued)

Year ended 31 December 2016

Name of Director	Directors' fee RMB'000	Salaries and other benefits RMB'000	Performance related bonuses RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
Executive Directors (Note 6)						
Mr. ZHU Gongshan	—	5,285	5,837	—	—	11,122
Mr. ZHU Zhanjun	—	4,000	4,048	216	631	8,895
Mr. JI Jun	—	1,284	98	59	210	1,651
Mr. ZHU Yufeng	—	5,133	3,894	79	800	9,906
Ms. SUN Wei (Note 3)	—	1,673	4,342	49	1,185	7,249
Mr. YEUNG Man Chung, Charles	—	4,586	3,489	134	2,153	10,362
Mr. JIANG Wenwu (Note 1)	—	1,990	3,132	87	495	5,704
Mr. ZHENG Xiongjiu (Note 2)	—	1,990	2,705	105	586	5,386
Non-executive Director (Note 7)						
Mr. SHU Hua (Note 4)	—	—	—	—	510	510
Independent Non-executive Directors (Note 8)						
Ir. Dr. HO Raymond Chung Tai	642	—	—	—	211	853
Mr. YIP Tai Him	471	—	—	—	211	682
Dr. SHEN Wenzhong	257	—	—	—	—	257
Mr. WONG Mai Chung, Francis (Note 5)	257	—	—	—	—	257
	1,627	25,941	27,545	729	6,992	62,834

13. Directors', Chief Executive's Emoluments and Five Highest Paid Employees (Continued)

(a) Directors' and Chief Executive's emoluments (Continued)

Year ended 31 December 2016 (Continued)

Note 1: Mr. Jiang Wenwu was appointed as an executive director on 1 April 2016.

Note 2: Mr. Zheng Xiongju was appointed as an executive director on 1 April 2016.

Note 3: Ms. Sun Wei was appointed as an executive director on 9 September 2016.

Note 4: Mr. Shu Hua resigned as a non-executive director on 9 September 2016.

Note 5: Mr. Wong Man Chung, Francis was appointed as an independent non-executive director on 1 April 2016.

Note 6: 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.

Note 7: The non-executive director's emoluments shown above were mainly for his services as a director of the Company or its subsidiaries.

Note 8: 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.

Mr. Zhu Zhanjun is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years except that Mr. Shu Hua had waived his director's fee of HK$345,628 (equivalent to RMB295,788) for the period from 1 January 2016 to 9 September 2016.

No other directors waived any emoluments and no incentive paid on joining and no compensation for the loss of office during both years.

(b) Five highest paid employees

The five highest paid employees of the Group during the year included five directors (2016: five directors), details of whose remuneration are set out in (a) above.

13. Directors', Chief Executive's Emoluments and Five Highest Paid Employees (Continued)

(c) Compensation of key management personnel

The remuneration of senior management personnel, including Directors' and Chief Executive's remuneration during the year was as follows:

	2017 **RMB'000**	2016 RMB'000
Short-term benefits	**62,721**	58,852
Post-employment benefits	**1,105**	887
Share-based payments	**4,730**	6,570
	68,556	66,309

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

14. 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).

15. 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
Earnings		
Earnings for the purpose of basic earnings per share		
— Profit for the year attributable to owners of the Company	**1,974,398**	2,029,412
Effect of dilutive potential ordinary shares:		
— Fair value change on convertible bonds issued by the Company	**37,771**	—
— Adjustment to the share of profit of an associate based on dilution arising on convertible bonds issued by the associate	**(2,986)**	—
Earnings for the purpose of diluted earnings per share	**2,009,183**	2,029,412

15. Earnings per Share (Continued)

For continuing and discontinued operations (Continued)

	2017	2016
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**18,453,617**	18,393,103
Effect of dilutive potential ordinary shares:		
— Share options issued by the Company	**6,372**	6,106
— Convertible bonds issued by the Company	**457,698**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**18,917,687**	18,399,209

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 effect of the Rights Issue (as defined in note 41) completed on 26 January 2016.

For the year ended 31 December 2017, the weighted average number of ordinary shares for the purpose of calculation of basic earnings per share has been adjusted for the effect of the ordinary shares purchased by the Trustee from the open market pursuant to the Scheme.

Diluted earnings per share for the year ended 31 December 2017 did not assume (1) the conversion of convertible bonds issued by GNE in May and July 2015 because the assumed conversion would result in an increase in earnings per share; and (2) the exercise of certain share options granted by the Company and share options granted by GNE, since the exercise prices were higher than the average market prices of shares of the Company and GNE, respectively, for the year ended 31 December 2017.

Diluted earnings per share for the year ended 31 December 2016 did not assume (1) the conversion of the convertible bonds issued by the Company in July 2015 and issued by GNE in May and July 2015 because the assumed conversion would result in an increase in earnings per share; and (2) the exercise of certain share options granted by the Company and share option granted by GNE, since the exercise prices were higher than the average market prices of shares of the Company and GNE, respectively, for the year ended 31 December 2016.

15. 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:

Earnings figures are calculated as follows:

	2017 **RMB'000**	2016 RMB'000
Profit for the year attributable to owners of the Company	**1,974,398**	2,029,412
(Less) add: (profit) loss for the year from discontinued operations attributable to owners of the Company	**(48,025)**	69,883
Earnings for the purpose of basic earnings per share from continuing operations	**1,926,373**	2,099,295
Effect of dilutive potential ordinary shares:		
— Fair value change on convertible bonds issued by the Company	**37,771**	—
— Adjustment to the share of profit of an associate based on dilution arising on convertible bonds issued by the associate	**(2,986)**	—
Earnings for the purpose of diluted earnings per share from continuing operations	**1,961,158**	2,099,295

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

From discontinued operations

Basic earning per share for the discontinued operations is RMB0.26 cent per share (2016: Loss of RMB0.38 cent per share) and diluted earning per share for the discontinued operations is RMB0.25 cent per share (2016: Loss of RMB0.38 cent per share), based on the profit for the year from the discontinued operations attributable to owners of the Company of RMB48,025,000 (2016: Loss of RMB69,883,000) and the denominators detailed above for both basic and diluted earnings per share.

16. Property, Plant and Equipment

	Buildings RMB'000	Plant and machinery RMB'000	Aircraft RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2016	6,744,219	40,963,338	368,655	493,051	147,007	6,424,596	55,140,866
Additions	22,952	268,918	—	77,051	32,332	13,099,143	13,500,396
Acquired on acquisition of subsidiaries	—	2,372,858	—	—	—	189,148	2,562,006
Transfer	697,242	12,830,354	—	20,882	(358)	(13,548,120)	—
Transfer to assets held for sale	(236,906)	(1,403,257)	—	(121,520)	(11,635)	—	(1,773,318)
Transfer to investment properties	(103,279)	—	—	—	—	—	(103,279)
Disposals	(25,711)	(1,066,952)	—	(13,813)	(14,673)	(11,857)	(1,133,006)
Effect of foreign currency exchange differences	1,013	51,833	—	3,873	396	844	57,959
At 31 December 2016	7,099,530	54,017,092	368,655	459,524	153,069	6,153,754	68,251,624
Additions	536,261	580,392	—	123,051	28,458	12,708,899	13,977,061
Acquired on acquisitions of subsidiaries	—	2,563,648	—	—	—	—	2,563,648
Transfer	603,295	12,619,917	—	18,708	1,456	(13,243,376)	—
Disposals	(58,093)	(768,133)	—	(37,686)	(8,377)	(258)	(872,547)
Disposed on disposal of subsidiaries	(10,447)	(1,100,764)	—	(425)	(1,201)	—	(1,112,837)
Effect of foreign currency exchange differences	(62)	(63,452)	—	(140)	—	(14,621)	(78,275)
At 31 December 2017	8,170,484	67,848,700	368,655	563,032	173,405	5,604,398	82,728,674
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2016	1,173,520	11,588,959	83,972	238,708	81,777	324,025	13,490,961
Depreciation expense	335,513	3,157,106	24,577	51,845	18,065	—	3,587,106
Transfer to assets held for sale	(34,277)	(1,143,489)	—	(99,596)	(7,769)	—	(1,285,131)
Transfer to investment properties	(18,852)	—	—	—	—	—	(18,852)
Eliminated on disposal of assets	(274)	(534,365)	—	(8,350)	(11,671)	—	(554,660)
Impairment losses recognised in profit or loss	1,537	440,638	—	—	—	98,562	540,737
Effect of foreign currency exchange differences	492	25,826	—	3,331	256	—	29,905
At 31 December 2016	1,457,659	13,534,675	108,549	185,938	80,658	422,587	15,790,066
Depreciation expense	381,304	3,184,338	24,577	46,244	17,609	—	3,654,072
Eliminated on disposal of assets	(20,807)	(624,102)	—	(21,505)	(6,570)	—	(672,984)
Eliminated on disposal of subsidiaries	(557)	(77,420)	—	(140)	(437)	—	(78,554)
Impairment losses recognised in profit or loss	—	262,634	—	—	—	—	262,634
Effect of foreign currency exchange differences	(58)	(6,661)	—	(124)	—	—	(6,843)
At 31 December 2017	1,817,541	16,273,464	133,126	210,413	91,260	422,587	18,948,391
CARRYING AMOUNTS							
At 31 December 2017	6,352,943	51,575,236	235,529	352,619	82,145	5,181,811	63,780,283
At 31 December 2016	5,641,871	40,482,417	260,106	273,586	72,411	5,731,167	52,461,558

16. 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	Over the shorter of lease terms or 2%–5%
Plant and machinery	4%–25% or % calculated based on license period
Aircraft	$6^2/_3$%
Office equipment	20%–33%
Motor vehicles	20%–30%

The carrying amount of property, plant and equipment as at 31 December 2017 includes (i) an aircraft; (ii) certain plant and machinery located in the PRC; and (iii) certain solar farms in the USA, are held under sale and finance leaseback arrangements of approximately RMB235,529,000 (2016: RMB260,106,000), RMB2,739,289,000 (2016: RMB3,240,723,000) and RMB284,944,000 (2016: RMB327,352,000), respectively.

During the year ended 31 December 2017, the Group acquired plant and machineries of US$13,000,000 (equivalent to RMB89,691,000) as a result of the completion of SunEdison Agreement (as defined in note 19).

Impairment loss on solar material business

Due to technological advancement, the management conducted a review of the Group's machinery and equipment and determined that a number of those assets were impaired. For those assets that were not in a good condition to be used in the future, the Group determined recoverable amount based on fair value less disposal cost and recognised an impairment loss of RMB262,634,000 (2016: RMB419,872,000) for the year ended 31 December 2017.

In addition, during the year ended 31 December 2016, the Group had a manufacturing facility under construction which required further time on development to achieve full scale production. The Group had performed an impairment assessment with recoverable amounts of the relevant assets determined on the basis of replacement cost method and recognised an impairment loss of RMB22,303,000 (2017: nil) for such assets.

Impairment loss on solar farm business

During the year ended 31 December 2016, the Group recognised an impairment loss of RMB98,562,000 (2017: nil) in respect of property, plant and equipment of the solar farm business, mainly related to the solar farm projects under development in Puerto Rico since there was high uncertainty on expected return with reference to the then local economic situation and hence the management determined to impair the related project assets.

17. Investment Properties

	RMB'000
COST	
As at 1 January 2016	—
Transfer from property, plant and equipment	**103,279**
As at 31 December 2016 and 31 December 2017	**103,279**
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
As at 1 January 2016	—
Transfer from property, plant and equipment	**18,852**
Provided for the year	**4,655**
As at 31 December 2016	**23,507**
Provided for the year	**4,656**
As at 31 December 2017	**28,163**
CARRYING AMOUNTS	
As at 31 December 2017	**75,116**
As at 31 December 2016	**79,772**

The investment properties are depreciated on a straight-line basis over the shorter of lease terms of the leasehold land or 5% per annum.

The fair value of the Group's investment properties at 31 December 2017 and 2016 was approximately RMB72,381,000 and RMB78,316,000, respectively. The fair value was determined by the Directors with reference to recent market evidence of transaction prices for similar properties in similar locations and conditions and was classified as level 2 fair value measurement under the fair value hierarchy.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

18. Goodwill

	RMB'000
COST	
As at 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	407,842
ACCUMULATED IMPAIRMENT LOSSES	
As at 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	231,314
CARRYING AMOUNTS	
As at 31 December 2017	176,528
As at 31 December 2016	176,528

For the purpose of impairment testing, the carrying amount of goodwill has been allocated to Konca Solar Cell Co., Ltd. ("Konca Solar"), which constitutes a CGU. The carrying amount of goodwill (net of accumulated impairment losses) allocated to this CGU is as follows:

	2017 **RMB'000**	2016 RMB'000
Konca Solar	**176,258**	176,528

As at 31 December 2017, the Group carried out an annual goodwill impairment testing in relation to goodwill for Konca Solar. The basis of the recoverable amount of the CGU in Konca Solar and its major underlying assumptions are summarised below:

The recoverable amount of the CGU in Konca Solar is determined based on a value in use calculation by the Directors on the CGU in Konca Solar as at 31 December 2017. That calculation uses cash flow projections based on a five-year financial budgets approved by the Directors at a discount rate of 14.8% (2016: 10.03%) for the CGU in Konca Solar. Cash flows beyond the five-year period are extrapolated using 2.7% (2016: 3%) growth rate for Konca Solar. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows include budgeted sales and gross margin. Such estimation is based on past performance of the CGU in Konca Solar and management's expectations for the market development. If actual results or events underlying the material assumptions are less favorable than those projected by the Groups, it would more likely than not reduce the fair value of the goodwill below the carrying amounts, and the Group may be required to recognise impairment charges in future periods.

The management determined there is no impairment for Konca Solar for the years ended 31 December 2017 and 2016 as Konca Solar has been profitable and has strong financial position as at 31 December 2017 and therefore, the recoverable amounts exceed its carrying value.

19. Other Intangible Assets

	Technical know-how RMB'000
COST	
At 1 January 2016	108,507
Addition	81,926
At 31 December 2016	190,433
Addition	807,265
Disposal	(325)
At 31 December 2017	997,373
ACCUMULATED AMORTISATION	
At 1 January 2016	54,429
Amortisation expense	11,014
At 31 December 2016	65,443
Amortisation expense	78,571
Disposal	(193)
At 31 December 2017	143,821
CARRYING AMOUNTS	
At 31 December 2017	853,552
At 31 December 2016	124,990

Technical know-how are mainly acquired by solar material business from third parties in relation to technical know-how of hydrochlorination production techniques and hydrochlorination recycling system, trichlorosilane fluidised bed reactor ("FBR") technics, CCZ constant czochralski monosilicon ("CCZ") technics, perovskite solar cells technics and technical know-how on production for polysilicon and wafer products.

Technical know-how have definite useful lives and are amortised on a straight-line basis over 10 years.

Addition of technical know-how upon completion of SunEdison Agreement

On 31 March 2017 (U.S. time), the Group completed an acquisition of the FBR and CCZ technics and related plant and machinery from SunEdison, Inc., SunEdison Products Singapore Pte. Ltd., MEMC Pasadena Inc. and Solaicx, Inc. for a cash consideration of US$130,000,000 (equivalent to RMB896,909,000) (the "SunEdison Agreement"), resulting in the recognition of other intangible assets of US$117,000,000 (equivalent to RMB807,218,000) and plant and machinery of US$13,000,000 (equivalent to RMB89,691,000).

20. Interests in Associates

	2017 RMB'000
Cost of investments in associates	1,064,656
Share of post-acquisition profit, net of dividends received	8,444
	1,073,100
Fair value of listed investments	105,147

Details of the Group's associates 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	
Lamtex Holdings Limited ("Lamtex") (Note a)	Bermuda/ Hong Kong	25.49%	—	25.49%	—	Provision of management service and security trading and investment
內蒙古中環協鑫光伏材料有限公司 Inner Mongolia Zhonghuan-GCL Solar Material Co., Ltd.* ("Mongolia Zhonghuan-GCL") (Note b)	PRC	30%	—	30%	—	Production of silicon rods
喀什博思光伏科技有限公司 Kashgar Solbright Technology Co., Ltd.* ("Kashgar Solbright") (Note c)	PRC	12.46%	—	12.46%	—	Sale of solar products

* English name for identification only

Notes:

(a) In October 2017, the Group acquired 29.55% equity interest in Lamtex, whose shares are listed on the Stock Exchange, at a consideration of HK$200,000,000 (equivalent to RMB166,883,000). In December 2017, the Group's equity interest was diluted to 25.49% due to the conversion into ordinary shares of the convertible bond issued by Lamtex by the independent bondholders.

(b) In November 2017, Mongolia Zhonghuan-GCL was established with independent third parties where the Group injected RMB900,000,000 as capital and holds 30% equity interest in Mongolia Zhonghuan-GCL.

(c) GNE, a 62.28% owned subsidiary of the Group, holds 20% equity interest in Kashgar Solbright. Accordingly, the Group indirectly holds 12.46% equity interest in Kashgar Solbright.

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

20. Interests in Associates (Continued)

Summarised financial information of material associate

Summarised financial information in respect of the Group's material associate, Mongolia Zhonghuan-GCL, is set out below.

Mongolia Zhonghuan-GCL

	2017 **RMB'000**
Current assets	**3,000,000**

Reconciliation of the above summarised financial information to the carrying amount of the interest in Mongolia Zhonghuan-GCL recognised in the consolidated financial statements is set out below:

	2017 **RMB'000**
Net assets of Mongolia Zhonghuan-GCL	**3,000,000**
Proportion of the Group's ownership interest in Mongolia Zhonghuan-GCL	**30%**
Carrying amount of the Group's interest in Mongolia Zhonghuan-GCL	**900,000**

Aggregate information of associates that are not individually material

	2017 **RMB'000**
The Group's share of profits	**8,444**

21. Interests in Joint Ventures

Details of the Group's investments in joint ventures are as follows:

	2017 **RMB'000**	2016 RMB'000
Cost of unlisted investment in joint ventures	**903,361**	790,660
Share of post-acquisition loss and other comprehensive income, net of dividends received	**(126,362)**	(131,364)
	776,999	659,296

21. 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	
SA Equity Holdco S.a.r.l. ("SA Equity") (Note a)	Luxembourg/ South Africa	**51%**	51%	**51%**	51%	Investment holding of photovoltaic power generation projects in South Africa
GCL-SR Solar Energy, LLC	USA	**50%**	50%	**50%**	50%	Development of photovoltaic power generation projects in the USA
江蘇鑫華半導體材料科技有限公司 Jiangsu Xinhua Semiconductor Material Technology Co., Ltd.* ("Jiangsu Xinhua") (Note b)	PRC	**50.98%**	50.98%	**50.98%**	50.98%	Production and trading of semiconductor polysilicon
蘇州協鑫景世豐股權投資管理有限公司 Suzhou GCL Jingshifeng Investment Management Co., Ltd.* ("Jingshifeng") (Note c)	PRC	**53%**	—	**53%**	—	Investment and asset management
江蘇疌泉景世豐投資基金(有限合夥) Jiangsu Jiequan Jingshifeng Investment Fund (Limited Partnership)* ("Jiequan Jingshifeng") (Note d)	PRC	**50%**	—	**50%**	—	Investment and asset management
伊犁協鑫能源有限公司 Yili GCL New Energy Limited* ("Yili") (Note e)	PRC	**31.14%**	31.14%	**31.14%**	31.14%	Operation of solar farm in the PRC
啟創環球有限公司 Qichuang Global Limited ("Qichuang") (Note f)	BVI/Japan	**31.14%**	31.14%	**31.14%**	31.14%	Operation of solar farm in Japan
西安中民協鑫新能源有限公司 Xi'an Zhongmin GCL New Energy Company Limited* ("Zhongmin GCL") (Note g)	PRC	**19.93%**	—	**19.93%**	—	Operation of solar farm 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 h)	PRC	**9.34%**	—	**9.34%**	—	Operation of solar farm in the PRC

* English name for identification only

21. Interests in Joint Ventures (Continued)

Notes:

(a) At 31 December 2017 and 2016, the Group holds a 51% equity interests in SA Equity which is an investment holding company for a 76% equity interest in each of Solar Reserve GCL Soutdrift PV1 Proprietary Limited and Solar Reserve GCL Humansrus PV1 Proprietary Limited that indirectly holds a 150MW photovoltaic power plant in South Africa.

Pursuant to the subscription agreement entered into by the Group and the other shareholder, the relevant activities of SA Equity require unanimous consent of the parties sharing control. As a result, SA Equity is accounted for as a joint venture of the Group.

(b) In April 2016, the Group entered into a joint venture investment agreement ("Investment Agreement") with an independent investor ("JV Partner"), pursuant to which the Group invested 50.98% equity interest in Jiangsu Xinhua at a consideration of RMB520,000,000 in the form of property, plant and equipment which approximates the fair values of the relevant assets at date of transfer. According to the Investment Agreement, the relevant activities require unanimous consent of the parties sharing control. The Directors consider that the Group can only exercise joint control over Jiangsu Xinhua and it is therefore classified as a joint venture of the Group.

Pursuant to the Investment Agreement, the JV Partner has the right to request the Group to repurchase its 49.02% equity interest at a premium if Jiangsu Xinhua failed to fulfill certain conditions. As this put option is a derivative financial instrument within the scope of IAS 39, the Group measured it at fair value and recognised a gain on fair value change of derivative financial instruments of RMB112,000 (2016: loss on fair value change of RMB16,011,000) to profit or loss for the year ended 31 December 2017. Further details are set out in note 39.

(c) In 2017, the Group entered into an agreement with independent third parties, pursuant to which the Group invested 53% equity interest and the independent third parties invested 42% and 5% in Jingshifeng at a consideration of RMB5,300,000, RMB420,000 and RMB50,000, respectively. According to the agreement, two-third of the votes is required to direct the relevant activities of Jingshifeng. The Directors consider that the Group can only exercise joint control over Jingshifeng and it is therefore classified as a joint venture of the Group. During the year ended 31 December 2017, RMB5,300,000 was contributed as capital of Jingshifeng.

(d) In August 2017, the Group entered into a partnership agreement with independent investors, pursuant to which the Group is committed to contribute RMB300,000,000 to the partnership for 50% equity interest and injected fund amounting to RMB90,000,000 as at 31 December 2017. Pursuant to the partnership agreement of Jiequan Jingshifeng, two-third of the votes is required to direct the relevant activities. The Directors consider that the Group can only exercise joint control over Jiequan Jingshifeng and the investment is therefore classified as a joint venture of the Group.

(e) At 31 December 2017 and 2016, GNE, a 62.28% owned subsidiary of the Group, holds 50% equity interest in Yili. Therefore, the Group indirectly holds 31.14% equity interest in Yili.

(f) During the year ended 31 December 2017, Qichuang, which GNE 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 GNE Group and the remaining of JPY162,797,000 (equivalent to RMB9,849,000) was set off with the amount due from Qichuang.

(g) Zhongmin GCL was established by GNE, a 62.28% owned subsidiary of the Group, with an independent third party in which GNE Group holds 32% equity interest and the attributed registered capital is RMB128,000,000. Accordingly, the Group indirectly holds 19.93% equity interest in Zhongmin GCL. During the year ended 31 December 2017, RMB33,040,000 was contributed as capital to Zhongmin GCL. GNE 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.

21. Interests in Joint Ventures (Continued)

Notes: (Continued)

(h) Tongling Huiyin was established by GNE, a 62.28% owned subsidiary of the Group, with an independent third party in which GNE Group holds 15% equity interest and the attributed registered capital is RMB150,000,000. Accordingly, the Group indirectly holds 9.34% equity interest in Tongling Huiyin. During the year ended 31 December 2017, RMB1,500,000 was paid as capital injection to Tongling Huiyin. GNE 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.

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

Summarised financial information of material joint venture

Summarised financial information in respect of the Group's material joint venture, Jiangsu Xinhua, is set out below.

Jiangsu Xinhua

	2017 **RMB'000**	2016 RMB'000
Current assets	**492,750**	412,107
Non-current assets	**1,381,998**	750,544
Current liabilities	**(306,146)**	(104,027)
Non-current liabilities	**(555,304)**	(47,150)

The above amounts of assets and liabilities include the following:

	2017 **RMB'000**	2016 RMB'000
Cash and cash equivalents	**244,073**	81,048
Revenue	**—**	—
Profit (loss) from operations	**1,824**	(8,533)

21. Interests in Joint Ventures (Continued)

Summarised financial information of material joint venture (Continued)

Jiangsu Xinhua (Continued)

	2017 **RMB'000**	2016 RMB'000
The above profit (loss) for the year including the following:		
Interest income	**6,898**	5,444
Interest expenses	**2,701**	2,434

Reconciliation of the above summarised financial information to the carrying amount of the interest in Jiangsu Xinhua recognised in the consolidated financial statements is set out below:

	2017 **RMB'000**	2016 RMB'000
Net assets of Jiangsu Xinhua	**1,013,298**	1,011,474
Proportion of the Group's ownership interest in Jiangsu Xinhua	**50.98%**	50.98%
Carrying amount of the Group's interest in Jiangsu Xinhua	**516,579**	515,650

Aggregate information of joint ventures that are not individually material

	2017 **RMB'000**	2016 RMB'000
The Group's share of profits	**17,587**	37,839
The Group's share of other comprehensive income	**6,753**	8,405
The Group's share of total comprehensive income	**24,340**	46,244

22. Financial Assets Designated as at Fair Value through Profit or Loss

	2017 RMB'000	2016 RMB'000
Unlisted investments, at fair value (Note)	**131,689**	—

Note: As at 31 December 2017, included in financial assets designated as at FVTPL are two unlisted investments with a total contribution of RMB115,000,000. The Group invested in the form of interests as limited partners, which hold a portfolio of unlisted investments. The primary objective of the investments is to earn income and capital gain. Pursuant to investment agreements, the beneficial interests held by the Group in these unlisted investments are in the form of participating shares or interests which primarily provide the Group with the share of returns from the unlisted investments but not any decision making power nor any voting right to involve in and control the daily operation. As at 31 December 2017, the unlisted investments mainly made up of private entities incorporated in the PRC and liquid financial assets (including cash and cash equivalents).

23. Available-for-sale Investments

	2017 RMB'000	2016 RMB'000
Available-for-sale investments comprise:		
Listed investments:		
Debt securities listed in the Stock Exchange	**99,808**	112,922
Unlisted investments:		
Equity securities (Note a)	**342,322**	300,000
Asset management plans (Note b)	**340,040**	—
Total	**782,170**	412,922
Analysed for reporting purpose as:		
Current assets	**339,848**	112,922
Non-current assets	**442,322**	300,000
	782,170	412,922

23. Available-for-sale Investments (Continued)

Notes:

(a) The unlisted equity interests represent investments in unlisted equity securities issued by private entities established in the PRC, Hong Kong and the USA. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair value cannot be measured reliably.

(b) Investment in asset management plans

In April 2017, GNE 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 at 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, GNE Group invested RMB100,000,000 into another asset management plan, managed by another financial institution in the PRC with maturity after twelve months as at 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, GNE Group also, invested into an asset management plan, amounting to RMB206,000,000 in August 2017 and withdrew the whole amount in December 2017.

During the year ended 31 December 2017, the Group disposed of certain listed investments for total proceeds of US$1,804,000 (equivalent to RMB7,343,000), resulting in a gain on disposal of RMB152,000 recognised in other income.

24. Convertible Bonds Receivable

During the year ended 31 December 2013, the Group disposed of its 17.39% equity interests in China Merchant New Energy Holdings Limited ("CMNE") to Panda Green Energy Group Limited ("Panda Green", formerly known as United Photovoltaics Group Limited) ("CMNE Disposal") in exchange for the convertible bonds receivable from Panda Green with principal amount of HK$159,988,000 (equivalent to RMB125,783,000). The convertible bonds receivable was non-interest bearing and would mature on 10 June 2018.

There was a lock-up period of the convertible bonds receivable which expired on 31 December 2015. Each HK$1 of the convertible bonds receivable could be converted into one ordinary share of Panda Green, at any time after the lock-up period until the maturity date.

According to certain profit guarantee requirements set out in the sale and purchase agreement of the CMNE Disposal, if the profits earned by CMNE during 1 January 2013 to 31 December 2015 (the "Profit Guarantee Period") was less than approximately HK$495,000,000 (equivalent to RMB414,711,000, the "Guaranteed Profit"), the principal amount of the convertible bonds receivable would be downward adjusted in the proportion of the actual profits earned by CMNE during the Profit Guarantee Period to the Guaranteed Profit (the "Profit Guarantee Requirement"). No adjustment would be made if the Profit Guarantee Requirement achieved.

24. Convertible Bonds Receivable (Continued)

During the year ended 31 December 2017, the Group received an irrevocably redemption notice from Panda Green to early redeem the principal amount of the convertible bonds receivable at HK$159,988,000 (equivalent to approximately RMB141,717,000) and no adjustment is made on the principal amount as the Profit Guarantee Requirement achieved.

The Directors have designated the convertible bonds receivable as financial assets at FVTPL on initial recognition, and the fair value of the convertible bonds receivable as at 31 December 2016 was determined with reference to a valuation prepared by an independent professionally qualified valuer, DTZ Cushman & Wakefield Limited. Disclosures of the fair value measurement and significant unobservable inputs are set out in note 46.

The reconciliation of the change in fair value of the convertible bonds receivable is as follows:

	RMB'000
As at 1 January 2016	93,707
Gains credited to profit or loss (note 9)	34,504
As at 31 December 2016	128,211
Redemption of convertible bonds	(141,717)
Gains credited to profit or loss (note 9)	13,506
As at 31 December 2017	—

25. 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 RMB'000	2016 RMB'000
Deferred tax assets	**260,200**	114,747
Deferred tax liabilities	**(221,842)**	(367,121)
	38,358	(252,374)

25. Deferred Taxation (Continued)

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

	Property, plant and equipment	Prepaid lease payments	Withholding tax on undistributed profits	Unrealised profits on inventories	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2016	39,338	(3,229)	(213,965)	14,549	(5,477)	(168,784)
Acquisition of subsidiaries	—	—	—	—	5,147	5,147
Credit (charge) to profit or loss	41,175	3,229	(184,599)	11,601	(21,583)	(150,177)
Credit to profit or loss upon payment	—	—	46,834	—	—	46,834
Reclassification to assets held for sale	—	—	14,064	—	578	14,642
Effect of foreign currency exchange differences	—	—	—	—	(36)	(36)
At 31 December 2016	80,513	—	(337,666)	26,150	(21,371)	(252,374)
Credit (charge) to profit or loss	65,243	—	(32,307)	87,777	(6,320)	114,393
Credit to profit or loss upon payment	—	—	183,611	—	—	183,611
Disposal of three solar farm projects	(7,272)	—	—	—	—	(7,272)
At 31 December 2017	138,484	—	(186,362)	113,927	(27,691)	38,358

At the end of the reporting period, the Group has unused tax losses of RMB1,468,996,000 (2016: RMB1,337,240,000) contributed by continuing operations 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 RMB1,096,647,000 will expire from 2018 to 2022 and RMB372,349,000, subject to confirmation by Hong Kong Inland Revenue Department, may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences mainly in respect of impairment of certain assets in aggregate of RMB233,065,000 (2016: RMB806,723,000) for continuing operations. No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

26. Inventories

	2017 RMB'000	2016 RMB'000
Raw materials	**328,818**	403,742
Work in progress	**275,669**	175,961
Semi-finished goods (Note)	**212,595**	234,868
Finished goods	**167,040**	135,267
Solar modules	**6,763**	15,836
	990,885	965,674

Note: Semi-finished goods mainly represented polysilicon.

During the year ended 31 December 2017, cost of inventories recognised as cost of sales from continuing operations of approximately RMB14,107,936,000 (2016: RMB14,128,816,000) included a write-down of inventories of approximately RMB13,677,000 (2016: RMB199,905,000) because the cost of certain inventories were higher than their net realisable values.

Inventories written down during the year ended 31 December 2016 were mainly project assets and solar modules relating to solar farm projects in the USA. The Group reviews project assets and solar modules whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. In determining whether the project assets and solar modules are recoverable, the Group considers a number of factors, including the changes in environmental, ecological, permitting or regulatory conditions that affect the project. The management concluded that carrying amounts of certain project assets and solar modules at 31 December 2016 were lower than their net realisable values and accordingly were written down.

27. Deposits, Prepayments and Other Non-Current Assets/Trade and Other Receivables

Deposits, prepayments and other non-current assets

	2017 RMB'000	2016 RMB'000
Deposits for acquisitions of property, plant and equipment and intangible assets	**564,741**	267,583
Prepayments for engineering, procurement and constructions ("EPC") contracts and constructions (Note a)	**543,301**	659,597
Refundable value-added tax	**2,715,802**	2,114,127
Deposits paid for acquisitions of solar farm projects	**1,032**	38,300
Prepaid rent for parcels of land	**378,849**	264,274
Trade receivables (Note b)	**1,836,092**	249,555
Others	**43,598**	46,464
	6,083,415	3,639,900

27. Deposits, Prepayments and Other Non-Current Assets/Trade and Other Receivables (Continued)

Trade and other receivables

	2017 RMB'000	2016 RMB'000
Trade receivables (Note b)	**6,077,553**	4,316,435
Less: allowance for doubtful debts	**(333,425)**	(376,179)
	5,744,128	3,940,256
Other receivables	**469,631**	457,251
Less: allowance for doubtful debts	**(82,357)**	(82,849)
	387,274	374,402
Refundable value-added tax	**962,063**	692,373
Bills receivable (trade-related) (Note c)	**8,159,427**	6,086,715
Other loan receivables (Note d)	**118,989**	344,058
Advance to Borrowers (as defined in Note d)	**115,981**	—
Receivables for modules procurement (Note e)	**164,004**	526,476
Prepayments	**721,257**	569,841
	16,373,123	12,534,121
Analysed for reporting purposes as:		
— Current assets	**14,537,031**	12,284,566
— Non-current assets (Note b)	**1,836,092**	249,555
	16,373,123	12,534,121

Notes:

(a) 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.

(b) The Group allows a credit period of approximately one month from the invoice date for trade receivables (excluding sales of electricity in the PRC) and may further extend 3 to 6 months for settlement through bills issued by banks and financial institutions obtained from trade customers.

27. Deposits, Prepayments and Other Non-Current Assets/Trade and Other Receivables (Continued)

Trade and other receivables (Continued)

Notes: (Continued)

(b) (Continued)

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.

Included in the Group's trade receivables are tariff adjustment receivables amounting to approximately RMB4,585,242,000 (2016: RMB2,598,623,000) recognised based on the prevailing nationwide government policies on renewable energy for solar farms. The Directors expected certain part of the tariff adjustment receivables will be recovered after twelve months from the reporting date, which amounted to approximately RMB1,836,092,000 (2016: RMB249,555,000). Tariff adjustment receivables are discounted at an effective interest rate ranged from 3.44% to 3.55% (2016: 2.65%) per annum as at 31 December 2017, unless the discounting effects are considered immaterial.

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

	2017 **RMB'000**	2016 RMB'000
Unbilled (Note)	**4,365,887**	2,093,632
Within 3 months	**1,068,657**	1,322,138
3 to 6 months	**142,984**	162,552
Over 6 months	**166,600**	361,934
	5,744,128	3,940,256

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

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

Included in the Group's trade receivables (excluding sales of electricity in the PRC) are debtors with aggregate carrying amount of RMB112,164,000 (2016: RMB357,455,000) which are past due as at the end of the reporting date. The average age of these receivables is 68 days (2016: 70 days). The Group has not provided allowance for doubtful debts for such receivables as part of such receivables are either covered by letters of credit and advances from customers or substantially settled subsequent to the end of the reporting period. For the remaining receivables, there is no historical default of payments by the respective customers and the Directors are closely monitoring the settlement status from the customers.

27. Deposits, Prepayments and Other Non-Current Assets/Trade and Other Receivables (Continued)

Trade and other receivables (Continued)

Notes: (Continued)

(b) (Continued)

Ageing of trade receivables (excluding sales of electricity in the PRC) which are past due but not impaired:

	2017	2016
	RMB'000	RMB'000
Overdue		
1–90 days	**102,984**	345,684
91–150 days	**3,939**	350
More than 150 days	**5,241**	11,421
	112,164	357,455

Ageing of trade receivables for sales of electricity in the PRC which are past due but not impaired:

	2017	2016
	RMB'000	RMB'000
Overdue		
1–90 days	**155,079**	108,028
91–150 days	**85,880**	76,066
More than 150 days	**161,359**	350,513
	402,318	534,607

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

Full allowance has been made for certain trade and other receivables which have been past due and considered as doubtful debts or irrecoverable by the management.

27. Deposits, Prepayments and Other Non-Current Assets/Trade and Other Receivables (Continued)

Trade and other receivables (Continued)

Notes: (Continued)

(b) (Continued)

Movement of the allowance for doubtful debts for trade receivables is set out as follows:

	2017 RMB'000	2016 RMB'000
Balance at beginning of the year	376,179	352,483
Impairment loss recognised on receivables	1,706	251,021
Impairment loss reversed	(44,460)	(227,325)
Balance at end of the year	333,425	376,179

Movement of the allowance for doubtful debts for other receivables is set out as follows:

	2017 RMB'000	2016 RMB'000
Balance at beginning of the year	82,849	100,000
Impairment loss recognised on receivables	292	—
Impairment loss reversed	(784)	(17,151)
Balance at end of the year	82,357	82,849

Included in the allowance for trade and other receivables are individually impaired trade and other receivables with an aggregate balance of RMB415,782,000 (2016: RMB417,182,000) in which the counterparties have either in default of payments without any collateral held by the Group, have been placed under liquidation or in severe financial difficulties and it is not likely that such amounts will be recovered in the future.

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

	2017 RMB'000	2016 RMB'000
Bills receivable (trade-related):		
Within 3 months	3,302,388	3,424,004
3 to 6 months	4,857,039	2,662,711
	8,159,427	6,086,715

27. Deposits, Prepayments and Other Non-Current Assets/Trade and Other Receivables (Continued)

Trade and other receivables (Continued)

Notes: (Continued)

(d) GNE Group, as lender, entered into loan agreements with independent third parties (the "Borrowers") to provide credit facilities to finance their development and operation of certain solar farm 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.

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

(e) Receivables for modules procurement comprise modules procurement cost and commission earned by GNE Group and GNE Group allows credit period of 180 days to 1 year for both years.

28. Amounts Due from Related Companies

The related companies included joint ventures of the Group and companies controlled by Mr. Zhu Gongshan and his family members which hold in aggregate approximately 34% (2016: 34%) of the Company's share capital as at 31 December 2017 and exercise significant influence over the Company.

	2017	2016
	RMB'000	RMB'000
Amounts due from related companies		
Trade-related (Note a)	**448,689**	234,693
Non-trade-related (Note b)	**40,450**	18,329
	489,139	253,022
Amounts due from joint ventures		
Trade-related (Note c)	**35,658**	—
Non-trade-related (Note d)	**347,341**	159,442
	382,999	159,442
Analysed for reporting purposes as:		
— Current assets	**720,438**	267,764
— Non-current assets	**151,700**	144,700
	872,138	412,464

28. Amounts Due from Related Companies (Continued)

Notes:

(a) The amounts are unsecured, non-interest bearing and the credit period is within 30 days (2016: 30 days).

(b) The amounts are unsecured, non-interest bearing and repayable on demand, except for a loan granted by the Group to a wholly-owned subsidiary of GCL System Integration Technology Co, Ltd. ("GCL System Integration") to finance its operation amounting to approximately US$2,667,000 (equivalent to RMB17,425,000) during the current year. The loan is unsecured, interest-bearing at a fixed rate of 7% per annual and repayable within one year.

(c) The amounts are unsecured, non-interest bearing and the credit period is within 30 days.

(d) The amounts are unsecured, non-interest bearing and repayable on demand, except for (1) a loan granted by GNE Group to Yili to finance its 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 of GNE expected the loan to be realised after twelve months from the end of the reporting period and accordingly is classified as non-current assets; and (ii) GNE Group, as lender, entered into two loan agreements with Jinhu (defined in note 43(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.

The maximum amount outstanding during 2017 is RMB40,450,000 (2016: RMB18,329,000) for non-trade-related amounts due from companies in which Mr. Zhu Gongshan and his family have control.

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

	2017 **RMB'000**	2016 RMB'000
Within 3 months	**484,347**	234,506
3 to 6 months	**—**	—
More than 6 months	**—**	187
	484,347	234,693

The Directors closely monitor the credit quality of amounts due from related companies and consider those accounts, which are neither past due nor impaired, are of a good credit quality in view of the good historical repayment records of such parties.

29. Held for Trading Investments

	2017 RMB'000	2016 RMB'000
Listed securities:		
— Equity securities listed in Hong Kong	**100,733**	111,522

30. Pledged and Restricted Bank Deposits and Bank Balances

Bank balances

Bank balances carry interest at floating rates which range from 0.001% to 0.385% (2016: from 0.001% to 0.35%) per annum or fixed rates which range from 0.001% to 4% (2016: 0.001% to 5.85%) per annum.

Pledged bank deposits

These bank deposits carry fixed interest rates ranging from 0.3% to 2.75% (2016: 0.35% to 2.55%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to RMB2,259,754,000 (2016: RMB2,109,663,000) have been pledged to secure short-term borrowings granted to the Group and obligations under finance leases which are due within one year in the PRC and the USA and are therefore classified as current assets. The remaining deposits amounting to RMB1,087,800,000 (2016: RMB848,591,000) have been pledged to secure long-term borrowings granted to the Group and obligations under finance leases which are due after one year, and are therefore classified as non-current assets.

Restricted bank deposits

The deposits carry interest at 0.3% floating rates (2016: 0.3%) per annum or fixed rates which range from 0.8% to 2.1% (2016: 1.3% to 2.55%) per annum and will be released upon the settlement or discharge of the relevant letters of credit and guarantee.

Restricted bank deposits amounting to RMB1,460,286,000 (2016: RMB1,120,991,000) have been restricted to secure bills payable, short-term letters of credit for trade and other payables and are therefore classified as current assets. The remaining deposits amounting to RMB99,048,000 (2016: RMB104,855,000) have been restricted to secure obligations under finance leases and other payables which are due after one year, and therefore classified as non-current assets.

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

As disclosed in note 12, GNE entered into a S&P Agreement to dispose of the entire interest in PCB business on 30 December 2016. The assets and liabilities attributable to PCB business, which were 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 RMB114,435,000 is recognised and allocated to non-current assets of disposal group on pro-rata basis.

The major classes of assets and liabilities of PCB business as at 31 December 2016 are as follows:

	2016 RMB'000
Property, plant and equipment and prepaid lease payments	507,079
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 before measurement to fair value less costs to sell	1,245,717
Trade and other payables	561,677
Bank and other borrowings	198,893
Obligations under finance leases	65,760
Other liabilities	83,782
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	335,605
Less: loss on measurement to fair value less costs to sell	(114,435)
	221,170

Cumulative amount of RMB45,029,000 and RMB27,272,000 attributable to the owners of the Company and non-controlling interests relating to the disposal group classified as held for sale had been recognised in other comprehensive income and included in equity as at 31 December 2016.

31. Assets Classified as Held for Sale/Liabilities Directly Associated with Assets Classified as Held for Sale (Continued)

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

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

For sales of printed circuit boards products, GNE Group generally allowed credit period of 30 to 120 days.

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

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

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

32. Trade and Other Payables

	2017 **RMB'000**	2016 RMB'000
Trade payables	**3,717,042**	2,361,705
Bills payable (trade-related)	**2,075,526**	1,748,647
Bills payable (non-trade-related)	**1,899,905**	2,158,388
Construction payables	**9,232,054**	9,310,889
Payables to vendor of solar farms	**105,533**	130,851
Payables for module procurement	**32,324**	221,410
Other payables	**679,875**	458,552
Salaries and bonus payable	**815,427**	664,970
Dividend payables to non-controlling shareholders of subsidiaries	**28,778**	38,773
Other tax payables	**257,095**	235,578
Interest payables	**174,022**	187,839
Receipt in advance	**47,510**	14
Accruals	**526,656**	342,452
	19,591,747	17,860,068

The credit period for trade payables and bills payable (trade-related) are within 3 months and 6 months (2016: 3 months and 6 months), respectively. The Group has financial risk management policies in place to ensure settlement of payables within the credit time frame.

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

	2017 **RMB'000**	2016 RMB'000
Trade payables:		
Within 3 months	**2,046,460**	1,491,407
3 to 6 months	**1,670,582**	870,289
More than 6 months	**—**	9
	3,717,042	2,361,705

32. Trade and Other Payables (Continued)

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

	2017 RMB'000	2016 RMB'000
Bills payable (trade-related):		
Within 3 months	**571,437**	1,097,268
3 to 6 months	**1,504,089**	651,379
	2,075,526	1,748,647

Included in the trade and other payables are obligations arising from endorsing bills receivable with recourse for settlement of trade and other payables with an aggregate amount of RMB2,363,392,000 (2016: RMB1,372,951,000).

33. Amounts Due to Related Companies

	2017 RMB'000	2016 RMB'000
Amounts due to related companies		
Trade related (Note a)	**95,984**	116,875
Non-trade-related (Note b)	**38,256**	51,805
	134,240	168,680
Amount due to a joint venture		
Trade related (Note d)	**38,125**	—
Non-trade related (Note c)	**4,696**	253,766
	177,061	422,446

33. Amounts Due to Related Companies (Continued)

Notes:

(a) The amounts are unsecured, non-interest bearing and the credit period is normally within 30 days (2016: 30 days).

(b) The amounts are unsecured, non-interest bearing and repayable on demand.

(c) As at 31 December 2016, included in the amount due to a joint venture of the Group was an advance of RMB251,752,000 (2017: nil) to the Group from Jiangsu Xinhua. The loan was unsecured, interest-bearing at a fixed rate of 4.35% and fully repaid during the year. The remainder of the balance is non-interest bearing for both years.

(d) The amount is unsecured, non-interest bearing and the credit period is normally within 30 days.

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

	2017	2016
	RMB'000	RMB'000
Within 3 months	**133,788**	94,490
3 to 6 months	**3**	22,011
More than 6 months	**318**	374
	134,109	116,875

34. Advances from Customers

The Group entered into goods supply contracts with customers and received advance payments from customers which are interest-free. As at 31 December 2017, the advances of RMB612,263,000 (2016: RMB517,566,000) and RMB118,675,000 (2016: RMB182,623,000) are included in current liabilities and non-current liabilities based on the estimated amounts of purchase of goods within one year and after one year, respectively.

35. Government Grants

	2017	2016
	RMB'000	RMB'000
Amounts credited to profit or loss during the year:		
Continuing operations		
Incentive subsidies (Note a)	**85,736**	203,005
Subsidies related to property, plant and equipment (Note b)	**45,223**	137,567
Value-added tax refunds related to depreciable assets (Note c)	**6,515**	6,515
Investment tax credit ("ITC") (Note d)	**3,836**	—
	141,310	347,087

35. Government Grants (Continued)

	2017 RMB'000	2016 RMB'000
Deferred income related to government grants:		
Subsidies related to property, plant and equipment (Note b)	**343,770**	230,477
Value-added tax refunds related to depreciable assets (Note c)	**44,134**	50,649
ITC (Note d)	**219,038**	—
Total	**606,942**	281,126
Less: current portion (included in deferred income)	**(47,240)**	(43,890)
Non-current portion (included in deferred income)	**559,702**	237,236

Notes:

(a) Incentive subsidies were received from the relevant PRC government for improvement of working capital and financial assistance to the operating activities to enhance the competitiveness in the industry. The amount also includes grants for relevant expenses incurred such as those for research and development activities and interest subsidies. The subsidies were granted on a discretionary basis to the Group during the year.

(b) The Group received government subsidies for capital expenditure incurred for the plant and machinery. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

(c) The Group received value-added tax refunds on purchases of domestic manufactured plant and machinery. The amounts are deferred and amortised over the estimated useful lives of the respective plant and machinery.

(d) Pursuant to the relevant prevailing federal policies in the USA, 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 of GNE analysed the facts and circumstances of the ITC and determined that it is of nature of a government grant that is provided to GNE Group in the form of tax benefits relating to construction or acquisition of qualified energy property.

Against this, GNE Group entered into an inverted lease arrangement for its qualified solar farm projects in the USA ("Qualified Assets") with a third party financial institution, which acts as a tax equity investor, and the arrangement allows GNE 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 GNE 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 GNE Group to the tax equity investor and accordingly the ITC Benefit was derecognised during the year.

36. Bank and Other Borrowings

Details of the bank and other borrowings are as follows:

	2017 RMB'000	2016 RMB'000
Bank loans	**35,172,423**	22,523,782
Other loans (Note)	**14,792,499**	10,755,773
	49,964,922	33,279,555
Representing:		
Secured	**39,398,995**	27,134,849
Unsecured	**10,565,927**	6,144,706
	49,964,922	33,279,555
The carrying amounts of the above borrowings are repayable*:		
Short-term borrowings	**9,358,032**	7,041,364
Long-term borrowings		
Within one year	**7,749,747**	5,981,050
More than one year, but not exceeding two years	**7,993,787**	4,950,829
More than two years, but not exceeding five years	**11,382,084**	7,777,067
More than five years	**13,481,272**	7,529,245
	40,606,890	26,238,191
	49,964,922	33,279,555
Less: amounts due within one year shown under current liabilities	**(17,107,779)**	(13,022,414)
Amounts due after one year	**32,857,143**	20,257,141
Analysed as:		
Fixed-rate borrowings	**11,888,655**	11,924,015
Variable-rate borrowings	**38,076,267**	21,355,540
	49,964,922	33,279,555

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

36. Bank and Other Borrowings (Continued)

Included in the other loans are RMB12,025 million (2016: RMB6,786 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 year 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.

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	**1.20% to 11.40%**	1.20% to 11.45%
Variable-rate borrowings		
US$ borrowings	**London Interbank Offered Rate ("LIBOR") + 1.75% to 3.0%**	LIBOR + 2.90% to 3.30%
Japanese Yen ("JPY") borrowings	**LIBOR + 1.6%**	N/A
RMB borrowings	**90% to 140% of Benchmark Borrowing Rate of the People's Bank of China ("Benchmark Rate")**	100% to 115% of Benchmark Rate

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
Euro ("EUR")	**125,617**	—
US$	**4,813,417**	2,758,845

Certain borrowings are secured by property, plant and equipment, prepaid lease payments and bank deposits as set out in note 51.

36. Bank and Other Borrowings (Continued)

As at 31 December 2017 and 2016, included in other loan is an amount of RMB1,000,000,000 obtained by GNE Group through an investment fund established in the form of a three-year limited partnership ("Limited Partnership"), during 2015 the capital of which is contributed by two subsidiaries of GNE 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 GNE 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 GNE 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 GNE Group, this arrangement is accounted for as financing to GNE Group with the equity interest in the invested project companies as collateral and the capital contribution by the Limited Partner as other borrowing.

Included in short-term bank borrowings are obligations arising from bills receivable issued by third parties and bills settlements within the Group's entities with aggregate carrying amount of approximately RMB1,561,129,000 and RMB1,733,481,000, respectively (2016: RMB820,734,000 and RMB1,015,123,000) discounted to banks with recourse at interest rates ranging from 3.71% to 5.38% (2016: 2.73% to 4.80%).

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.

37. Obligations under Finance Leases

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

	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Amounts payable under finance leases				
Within one year	**818,776**	980,790	**740,911**	858,173
More than one year, but not exceeding two years	**238,171**	818,582	**187,585**	743,196
More than two years, but not exceeding five years	**586,538**	692,647	**511,624**	586,916
More than five years	**235,523**	382,269	**196,482**	325,155
	1,879,008	2,874,288	**1,636,602**	2,513,440
Less: future finance charges	**(242,406)**	(360,848)	**N/A**	N/A
Present value of lease obligations	**1,636,602**	2,513,440	**1,636,602**	2,513,440
Less: amount due for settlement within one year (shown under current liabilities)			**(740,911)**	(858,173)
Amount due for settlement after one year			**895,691**	1,655,267

Finance lease arrangements in the PRC

The Group entered into several finance lease agreements with third party financial institutions with lease terms of 3 to 5 years, pursuant to which the Group agreed to sell certain plant and equipment to the financial institutions, and concurrently lease the assets back for terms ranging from 3 to 5 years with quarterly rent payments. At the end of the lease term, the Group has the option to purchase the assets at nominal value. As the lease terms have covered major part of the useful lives of the relevant assets, the sale and leaseback arrangement resulted in finance leases.

At 31 December 2017, such finance leases have outstanding obligations of RMB1,309,512,000 (2016: RMB2,139,009,000). The average effective interest rate of these leases is 7.84% (2016: 7.64%) per annum after adjusting the effect of initial direct costs. The Group's obligations under finance lease arrangements in the PRC are secured by pledged and restricted bank deposits of approximately RMB220,120,000 (2016: RMB220,120,000) made to lessors at the inception of the lease.

37. Obligations under Finance Leases (Continued)

Finance lease arrangements in the USA

GCL Solar Energy Inc. ("GCL Solar"), an indirect wholly-owned subsidiary of the Company, and its subsidiaries (collectively the "Project Companies"), entered into master lease agreements and various related agreements with Wells Fargo & Company ("Wells Fargo") and Bank of America Merrill Lynch ("Bank of America") (collectively the "Lease Agreements") to fund solar photovoltaic power projects ("Solar Projects"). Pursuant to the Lease Agreements, the Project Companies will design, construct and build the Solar Projects, and upon completion of which, will sell the Solar Projects to Wells Fargo and Bank of America which will in turn, lease back the Solar Projects to the Project Companies. Separately, the Project Companies has entered into power purchase agreements with end customers, who will buy electricity directly from the Project Companies.

In 2012 and 2011, the Project Companies sold 1MW Solar Projects to Bank of America, and 4.9MW to Bank of America and 11MW to Wells Fargo, respectively. Concurrent with the sale, the Project Companies entered into agreements to lease the Solar Projects back from Wells Fargo and Bank of America at a predetermined basis rent for terms of 17 to 25 years. At the end of the lease term, the Project Companies have the option to purchase the Solar Projects at market price, renew the lease, or dispose the Solar Projects. The sale and leaseback of all these Solar Projects resulted in finance leases and accordingly the excess of proceeds over the carrying amounts of these Solar Projects are deferred and amortised over the lease terms.

At 31 December 2017, such finance leases have outstanding obligations of US$27,926,000 (equivalent to RMB182,477,000) (2016: US$28,931,000 (equivalent to RMB200,693,000)). The average effective interest rate of these leases was 5.90% (2016: 6.47%) per annum after adjusting the effect of initial direct cost. The Group's obligations under these finance lease arrangements are secured by pledged and restricted bank deposits of approximately RMB66,377,000 (2016: RMB70,170,000) made to lessors at the inception of the lease.

Finance lease arrangements in Hong Kong

In 2013, the Group entered into a sale and leaseback agreement with a financial institution to sell an aircraft for an amount of US$35,000,000 (equivalent to RMB219,412,000), and concurrently lease the aircraft back for a term of 7 years. At the end of the lease term, the Group has the option to purchase the aircraft at nominal value. The sale and leaseback arrangement resulted in a finance lease at a floating rate of 3 months LIBOR with a margin per annum.

The Group also entered into several finance lease agreements with third party financial institutions with lease terms of 3 years, pursuant to which the Group agreed to sell certain plant and equipment to financial institutions, and concurrently lease the assets back for terms ranging from 3 to 5 years with monthly rental payments. At the end of the lease term, the Group has the opinion to purchase the assets at nominal value. As the lease terms have covered major part of the useful lives of the relevant assets, the sales and leaseback arrangement resulted in finance leases.

37. Obligations under Finance Leases (Continued)

Finance lease arrangements in Hong Kong (Continued)

At 31 December 2017, such finance leases have outstanding obligations of RMB144,613,000 (2016: RMB173,738,000). The average effective interest rate of these leases is 5.30% (2016: 4.56%) per annum after adjusting the effect of initial direct costs. The Group's obligations under finance lease arrangement in Hong Kong are secured by a pledged and restricted bank deposit of approximately RMB32,671,000 (2016: RMB34,685,000) made to lessors at the inception of the lease.

38. Notes and Bonds Payables

The carrying amounts of the Group's notes and bonds payables are as follows:

	2017 **RMB'000**	2016 RMB'000
7.05% fixed rate notes due 2018 (Note a)	**1,320,000**	1,320,000
7.50% fixed rate notes due 2018 (Note b)	**160,000**	700,000
7.00% fixed rate notes due 2018 (Note c)	**500,000**	500,000
5.60% fixed rate notes due 2018/2020 (Note e)	**1,000,000**	1,000,000
4.15% fixed rate notes due 2019/2021 (Note e)	**1,000,000**	1,000,000
3.99% fixed rate notes due 2017 (Note d)	**—**	650,000
Less: unamortised issuance costs	**(33,346)**	(48,655)
Net carrying amount	**3,946,654**	5,121,345
7.50% fixed interest non-public green bonds due 2020 (Note f)	**882,760**	—
	4,829,414	5,121,345
Less: amounts due within one year shown under current liabilities	**(2,968,031)**	(648,104)
Amounts due for settlement after one year shown under non-current liabilities	**1,861,383**	4,473,241

38. Notes and Bonds Payables (Continued)

Notes:

(a) On 15 November 2011, Jiangsu Zhongneng issued RMB1,500,000,000 notes due on 15 November 2018 (the "Notes") in the PRC unless there is an earlier resale pursuant to the terms of the Notes. The Notes bear interest at a fixed rate of 7.05% per annum for the first five years, payable annually in arrears on 15 November each year, commencing from 15 November 2012.

Jiangsu Zhongneng has the absolute right (but not the obligation) to adjust upward the annual interest rate within the range from 0 to 100 basis point upon the end of five years from the date of issue. The interest rate for the last two years will be 7.05% per annum plus any of the upward adjustment.

Any investors of the Notes has the right to register within 5 business days from the date of announcement of any upward adjustment of the interest rate upon the end of five years from the date of issue in order to qualify for resale of the whole or any part of the Notes held by them to Jiangsu Zhongneng at par.

(b) On 18 June 2015, the Shanghai Stock Exchange issued a notice to Jiangsu Zhongneng that the terms of the proposed non-public issue of not more than RMB1,500,000,000 bonds by Jiangsu Zhongneng to qualified investors have fulfilled the trading conditions of the Shanghai Stock Exchange and that it has no objection to the trading of such proposed issue.

On 27 October 2015, Jiangsu Zhongneng issued notes payable in an aggregate principal amount of RMB700,000,000 to qualified investors in the PRC. The maturity date of the notes payable is 23 October 2018 and bears interest at 7.5%, which is payable annually, commencing from 23 October 2016. Any investor has the option to resell in face value any part or the whole of the notes held to Jiangsu Zhongneng upon the end of two years from 23 October 2015.

During the year ended 31 December 2017, principal amount totalling RMB540,000,000 (2016: nil) was repaid.

(c) On 20 May 2015, the Association issued a notice to GCL-Poly Suzhou that it had accepted the registration of a total amount of RMB2,500,000,000 medium term notes to be issued by GCL-Poly Suzhou.

On 20 July 2015, GCL-Poly Suzhou issued the first tranche of the medium term notes in the principal amount of RMB500,000,000 due 2018 to financial institutions in the PRC. The maturity date of the notes payable is 20 July 2018 and bears interest at a fixed rate of 7% per annum, which is payable annually, commencing from 20 July 2016.

(d) On 20 May 2015, the Association issued notices to GCL-Poly Suzhou that it had accepted the registration of a total amount of RMB1,300,000,000 short term notes to be issued by GCL-Poly Suzhou.

On 17 November 2016, GCL-Poly Suzhou completed the issue of the first tranche of the short term notes in the principal amount of RMB650,000,000 due 2017. The maturity of the notes payable was 17 November 2017 and bore interest at a fixed rate of 3.99% per annum, which was payable together with the principal upon the maturity date, commencing from 17 November 2016.

During the year ended 31 December 2017, the amount was fully repaid upon maturity.

(e) On 16 October 2015, the China Securities Regulatory Commission issued a notice to GCL-Poly Suzhou that it had approved the issue of not more than RMB2,000,000,000 notes payable to be issued by GCL-Poly Suzhou to qualified investors, and that the first tranche and the second tranche of such issue should be completed within 12 months and 24 months from the date of approval, respectively.

38. Notes and Bonds Payables (Continued)

Notes: (Continued)

(e) (Continued)

On 30 October 2015, GCL-Poly Suzhou issued notes payable in an aggregate principal amount of RMB1,000,000,000 to qualified investors in the PRC. The maturity date of the notes payable is either 28 October 2020 or 28 October 2018 if the option to resell is selected by the investors. Any investors has the option to resell in face value any part of or the whole of the notes held by them to GCL-Poly Suzhou on the third interest payment date. The notes payable bears interest at 5.6% per annum, which is payable annually on 28 October in each year up to maturity date. If any investors selects to sell the bonds held by them back to GCL-Poly Suzhou, the interest payable date will be on 28 October in each year up to maturity date. The interest commencement date is 28 October 2015.

On 27 September 2016, GCL-Poly Suzhou completed the issue of the second tranche notes payable in an aggregate principal amount of RMB1,000,000,000 to qualified investors in the PRC. The maturity date of the notes payable is either 26 September 2021 or 26 September 2019 if the option to resell is selected by the investors. Any investors has the option to resell in face value any part of or the whole of the notes held by them to GCL-Poly Suzhou on the third interest payment date. The notes payable bears interest at 4.15% per annum, which is payable annually on 26 September in each year up to maturity date. If any investors selects to sell the bonds held by them back to GCL-Poly Suzhou, the interest payable date will be on 26 September in each year up to maturity date. The interest commencement date is 26 September 2016.

(f) 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 GNE 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 bonds were fully repaid upon maturity.

On 3 August 2017 and 7 December 2017, GNE 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 GNE Group via an external trust, the 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.

39. Derivative Financial Instruments

	Put option of interests in Jiangsu Xinhua RMB'000	**Foreign currency forward contracts** RMB'000	**Total** RMB'000
As at 1 January 2016	—	12,575	12,575
Change in fair value charged to profit or loss (note 9)	16,011	(12,575)	3,436
As at 31 December 2016	16,011	—	16,011
Change in fair value charged to profit or loss (note 9)	(112)	—	(112)
As at 31 December 2017	15,899	—	15,899

39. Derivative Financial Instruments (Continued)

Put option of interests in Jiangsu Xinhua

In April 2016, the Group entered into the Investment Agreement with the JV Partner pursuant to which the JV Partner is given a right to request the Group to repurchase its 49.02% equity interest in Jiangsu Xinhua at a premium under the following circumstances:

(a) If Jiangsu Xinhua fails to complete a qualified initial public offering ("IPO") at a mutually agreed stock exchange within a specified time frame;

(b) If Jiangsu Xinhua meets the listing requirements of the specified stock exchanges but fails to complete a qualified IPO due to external factors such as a change in government policy or other factors out of Jiangsu Xinhua's control;

(c) If Jiangsu Xinhua fails to produce polysilicon to the quality and specification stipulated under the Investment Agreement within a specified time frame; or

(d) If there is a significant breach by the Group on the relevant terms of the Investment Agreement or actions brought by the Group resulting in significant adverse impact to the joint venture and the Group fails to remediate such breach with the period required by the JV Partner.

The Directors had recognised the put option of interests in Jiangsu Xinhua as FVTPL and initially recognised at fair value with subsequent changes in fair value recognised in profit or loss. During the year ended 31 December 2017, the Group re-measured the fair value with a gain on fair value change of the derivative financial instrument of RMB112,000 (2016: loss of RMB16,011,000) recognised to profit or loss.

Details of the inputs and assumption adopted in the valuation are described in note 46.

Foreign currency forward contracts

Major terms of the foreign currency forward contracts are as follows:

In 2015, the Group entered into certain forward contracts to manage foreign currency exchange rate risk, which was primarily related to its US dollar denominated indebtedness. Current US dollar forward contracts are typically for a period of less than 12 months. The timing and amount of foreign exchange contracts are largely based on the estimated timing of payments of indebtedness that are denominated in US dollar.

The foreign currency forward contracts were related to the purchase of US$ and the sale of RMB at contract rates ranging from RMB6.4867 to RMB6.6037 per one US$ with future maturity dates ranging from 19 June 2015 to 19 August 2016 at an aggregate notional amount of approximately RMB2,213 million. All forward contracts were settled on the settlement date in 2016.

40. Convertible Bonds Payables

Convertible bonds payables that are designated as at FVTPL

	2019 Convertible Bonds issued by the Company	Convertible bonds issued by GNE	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2016	1,285,616	732,856	2,018,472
Change in fair value charged to profit or loss (note 9)	180,878	175,248	356,126
Payments of interests	(4,353)	(49,643)	(53,996)
Partial redemption of convertible bonds	(307,605)	—	(307,605)
At 31 December 2016 and 1 January 2017	1,154,536	858,461	2,012,997
Change in fair value charged to profit or loss (note 9)	37,771	118,744	156,515
Payments of interests	(7,727)	(51,563)	(59,290)
Partial redemption of convertible bonds	(344,965)	—	(344,965)
At 31 December 2017	839,615	925,642	1,765,257
Less: amounts due within one year (shown under current liabilities)	(839,615)	(925,642)	(1,765,257)
Amount due after one year	—	—	—

Note: Exchange gain of the convertible bonds payables of approximately RMB102,527,000 (2016: loss of RMB107,192,000) has been recognised together with change in fair value to profit or loss for the year ended 31 December 2017.

2019 Convertible Bonds issued by the Company

On 22 July 2015, the Company completed the issue of convertible bonds due 2019 (the "2019 Convertible Bonds") in the aggregate principal amount of US$225,000,000 (equivalent to approximately RMB1,397,115,000), at the interest rate of 0.75% per annum.

The bonds entitle the holders to convert into ordinary shares of the Company at any time after six months of the date of issue to the maturity date at an initial conversion price of HK$2.60 per share, but will be subject to adjustment of anti-dilution protection. If the bonds have not been converted, they will be redeemed at 107.7% of its principal amount upon maturity. The Company will, at the option of the bonds holders, redeem all or some of the holder's bonds as requested on 22 July 2018, at 105.7% of the principal amount of the bonds when a relevant event has occurred or may occur. If at anytime that 90% of the bonds have been converted and/or redeemed and/or cancelled, the Company may redeem the remaining bonds in whole together with the unpaid interest.

40. Convertible Bonds Payables (Continued)

2019 Convertible Bonds issued by the Company (Continued)

The proceeds of the issuance of the 2019 Convertible Bonds was primarily used for the early redemption of the 2018 Convertible Bonds. The Directors had designated the 2019 Convertible Bonds as FVTPL and initially recognised at fair value. It is remeasured at fair value with changes in fair value recognised in profit or loss in subsequent periods.

The conversion price of the 2019 Convertible Bonds was adjusted to HK$2.45 with effective from 24 December 2015 as a result of the declaration of a special dividend, and it was adjusted further down to HK$2.34 with effective from 29 December 2015 as a result of the determination of entitlements to the Rights Issue mentioned in note 41.

During the year ended 31 December 2017, the Company partially redeemed the 2019 Convertible Bonds in the principal amount of US$50,000,000 (2016: US$50,000,000) at the purchase price of US$49,375,000 (equivalent to RMB344,965,000) (2016: US$47,625,000 (equivalent to RMB307,605,000)) under a private arrangement.

Convertible bonds issued by GNE

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

(a) Interest rate

GNE shall pay an interest on the convertible bonds at 6% per annum.

(b) Conversion price

The bonds mature 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 GNE 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.

40. Convertible Bonds Payables (Continued)

Convertible bonds issued by GNE (Continued)

(b) Conversion price (Continued)

(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 of GNE 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 of GNE 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 of GNE 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-days average price of GNE 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 of shares of GNE in 2016.

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 of GNE to HK$0.96 per share of GNE with effect from 30 October 2015. GNE further announced that the conversion price of such convertible bond 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 of shares of GNE in 2016. On 29 February 2016, GNE 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, GNE 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 of shares of GNE in 2016.

On 21 January 2016, GNE 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 of GNE, 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.

40. Convertible Bonds Payables (Continued)

Convertible bonds issued by GNE (Continued)

(d) Redemption

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

The Group 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 period, such convertible bonds are re-measured at fair value with changes in fair values recognised in profit or loss. Transaction costs relating to the issuance of the convertible bonds payable are charged to profit or loss immediately.

The fair values of the convertible bonds were determined by independent qualified valuers based on the Binomial Lattice Model.

The following key assumptions were applied:

2019 Convertible Bonds issued by the Company

	31 December 2017	31 December 2016
Discount rate	**7.51%**	9.57%
Share price (per share)	**HK$1.40**	HK$0.93
Conversion price (per share)	**HK$2.34**	HK$2.34
Risk free interest rate	**1.2%**	1.21%
Time to maturity	**1.56 years**	2.56 years
Expected volatility	**39.91%**	49.23%
Expected dividend yield	**0%**	0%

40. Convertible Bonds Payables (Continued)

Convertible bonds issued by GNE

	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 GNE	**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%

41. Share Capital

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised		
At 1 January 2016	20,000,000	2,000,000
Increase of authorised share capital (Note a)	10,000,000	1,000,000
At 31 December 2016, 1 January 2017 and 31 December 2017	30,000,000	3,000,000
Issued and fully paid		
At 1 January 2016	15,489,637	1,548,963
Subscription of Rights Issue (Note b)	3,097,928	309,793
At 31 December 2016 and 1 January 2017	18,587,565	1,858,756
Exercise of share options (Note c)	4,456	446
	18,592,021	1,859,202

41. Share Capital (Continued)

	2017 RMB'000	2016 RMB'000
Shown in the financial statements as	**1,632,181**	1,631,804

Notes:

(a) By an ordinary resolution passed on 25 May 2016, the authorised share capital of the Company was increased from HK$2,000,000,000 to HK$3,000,000,000 by the creation of an additional 10,000,000,000 shares of HK$0.1 each.

(b) On 26 January 2016, the Company raised approximately HK$3,470 million (equivalent to RMB2,907 million), before expenses, by way of the rights issue of 3,097,927,453 rights shares at the subscription price of HK$1.12 per rights share ("Rights Issue"). Net proceeds from the Rights Issue is approximately RMB2,845 million, after deducting related expenses of approximately RMB61,541,000.

(c) During the year ended 31 December 2017, share option holders exercised their rights to subscribe for 3,493,479 and 963,000 ordinary shares in the Company at HK$0.586 and HK$1.16 per share, respectively, with the net proceeds of approximately RMB2,676,000.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during both years.

All shares issued during the years ended 31 December 2017 and 2016 rank pari passu in all respects with the existing shares of the Company.

42. Acquisitions of Subsidiaries

Year ended 31 December 2017

For the year ended 31 December 2017, GNE 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.

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

42. Acquisitions of Subsidiaries (Continued)

Year ended 31 December 2017 (Continued)

(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, GNE 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 farm 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, GNE 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 farm project under development.

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

On 17 November 2017, GNE 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 farm 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, GNE 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.

	Zhongwei Lihe	**Haidong Yuantong**	**Huzhu Haoyang**	**Lanxi Agriculture**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	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

42. Acquisitions of Subsidiaries (Continued)

Year ended 31 December 2017 (Continued)

(ii) Business acquisition

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

On 18 May 2016, GNE Group entered into an equity purchase agreement with an individual, pursuant to which GNE 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 farm 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, GNE 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 farm 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, GNE 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 farm projects in operation.

(d) Acquisition of 神木縣晶富電力有限公司 ("Shenmu Jingfu")

On 14 December 2017, GNE 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 farm 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, GNE 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 farm projects, with total capacity of 140MW, in operation.

42. Acquisitions of Subsidiaries (Continued)

Year ended 31 December 2017 (Continued)

(ii) Business acquisition (Continued)

	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.

42. 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

During the year ended 31 December 2016, the Group and GNE Group had serval material acquisitions in acquiring controlling interests in certain companies for a total consideration of approximately RMB30,000,000 and RMB157,473,000, respectively.

(i) Assets acquisition

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

On 5 January 2016, GNE Group acquired 100% equity interest in Pingyi at a consideration of RMB100,000. At the date of acquisition, Pingyi had a 30MW solar farm project under development. 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, GNE Group acquired 100% equity interest in Jinxi at a consideration of RMB1,000. At the date of acquisition, Jinxi had a 30MW solar farm project under development. 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, GNE Group acquired 100% equity interest in Yuxi at a consideration of RMB100,000. At the date of acquisition, Yuxi had a 20MW solar farm project under development. The project was completed and connected to the grid in December 2017.

42. 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, GNE Group acquired 100% equity interest in Pingxi at a consideration of RMB10,000. At the date of acquisition, Pingxi had a 50MW solar farm project under development. 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, GNE Group acquired 100% equity interest in Pingyuan at a consideration of RMB10,000. At the date of acquisition, Pingyuan had a 50MW solar farm project under development. 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, GNE Group acquired 100% equity interest in Delingha Shidai at a consideration of RMB80,000. At the date of acquisition, Delingha Shidai had a 20MW solar farm project under development. 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, GNE Group acquired 100% equity interest in Yilian at a consideration of RMB10,000. At the date of acquisition, Yilian had a 10MW solar farm project under development. 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, GNE Group acquired 100% equity interest in Shiyan at a consideration of RMB750,000. At the date of acquisition, Shiyan had a 50MW solar farm 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, GNE Group acquired 100% equity interest in Yangguang at a consideration of RMB100,000. At the date of acquisition, Yangguang had a 10MW solar farm 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, GNE 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 farm project under development. The project was completed and connected to the grid in October 2016.

(k) Acquisition of 莊浪光原光伏發電有限公司 ("Zhuanglang")

On 30 October 2016, GNE Group acquired 100% equity interest in Zhuanglang at a consideration of RMB100,000. At the date of acquisition, Zhuanglang had a 35MW solar farm project under development. The project was completed and connected to the grid in June 2017.

42. Acquisitions of Subsidiaries (Continued)

Year ended 31 December 2016 (Continued)

(i) Assets acquisition (Continued)

(l) Acquisition of 8 US project companies

On 16 February 2016, GCL New Energy (NC) I, LLC, a subsidiary of GNE entered into two sale and purchase agreements with two independent third parties, pursuant to which GNE 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 USA. The acquisitions were completed in the same month. The project was completed and connected to the grid in June 2017.

(m) Acquisition of 廈門惟華光能有限公司 ("Xiamen Weihua")

On 31 July 2016, the Group acquired 58.57% equity interest in Xiamen Weihua at a consideration of RMB30,000,000. Xiamen Weihua is engaged in research and development of perovskite solar cells technics, and have not commenced operation at the date of acquisition.

	Pingyi RMB'000	Jinxi RMB'000	Yuxi RMB'000	Pingxi RMB'000	Pingyuan RMB'000	Delingha Shidai RMB'000	Yilian RMB'000	Shiyan RMB'000	Yangguang RMB'000	Ziguang RMB'000	Zhuanglang RMB'000	8 US project companies RMB'000	Xiamen Weihua RMB'000 (Note)	Total 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	5,175	194,323
Other intangible asset	—	—	—	—	—	—	—	—	—	—	—	—	42,771	42,771
Prepayments and other receivables	5,920	7,766	3,201	804	947	11,303	270	459	19,439	1,702	100	—	4,855	56,766
Bank balances and cash	22,385	2,614	—	2	—	48	119	10,000	212	12	—	—	255	35,647
Other payables	(36,511)	(11,804)	(3,101)	(3,480)	(3,606)	(134,990)	(11,540)	(12,470)	(22,562)	(14)	—	—	(1,835)	(241,913)
Total identifiable net assets acquired	100	1	100	10	10	80	10	750	100	2,800	100	32,312	51,221	87,594
Less: non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	(21,221)	(21,221)
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	—	—	—	—	—	—	—	—	—	—	—	—	30,000	30,000
Bank balances and cash acquired	22,385	2,614	—	2	—	48	119	10,000	212	12	—	—	255	35,647
Net cash inflow (outflow)	22,385	2,614	—	2	—	48	119	10,000	212	12	—	—	(29,745)	5,647

Note: The non-controlling interest (41.43%) in Xiamen Weihua recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of Xiamen Weihua and amounted to RMB21,221,000.

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

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

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

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

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

(d) Acquisition of 阜陽衡銘太陽能電力有限公司 ("Hengming")

On 6 July 2016, GNE Group acquired 100% equity interest in Hengming at a consideration of RMB100,000. At the date of acquisition, Hengming had a 20MW solar farm project in operation.

(e) Acquisition of 林州市新創太陽能有限公司 ("Xinchuang")

On 11 August 2016, GNE Group acquired 100% equity interest in Xinchuang at a consideration of RMB1,700,000. At the date of acquisition, Xinchuang had a 60MW solar farm 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, GNE Group acquired 100% equity interest in Baiwu at a consideration of RMB68,000,000. At the date of acquisition, Baiwu had a 50MW solar farm project in operation.

(g) Acquisition of 海南州世能光伏發電有限公司 ("Shineng")

On 30 December 2014, GNE 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, GNE 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 farm project in operation.

(h) Acquisition of 聊城協昌光伏電力有限公司 ("Xiechang")

On 29 September 2016, GNE Group acquired 100% equity interest in Xiechang at a consideration of RMB5,100,000. At the date of acquisition, Xiechang had a 20MW solar farm project in operation.

* English name for identification only

42. Acquisitions of Subsidiaries (Continued)

Year ended 31 December 2016 (Continued)

(ii) Business acquisition (Continued)

(i) Acquisition of 吉水恒通太陽能發電有限公司 ("Hengtong")

On 30 December 2016, GNE Group entered into equity purchase agreement, pursuant to which GNE 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 farm project in operation.

	Changzhou Zhonghui RMB'000	Gaotang RMB'000	Shanggao RMB'000	Hengming RMB'000	Xinchuang RMB'000	Baiwu RMB'000	Shineng RMB'000	Xiechang RMB'000	Hengtong RMB'000	Total RMB'000
Fair value of assets and liabilities recognised at the date of acquisition:										
Property, plant and equipment	434,647	224,482	139,318	130,693	486,229	388,177	248,490	147,797	167,850	2,367,683
Trade receivables	60,923	12,595	3,322	9,726	18,608	54,733	8,869	7,601	—	176,377
Prepayments and other receivables	72,284	35,809	16,543	69,872	168,011	162,673	23,604	13,376	24,443	586,615
Bank balances and cash	3,411	7,123	1	22	207	—	2,600	67	1	13,432
Other payables	(259,186)	(160,896)	(159,084)	(210,213)	(671,355)	(470,738)	(5,355)	(163,741)	(192,194)	(2,292,762)
Borrowings	(302,079)	(119,113)	—	—	—	—	(208,000)	—	—	(629,192)
Total identifiable net assets acquired	10,000	—	100	100	1,700	134,845	70,208	5,100	100	222,153
Fair value of previously held interest	—	—	—	—	—	—	(33,942)	—	—	(33,942)
Consideration payable to the former owner	(10,000)	—	(100)	(100)	(1,700)	(68,000)	(36,000)	(5,100)	(100)	(121,100)
Bargain purchase gain recognised (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 GNE 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 debts as it falls due.

42. Acquisitions of Subsidiaries (Continued)

Year ended 31 December 2016 (Continued)

(ii) Business acquisition (Continued)

Impact of acquisition on the results of the Group

Had the acquisitions as mentioned in note (ii) above been effected at the beginning of the year, total amounts of revenue and profit for the year ended 31 December 2016 of the Group would have been increased by RMB139,221,000 and RMB28,750,000, respectively. Such pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

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

The revenue and profit contributed by entities acquired during the year ended 31 December 2016 are RMB223,627,000 and RMB98,551,000, respectively.

The fair value and gross contractual amount of trade and other receivables at the date of acquisition amounted to approximately RMB763 million. The contractual cash flows not expected to be collected at acquisition dates were not expected to be material.

43. Disposal of Subsidiaries

(a) Disposal of PCB business

On 2 August 2017, GNE 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)
Bank borrowings — due within one year	(198,862)
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 a subsidiary:	
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.

43. Disposal of Subsidiaries (Continued)

(b) Disposal of three solar farm projects

On 30 June 2017, GNE Group entered into share transfer agreements with Zhongmin GCL, a joint venture of GNE Group, pursuant to which GNE 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. GNE Group has an option to repurchase the equity interest of those two solar farm 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 GNE 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 GNE 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 one of its subsidiaries, 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

43. Disposal of Subsidiaries (Continued)

(b) Disposal of three solar farm projects (Continued)

The net assets of those three solar farm 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

44. 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 2016.

The capital structure of the Group consists of net debt, which mainly includes bank and other borrowings, obligations under finance leases, notes and bonds payables and convertible bonds payables respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a periodical basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debt.

45. Financial Instruments

45a. Categories of financial instruments

	2017 **RMB'000**	2016 RMB'000
Financial assets		
FVTPL:		
Held for trading investments	**100,733**	111,522
Convertible bonds receivable	**—**	128,211
Designated as at FVTPL	**131,689**	—
Available-for-sale investments	**782,170**	412,922
Loans and receivables (including cash and cash equivalents)	**30,997,964**	24,826,868
Financial liabilities		
FVTPL:		
Convertible bonds issued by GNE	**925,642**	858,461
2019 Convertible Bonds issued by the Company	**839,615**	1,154,536
Derivative financial instruments	**15,899**	16,011
Amortised cost	**73,731,883**	56,105,384

45. Financial Instruments (Continued)

45b. Financial risk management objectives and policies

The management provides services to the business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The management reports periodically to the Directors who monitor risks and policies implemented to mitigate exposures.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Market risk

Foreign currency risk management

The Group's exposure to foreign currency risk arose from certain bank deposits and balances, bank borrowings, obligations under finance leases, trade and other receivables and payables, amounts due from (to) related parties, held for trading investments, available-for-sale investments, convertible bonds receivable and payables of the Group that are denominated in foreign currencies. 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				
EUR	**56,251**	45,070	**131,494**	9,764
HK$	**319,285**	519,322	**955,977**	921,600
US$	**4,372,717**	3,653,659	**6,103,701**	4,521,936
JPY	**918**	53	**162**	1,589
Inter-company balances				
HK$	**240,691**	4,180,787	**269,863**	4,051,741
US$	**1,153,827**	1,184,455	**696,499**	919,655
JPY	**53,594**	118,265	**—**	—

The foreign currency assets in 2017 and 2016 mainly relate to the HK$ denominated bank balances (2016: convertible bonds receivable and bank balances), the US$ denominated available-for-sale investments, trade and other receivables, amounts due from related parties, pledged and restricted bank deposits and bank balances and EUR and JPY denominated pledged and restricted bank deposits and bank balances as set out in notes 23, 24, 27, 28 and 30.

45. Financial Instruments (Continued)

45b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency risk management (Continued)

The foreign currency liabilities in 2017 and 2016 mainly relate to the HK$ denominated other payables and convertible bonds issued by GNE, US$ denominated trade and other payables, bank borrowings, obligations under finance leases, convertible bonds issued by the Company as set out in notes 32, 36, 37 and 40.

Foreign currency 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 internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes 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. Then 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 increase in post-tax profit where 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.

	EUR RMB'000	**HK$** RMB'000	**US$** RMB'000	**JPY** RMB'000
2017				
Increase (decrease) in profit for the year	**2,822**	**24,970**	**47,762**	**(2,038)**
2016				
(Decrease) increase in profit for the year	(1,324)	10,246	22,630	(4,377)

Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to fixed-rate available-for-sale investments, amounts due from (to) related companies, pledged and restricted bank deposits, bank and other borrowings, obligations under finance leases, notes and bonds payables and convertible bonds payables (see notes 23, 28, 30, 33, 36, 37, 38 and 40 for details of the above financial instruments, respectively). The Group currently has not entered into interest rate swaps to hedge against its exposure to changes in fair values of such financial assets and financial liabilities.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate pledged and restricted bank deposits and bank balances and variable-rate bank borrowings (see note 36).

45. Financial Instruments (Continued)

45b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk management (Continued)

The management has considered the Group's exposure to cash flow interest rate risk in relation to variable-rate pledged and restricted bank deposits and bank balances (see note 30) to be limited because the current market interest rates on general deposits are relatively low and stable.

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.

Interest rate sensitivity analysis

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.

Variable-rate borrowings

If interest rates had been 50 basis points higher/lower on LIBOR and lending benchmark interest rate stipulated by Benchmark Rate and all other variables were held constant, the Group's profit for the year ended 31 December 2017 would have decreased/increased by approximately RMB142,786,000 (2016: RMB80,083,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings. The Group's exposure to cash flow interest rate risk has increased during the current year mainly due to the increase in variable-rate borrowings. On the other hand, the Group's exposure to fair value interest rate risk has decreased during the year mainly due to the decrease in fixed-rate borrowings. The Group's exposure to fair value interest rate risk relating to convertible bonds is mainly on the discount rate. The sensitivity analysis for change in discount rate is disclosed in note 46(i).

Other price risks

The Group is exposed to equity price risk through its investments in listed equity securities and convertible bonds payables. The Group's equity price risk is mainly concentrated on equity instruments operating in solar, and securities and financing industries sector quoted on the Stock Exchange. In addition, the Group has monitored the price risk and will consider hedging the risk exposure should the need arise.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date. If the equity prices had been 5% higher/lower (2016: 5%), post-tax profit for the year ended 31 December 2017 would decrease/increase by RMB6,243,000 and RMB5,803,000, respectively (2016: post-tax profit would decrease/increase by RMB14,135,000 and RMB12,544,000, respectively) as a result of the changes in fair value of held for trading investments and convertible bonds payables.

45. Financial Instruments (Continued)

45b. Financial risk management objectives and policies (Continued)

Credit risk management

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 are made for irrecoverable amounts. Each major operating business has a policy of credit control in place under which credit evaluations of customers are performed on all customers requiring credit.

Credit terms are granted to customers which are either secured by letters of credit issued by banks or good credit quality customers. The management also has monitoring procedures to ensure the 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. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Credit risk on sales of polysilicon and wafer products is not significant as the major customers are listed entities with good repayment history.

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 the collection of tariff adjustment receivables is well supported by government policy, the management accordingly considers that there is no significant credit risk on respective sales.

Credit risk on pledged and restricted bank deposits and bank balances is limited because the counterparties are reputable banks in the PRC, Hong Kong and the USA.

As at 31 December 2016, the Group had concentration of credit risk on convertible bonds receivable amounting to RMB128,211,000. Credit risk is considered as limited because the counterparty is a company listed on the Stock Exchange with strong financial position, and the convertible bonds receivable can be redeemed as marketable securities.

As at 31 December 2017, there is no such concentration of credit risk on convertible bonds receivable as it is early redeemed during the year.

As at 31 December 2017, the Group had concentration of credit risk on amounts due from related companies (trade-related) amounting to RMB448,689,000 (2016: RMB234,693,000). Credit risk is considered as limited because the related companies are with good repayment history and with positive operating results/cash flows.

As at 31 December 2017, GNE Group had concentration of credit risk on other loan receivables which are due from several borrowers. Credit risk is considered to be limited as GNE Group holds collateral over most of these balances as disclosed in note 27.

Liquidity risk management

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.

45. Financial Instruments (Continued)

45b. Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

The Group earned a post-tax profit of RMB2,274 million from continuing operations for the year ended 31 December 2017, and the Group's current liabilities exceeded its current assets by RMB12,313 million as at 31 December 2017. Further, the Group had cash and cash equivalents of RMB10,673 million with total borrowings due within one year amounted to RMB22,582 million.

The Group finances its capital intensive operations by short-term and long-term bank and other borrowings and shareholders' equity.

During the year ended 31 December 2017, GNE Group obtained new borrowings totalling RMB18,384 million, out of which RMB15,945 million had a repayment terms of over 3 years. GNE Group also issued non-public green bonds of RMB935 million with a term of 3 years. Further to these new debt financing, GNE Group entered into capital increase agreement 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 GNE Group in return for a 7.18% equity interest in Suzhou GCL New Energy.

The Group also successfully renewed banking facilities that were due during the year. In addition, the Directors have evaluated the Group's current undrawn banking facilities and renewable bank borrowings. The management maintains continuous communication with the Group's principal banks on the renewal of existing banking facilities that will fall due in the coming twelve months and the grant of additional banking facilities. The Directors have reviewed the Group's bank loans and banking facilities available to the Group and are of the opinion that the bank loans and banking facilities would be renewed when their current terms expire. The Directors have evaluated all the relevant facts available to them and are of the opinion that there are good track records or relationship with the relevant banks which enhance the Group's ability to renew the current bank loans upon expiry. Up to the date of approval of these financial statements for issuance, the Directors are not aware of any intention of the Group's principal banks to withdraw their banking facilities granted or request early repayment of the utilised facilities within the next twelve months from the end of the reporting period.

Despite uncertainties and measures 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 Group's current undrawn banking facilities, renewal of existing banking facilities, the Group's cash flow projection for the coming year and the issuance of the remaining registered SSCP and SCP in the inter-bank debt market of the PRC as and when required by the Group, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months.

* English name for identification only

45. Financial Instruments (Continued)

45b. Financial risk management objectives and policies (Continued)

Liquidity risk management (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 tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest 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								
Non-derivative financial liabilities								
Trade and other payables	—	14,294,266	4,466,220	—	—	—	18,760,486	18,760,486
Amounts due to related companies	—	177,061	—	—	—	—	177,061	177,061
Bank and other borrowings								
— fixed-rate	6.00	5,241,660	4,776,666	2,195,612	261,982	314,400	12,790,320	11,888,655
— variable-rate	5.23	2,374,503	6,649,520	6,405,547	12,024,309	13,679,660	41,133,539	38,076,267
Notes and bonds payables	6.25	59,390	2,191,268	163,875	3,024,619	—	5,439,152	4,829,414
Subtotal		22,146,880	18,083,674	8,765,034	15,310,910	13,994,060	78,300,558	73,731,883
Convertible bonds payables	3.50	7,197	1,814,778	—	—	—	1,821,975	1,765,257
Obligations under finance leases	7.40	274,653	544,123	238,171	586,538	235,523	1,879,008	1,636,602
Derivative financial instrument								
Put option of interest in Jiangsu Xinhua (Note)	—	15,899	—	—	—	—	15,899	15,899
		22,444,629	20,442,575	9,003,205	15,897,448	14,229,583	82,017,440	77,149,641

45. Financial Instruments (Continued)

45b. Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

Liquidity and interest risk tables (Continued)

	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								
Non-derivative financial liabilities								
Trade and other payables	—	15,696,952	1,585,086	—	—	—	17,282,038	17,282,038
Amounts due to related companies								
— fixed-rate	4.35	2,738	8,213	10,951	262,704	—	284,606	251,752
— non-interest bearing	—	170,694	—	—	—	—	170,694	170,694
Bank and other borrowings								
— fixed-rate	7.00	3,342,199	4,491,639	2,811,467	1,984,913	224,715	12,854,933	11,924,015
— variable-rate	5.28	980,977	5,369,098	2,647,849	6,518,041	7,821,995	23,337,960	21,355,540
Notes and bonds payables	5.88	75,999	879,151	2,745,749	2,191,108	—	5,892,007	5,121,345
Subtotal		20,269,559	12,333,187	8,216,016	10,956,766	8,046,710	59,822,238	56,105,384
Convertible bonds payables	3.04	15,360	46,079	890,087	1,192,326	—	2,143,852	2,012,997
Obligations under finance leases	5.37	276,325	704,464	818,582	692,648	382,269	2,874,288	2,513,440
Derivative financial instrument								
Put option of interest in Jiangsu Xinhua (Note)	—	—	16,011	—	—	—	16,011	16,011
		20,561,244	13,099,741	9,924,685	12,841,740	8,428,979	64,856,389	60,647,832

Note: The put option is with notional amount of RMB500 million, which represents the exercise price and potential cash outflow of the Group to purchase the shares of Jiangsu Xinhua if certain specific circumstance(s) as described in note 39 occur(s). which included but not limited to, Jiangsu Xinhua fails to complete IPO on or before 1 January 2021 and the JV Partner exercises the option. The potential cash outflow may incur in a period from 1 to 5 years after 31 December 2017.

The amounts included above for variable-rate borrowings are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

46. Fair Value Measurements

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

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

Financial assets and financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2017 **RMB'000**	2016 RMB'000				
1) Convertible bonds receivable	**—**	128,211	Level 3	Binomial Lattice Model, the key inputs are: underlying share price, exercise price, risk free interest rate, share price volatility, and dividend yield.	Share price volatility of 47.25% (2017: N/A) and discount rate of 18.57% (2017: N/A), taking into account the historical share price of Panda Green and comparable companies for the period of time close to the expected time to exercise.	The higher the volatility the higher the fair value.
					Dividend yield of 0% (2017: N/A), taking into account management's experience and knowledge of the dividend to be paid.	The higher the dividend yield the lower the fair value.
2) 2019 Convertible Bonds issued by the Company (Note a)	**839,615**	1,154,536	Level 3	Binomial Lattice Model, the key input are: underlying share price, exercise price, risk free interest rate, share price volatility, discount rate, and dividend yield.	Share price volatility of 39.91% (2016: 49.23%) and discount rate of 7.51% (2016: 9.57%) taking into account the historical share price of the Company for the period of time close to the expected time to exercise.	The higher the volatility the higher the fair value. The higher the discount rate the lower the fair value.
3) Convertible bonds issued by GNE (Note b)	**925,642**	858,461	Level 3	Binomial Lattice Model, the key inputs are: underlying share price, conversion price, risk free interest rate, share price volatility, discount rate and dividend yield.	Share price volatility of 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 GNE for the period of time close to the expected time to exercise.	The higher the volatility the higher the fair value. The higher the discount rate the lower the fair value.

46. Fair Value Measurements (Continued)

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

Financial assets and financial liabilities	Fair value as at 2017 RMB'000	Fair value as at 2016 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
4) Put option of interest in Jiangsu Xinhua classified as derivative financial instrument in the statement of financial position	**15,899**	16,011	Level 3	Income approach — in this approach, the discounted cash flow method was used to capture the present value of future expected cashflows to be derived from Jiangsu Xinhua (2016: cost approach).	2017 Revenue growth rate, taking into account management's experience and knowledge of market conditions of the specific industries.	2017 The higher the revenue growth rate, the lower the fair value.
					Discount rate of 14%.	The higher the discount rate, the higher the fair value.
				Scenario analysis, the key inputs are: estimated probability of success or failure in IPO, risk-free rate and credit spread.	Estimated probability of success in IPO, failure in IPO due to external factors and unsatisfactory performance of Jiangsu Xinhua set out in note 39 of 90%, 10% and 0% respectively, taking into account the best estimate of the Directors.	The higher the estimated probability of failure in IPO, the higher the fair value.
					2016 Estimated probability of success in IPO, failure in IPO due to external factors and unsatisfactory performance of Jiangsu Xinhua set out in note 39 of 90%, 10% and 0% respectively, taking into account the best estimate of the Directors.	2016 The higher the estimated probability of failure in IPO, the higher the fair value.
5) Available-for-sale asset management plan investment held by GNE (Note c)	**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%.	The higher the estimated discount rate, the lower the fair value.
6) Listed equity securities classified as held for trading investments	**100,733**	111,522	Level 1	Quoted bid price in an active market.	N/A	N/A

46. Fair Value Measurements (Continued)

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

Financial assets and financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2017 RMB'000	2016 RMB'000				
7) Listed debt securities classified as available-for-sale investments	**99,808**	112,922	Level 1	Quoted bid price in an active market.	N/A	N/A
8) Financial assets designated as at FVTPL	**131,689**	—	Level 3	Market comparison approach — in this approach, fair value was determined with reference to P/S ratio or P/E ratio or recent transaction price.	P/S ratio of 2.13x or P/E ratio of 21.61x–33.50x.	The higher the P/S or P/E ratio, the higher the fair value.

Notes:

(a) 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 2019 Convertible Bonds issued by the Company would increase by approximately RMB7,330,000 (2016: RMB11,387,000)/decrease by approximately RMB5,332,000 (2016: RMB9,351,000).

If the discount rate used was multiplied by 95% or 105% while all the other variables were held constant, the loss on change in fair value of the 2019 Convertible Bonds issued by the Company would increase by approximately RMB1,945,000 (2016: RMB7,671,000)/decrease by approximately RMB1,956,000 (2016: RMB7,582,000).

(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 payable issued by GNE would increase by approximately RMB6,028,000 (2016: RMB13,641,000)/decrease by approximately RMB7,442,000 (2016: RMB13,726,000).

If the discount rate was multiplied by 95% or 105% while all the other variables were held constant, the loss on change in fair value of the convertible bonds issued by GNE would increase by approximately RMB2,487,000 (2016:RMB9,487,000)/decrease by approximately RMB2,474,000 (2016: RMB9,719,000).

(c) If the estimated discount rate used was 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.

The changes in fair value of approximately RMB30,064,000 (2016: RMB53,073,000) is resulted from changes in credit risk for the year ended 31 December 2017.

There is no transfer between the level 1 and level 2 of the fair value hierarchy for both years.

The Directors consider that the carrying amounts of financial assets and financial liabilities and associated interest receivables and interest payables recorded at amortised cost in the consolidated financial statements approximate their fair values.

Included in other expenses, gains and losses set out in note 9, a net loss of RMB151,279,000 is related to financial assets and financial liabilities measured at FVTPL held during 2017 (2016: RMB300,111,000).

46. Fair Value Measurements (Continued)

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

Fair value hierarchy as at 31 December 2017

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Listed equity securities classified as held for trading investments	100,733	—	—	100,733
Financial assets designated as at FVTPL	—	—	131,689	131,689
Available-for-sale investments				
Asset management plan investments held by GNE	—	—	340,040	340,040
Listed debt securities	99,808	—	—	99,808
Total	200,541	—	471,729	672,270
Financial liabilities				
2019 Convertible Bonds issued by the Company	—	—	839,615	839,615
Convertible bonds issued by GNE	—	—	925,642	925,642
Put option of interest in Jiangsu Xinhua classified as derivative financial instrument in the statement of financial position	—	—	15,899	15,899
Total	—	—	1,781,156	1,781,156

46. Fair Value Measurements (Continued)

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

Fair value hierarchy as at 31 December 2016

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Convertible bonds receivable	—	—	128,211	128,211
Listed equity securities classified as held for trading investments	111,522	—	—	111,522
Available-for-sale investments				
Listed debt securities	112,922	—	—	112,922
Total	224,444	—	128,211	352,655
Financial liabilities				
2019 Convertible Bonds issued by the Company	—	—	1,154,536	1,154,536
Convertible bonds issued by GNE	—	—	858,461	858,461
Put option of interest in Jiangsu Xinhua classified as derivative financial instrument in the statement of financial position	—	—	16,011	16,011
Total	—	—	2,029,008	2,029,008

46. Fair Value Measurements (Continued)

(ii) Reconciliation of Level 3 fair value measurements

31 December 2017

	Convertible bonds receivable RMB'000	2019 Convertible Bonds issued by the Company RMB'000	Convertible bonds issued by GNE RMB'000	Put option of interest in Jiangsu Xinhua RMB'000	Financial assets designated as FVTPL RMB'000	Asset management plan investments RMB'000	Total RMB'000
Opening balance	128,211	(1,154,536)	(858,461)	(16,011)	—	—	(1,900,797)
Purchase	—	—	—	—	115,000	606,050	721,050
Gain (loss) in profit or loss	13,506	(37,771)	(118,744)	112	16,689	2,883	(123,325)
Payment of interests	—	7,727	51,563	—	—	—	59,290
Partial redemption of convertible bonds	—	344,965	—	—	—	—	344,965
Redemption of convertible bonds receivable	(141,717)	—	—	—	—	—	(141,717)
Repayment	—	—	—	—	—	(268,893)	(268,893)
Closing balance	—	(839,615)	(925,642)	(15,899)	131,689	340,040	(1,309,427)

31 December 2016

	Convertible Bonds receivable RMB'000	2019 Convertible Bonds issued by the Company RMB'000	Convertible bonds issued by GNE RMB'000	Put option of interest in Jiangsu Xinhua RMB'000	Total RMB'000
Opening balance	93,707	(1,285,616)	(732,856)	—	(1,924,765)
Gain (loss) in profit or loss	34,504	(180,878)	(175,248)	(16,011)	(337,633)
Payment of interests	—	4,353	49,643	—	53,996
Partial redemption of convertible bonds	—	307,605	—	—	307,605
Closing balance	128,211	(1,154,536)	(858,461)	(16,011)	(1,900,797)

Of the total gains or losses for the year included in profit or loss, RMB136,831,000 (2016: RMB337,633,000) relates to convertible bonds payables, put option of interest in Jiangsu Xinhua, financial assets designated as at FVTPL and asset management plan investments held at the end of the current year (2016: convertible bonds, and put option of interest in Jiangsu Xinhua) and those fair value gains or losses are included in other expenses, gains and losses, net.

46. Fair Value Measurements (Continued)

(ii) Reconciliation of Level 3 fair value measurements (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 performed discounted cash flow to derive the present value of other investments or engages third party qualified valuers to perform the valuation of convertible bonds, the put option of interest in Jiangsu Xinhua, financial assets designated as at FVTPL and asset management plan investments. 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.

47. Transfers of Financial Assets

During the current year, the Group endorsed certain bills receivable for the settlement of trade and other payables; and discounted certain bills receivable/letters of credit to banks for financing.

The following were the Group's bills receivable as at 31 December 2017 and 2016 that were transferred to banks or creditors by discounting or endorsing those receivables, respectively, 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 recognised the cash received on the transfer as a secured borrowing (see note 36) or the amounts outstanding with the creditors remain to be recognised as trade and other payables. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

At 31 December 2017

	Bills receivable discounted to banks with full recourse RMB'000	Bills receivable endorsed to creditors with full recourse RMB'000	Total RMB'000
Carrying amount of transferred assets	**1,561,129**	**2,363,392**	**3,924,521**
Carrying amount of associated liabilities	**(1,561,129)**	**(2,363,392)**	**(3,924,521)**
Net position	**—**	**—**	**—**

47. Transfers of Financial Assets (Continued)

At 31 December 2016

	Bills receivable discounted to banks with full recourse RMB'000	Bills receivable endorsed to creditors with full recourse RMB'000	Total RMB'000
Carrying amount of transferred assets	820,734	1,372,951	2,193,685
Carrying amount of associated liabilities	(820,734)	(1,372,951)	(2,193,685)
Net position	—	—	—

Further, in the opinion of the Directors, the Group has transferred the significant risks and rewards relating to certain endorsed or discounted bills receivable. Accordingly, the relevant assets and liabilities were not recognised in the consolidated financial statements. As at 31 December 2016, the maximum exposure to the Group that may result from default of these endorsed and discounted receivable is RMB40,660,000 and RMB618,445,000, respectively, which are fully settled during the year ended 31 December 2017.

The finance costs from continuing operations recognised for bills receivable/letter of credit discounted to banks are RMB140,079,000 (2016: RMB153,253,000) for the year ended 31 December 2017.

48. Operating Leases

The Group as lessee

	2017 RMB'000	2016 RMB'000
Minimum lease payments paid under operating leases during the year:		
Buildings	**86,262**	54,717
Land	**56,317**	23,118
Staff quarters	**10,266**	6,849
Motor vehicles	**13,557**	11,889
Others	**31,390**	30,721
	197,792	127,294

48. Operating Leases (Continued)

The Group as lessee (Continued)

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	**189,207**	91,812
In the second to fifth years inclusive	**492,737**	191,925
After five years	**1,752,550**	709,801
	2,434,494	993,538

Operating lease payments represent rentals payable by the Group for certain pieces of land, properties and other assets. Leases are negotiated and rentals are fixed for terms ranging from 2 to 34 years (2016: 3 to 34 years) for those pieces of land and ranging from 1 to 3 years (2016: 1 to 3 years) for the other properties.

The Group as lessor

At the ended of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2017 **RMB'000**	2016 RMB'000
Within one year	**6,365**	6,327
In the second to fifth years inclusive	**18,266**	16,767
Over five years	**6,000**	12,000
	30,631	35,094

Operating lease income represents property rental income earned during the year. All of the properties held have committed tenants for the next 1 to 8 years (2016: 1 to 9 years).

49. Commitments

	2017 RMB'000	2016 RMB'000
Capital commitments		
Capital expenditure in respect of acquisitions of property, plant and equipment contracted for but not provided in the consolidated financial statements	**7,184,942**	5,005,283
Capital commitment in respect of acquisitions of intangible assets contracted for but not provided	**—**	936,495
	7,184,942	5,941,778
Other commitments		
Commitment to contribute share capital to a joint venture investments contracted for but not provided	**453,460**	—
Commitment in respect of subscription of convertible bonds receivables contracted for but not provided	**83,590**	—
Commitment to contribute share capital to financial assets designated as at FVTPL contracted for but not provided	**95,100**	—
Commitment to contribute share capital to available-for-sale investments contracted for but not provided	**350,000**	—
	8,167,092	5,941,778

50. Contingent Liabilities

On 9 September 2016, Solaria Corporation ("Solaria") filed litigation in California state court in the USA against GCL Solar. Solaria alleged that GCL Solar breached the terms of a non-disclosure agreement entered into between Solaria and GCL Solar on 18 September 2014, by misappropriating certain of Solaria's trade secrets and using them to develop its own high-performance solar panels. Solaria also contended that such conduct constitutes unfair competition. On 26 September 2016, a court order was entered into approving joint stipulation of GCL Solar and Solaria that both parties will maintain evidence that may be useful for resolving the issues raised in Solaria's complaint. Both sides further agreed to refrain from any usage going forward of confidential information of the other party to allow time to resolve the dispute, if necessary through a hearing.

On 21 October 2016, Solaria filed an amended complaint that dropped the claim for unfair competition and added the Company and GCL System Integration Technology Co., Ltd ("GCL System Integration") as the additional defendants. GCL System Integration then filed a Motion to Quash Service of Summons ("Motion to Quash") to California state court on 14 April 2017 to transfer the litigation to another jurisdiction due to the fact that GCL System Integration has no business presence in the current jurisdiction and contesting the jurisdiction of the court. GCL System Integration claims that it lacks sufficient contacts with California based on its existence and operation primarily within China.

On 14 November 2017, the litigation was resolved on mutually agreeable terms which are confidential. The Directors believed that it is appropriate to resolve the litigation by mutual agreement and all conditions specified in the mutual agreement are fulfilled and properly accounted for in the consolidated financial statements.

51. Pledge of Assets

At the end of the reporting period, the Group has pledged the following assets to secure credit facilities of the Group:

	2017 RMB'000	2016 RMB'000
Bank and other borrowings secured by:		
Bills receivable	**1,461,129**	1,887,410
Pledged and restricted bank deposits	**3,131,490**	2,758,660
Prepaid leases payments	**321,159**	300,094
Property, plant and equipment	**34,932,567**	24,302,258
Trade receivables	**4,299,771**	2,313,050
	44,146,116	31,561,472
Obligations under finance leases secured by:		
Aircraft	**235,529**	260,106
Prepaid leases payments	**21,689**	21,911
Pledged and restricted bank deposits	**252,791**	324,975
Property, plant and equipment	**3,024,233**	3,546,164
	3,534,242	4,153,156
Total	**47,680,358**	35,714,628

Certain subsidiaries pledged their fee collection rights in relation to the sales of electricity and as at 31 December 2017, trade receivables in respect of such fee collection rights pledged amounted to approximately RMB4,299,771,000 (2016: RMB2,313,051,000).

In addition to the pledged and restricted bank deposits above, there are restricted bank deposits and bills receivable of RMB2,576,646,000 (2016: RMB1,120,991,000) which have been restricted to secure bills payable and short-term letters of credit for trade and other payables.

52. Share-Based Payment Transactions

52a. The Company

(I) Equity-settled share option scheme

On 22 October 2007, a Pre-IPO Share Option Scheme ("Pre-IPO Share Option Scheme") and a Share Option Scheme ("Share Option Scheme") were adopted by the Company pursuant to the resolution of the sole shareholder. Under the schemes, the Company may grant option to Directors, employees of the Company and its subsidiaries and qualifying grantees to subscribe for shares of the Company. The Company granted 31,260,000 to the employees and Directors of the Group under the Share Option Scheme. Options granted are exercisable during the period after respective vesting date to the last day of the ten-year period after grant date.

On 16 February and 24 April 2009, the Company granted 40,980,000 and 3,040,000 share options to the Directors and employees of the Group under the Share Option Scheme, at an exercise price of HK$0.59 and HK$1.054 per share, respectively. The share options are subject to a vesting scale in tranches of one-fifth of the shares starting from 1 April and 1 May 2009 and then the first, second, third and fourth anniversary dates of the date of grant, respectively. The share options shall be valid during the period of ten years from the date of grant.

On 12 January and 15 July 2011, the Company granted 25,000,000 and 108,100,000 share options to the employees of the Group and Directors under the Share Option Scheme, at an exercise price of HK$3.32 and HK$4.1 per share, respectively. The share options are subject to a vesting scale in tranches of one-fifth of the shares starting from 1 March 2011 and 1 September 2011 and then the first, second, third and fourth anniversary dates of the date of grant, respectively. The share options shall be valid during the period of ten years from the date of grant.

On 5 July 2013, the Company granted 44,600,000 share options to the employees of the Group under the Share Option Scheme, at an exercise price of HK$1.642 per share. The share options are subject to a vesting scale in tranches of one-fifth starting from 16 September 2013 and then the first, second, third and fourth anniversary dates of the date of grant, respectively. The share options shall be valid during the period of 10 years from the date of grant.

On 24 March 2014, the Company granted 77,600,000 share options to the employees of the Group under the Share Option Scheme, at an exercise price of HK$2.888 per share. The share options are subject to a vesting scale in tranches of one-fifth starting from 26 May 2014 and then the first, second, third and fourth anniversary dates of the date of grant, respectively. The share options shall be valid during the period of 10 years from the date of grant.

On 19 February 2016 and 29 March 2016, the Company modified certain of its previous options granted and details of which are set out in note (b) under the section headed (ii) Share Option Scheme below.

At 31 December 2017, the number of shares in respect of which options had been granted and remained outstanding under the schemes was 174,816,000 (2016: 212,710,000) shares, representing 0.94% (2016: 1.14%) of the issued share capital of the Company at that date.

52. Share-Based Payment Transactions (Continued)

52a. The Company (Continued)

(I) Equity-settled share option scheme (Continued)

The total number of shares in respect of which options may be granted under the Share Option Scheme are not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

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 shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Pursuant to the terms of the Pre-IPO Share Option Scheme and Share Option Scheme, the exercise price and the number of share options were being adjusted as a result of the determination of entitlements to the Rights Issue mentioned in note 41. Details of the adjustments are disclosed in the announcement of the Company on 26 January 2016.

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

(i) Pre-IPO Share Option Scheme

2017

				Number of share options			
					During the year		
	Exercise price	Date of grant	Exercise period	Outstanding at 1 January 2017	Forfeited	Expired	Outstanding at 31 December 2017
Directors	HK$4.071	13.11.2007	13.11.2010 to 12.11.2017	3,222,944	—	(3,222,944)	—
Employees and others	HK$4.071	13.11.2007	13.11.2010 to 12.11.2017	20,687,272	(221,577)	(20,465,695)	—
				23,910,216	(221,577)	(23,688,639)	—
Exercisable at the end of the year				23,910,216			—
Weighted average exercise price (HK$)				4.071	4.071	4.071	—

52. Share-Based Payment Transactions (Continued)

52a. The Company (Continued)

(I) Equity-settled share option scheme (Continued)

(i) Pre-IPO Share Option Scheme (Continued)

2016

	Exercise price (Note a)	Date of grant	Exercise period	Number of share options: Outstanding at 1 January 2016	During the year: Adjusted for the Rights Issue (Note a)	During the year: Exercised	During the year: Forfeited	During the year: Transferred (Note c)	Outstanding at 31 December 2016
Directors	HK$4.071	13.11.2007	13.11.2010 to 12.11.2017	3,000,000	21,510	—	—	201,434	3,222,944
Employees and others	HK$4.071	13.11.2007	13.11.2010 to 12.11.2017	20,740,000	148,706	—	—	(201,434)	20,687,272
				23,740,000	170,216	—	—	—	23,910,216
Exercisable at the end of the year				23,740,000					23,910,216
Weighted average exercise price (HK$)				4.071	4.071	—	—	—	4.071

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

No further options under the Pre-IPO Share Option Scheme can be granted after 13 November 2007, the date of listing of the shares of the Company on the Stock Exchange.

52. Share-Based Payment Transactions (Continued)

52a. The Company (Continued)

(I) Equity-settled share option scheme (Continued)

(ii) Share Option Scheme

2017

	Exercise price	Date of grant	Exercise period	Number of share options: Outstanding at 1 January 2017	During the year: Exercised	During the year: Forfeited	Outstanding at 31 December 2017
Directors	HK$0.586	16.02.2009	01.04.2009 to 15.02.2019	4,028,680	—	—	4,028,680
	HK$3.296	12.01.2011	01.03.2011 to 11.01.2021	—	—	—	—
	HK$4.071	15.07.2011	01.09.2011 to 14.07.2021	—	—	—	—
	HK$2.867	24.03.2014	26.05.2014 to 23.03.2024	—	—	—	—
	HK$1.16	19.02.2016	15.03.2016 to 18.02.2026	5,942,302	—	—	5,942,302
	HK$1.324	29.03.2016	18.04.2016 to 28.03.2026	8,649,473	—	—	8,649,473
Employees and others	HK$0.586	16.02.2009	01.04.2009 to 15.02.2019	8,995,035	(3,493,479)	(151,076)	5,350,480
	HK$1.046	24.04.2009	01.05.2009 to 23.04.2019	807,750	—	—	807,750
	HK$3.296	12.01.2011	01.03.2011 to 11.01.2021	5,035,850	—	—	5,035,850
	HK$4.071	15.07.2011	01.09.2011 to 14.07.2021	6,093,378	—	—	6,093,378
	HK$1.630	05.07.2013	16.09.2013 to 04.07.2023	31,610,029	—	(6,153,807)	25,456,222
	HK$2.867	24.03.2014	26.05.2014 to 23.03.2024	22,359,174	—	(503,585)	21,855,589
	HK$1.16	19.02.2016	15.03.2016 to 18.02.2026	91,954,623	(963,000)	(2,719,358)	88,272,265
	HK$1.324	29.03.2016	18.04.2016 to 28.03.2026	3,323,661	—	—	3,323,661
				188,799,955	(4,456,479)	(9,527,826)	174,815,650
Exercisable at the end of the year				108,353,448			106,154,112
Weighted average exercise price (HK$)				1.56	0.71	1.54	1.58

52. Share-Based Payment Transactions (Continued)

52a. The Company (Continued)

(I) Equity-settled share option scheme (Continued)

(ii) Share Option Scheme (Continued)

2016

				Number of share options						
					During the year					
	Exercise price (Note a)	Date of grant	Exercise period	Outstanding at 1 January 2016	Adjusted for the Rights Issue (Note a)	Granted (Note b)	Cancelled (Note b)	Forfeited	Transferred (Note c)	Outstanding at 31 December 2016
Directors	HK$0.586	16.02.2009	01.04.2009 to 15.02.2019	4,000,000	28,680	—	—	—	—	4,028,680
	HK$3.296	12.01.2011	01.03.2011 to 11.01.2021	1,000,000	7,170	—	(1,007,170)	—	—	—
	HK$4.071	15.07.2011	01.09.2011 to 14.07.2021	1,000,000	7,170	—	(1,812,905)	—	805,735	—
	HK$2.867	24.03.2014	26.05.2014 to 23.03.2024	6,600,000	47,322	—	(10,071,700)	—	3,424,378	—
	HK$1.16	19.02.2016	15.03.2016 to 18.02.2026	—	—	—	—	—	5,942,302	5,942,302
	HK$1.324	29.03.2016	18.04.2016 to 28.03.2026	—	—	10,361,662	—	—	(1,712,189)	8,649,473
Employees and others	HK$0.586	16.02.2009	01.04.2009 to 15.02.2019	8,931,000	64,035	—	—	—	—	8,995,035
	HK$1.046	24.04.2009	01.05.2009 to 23.04.2019	842,000	6,037	—	—	(40,287)	—	807,750
	HK$3.296	12.01.2011	01.03.2011 to 11.01.2021	9,500,000	68,115	—	(4,532,265)	—	—	5,035,850
	HK$4.071	15.07.2011	01.09.2011 to 14.07.2021	57,950,000	415,502	—	(50,559,936)	(906,453)	(805,735)	6,093,378
	HK$1.630	05.07.2013	16.09.2013 to 04.07.2023	34,325,000	246,110	—	—	(2,961,081)	—	31,610,029
	HK$2.867	24.03.2014	26.05.2014 to 23.03.2024	68,000,000	476,805	—	(41,193,253)	(1,500,000)	(3,424,378)	22,359,174
	HK$1.16	19.02.2016	15.03.2016 to 18.02.2026	—	—	98,904,095	—	(1,007,170)	(5,942,302)	91,954,623
	HK$1.324	29.03.2016	18.04.2016 to 28.03.2026	—	—	1,611,472	—	—	1,712,189	3,323,661
				192,148,000	1,366,946	110,877,229	(109,177,229)	(6,414,991)	—	188,799,955
Exercisable at the end of the year				132,268,000						108,353,448
Weighted average exercise price (HK$)				2.88	2.88	1.18	3.47	2.19	—	1.56

52. Share-Based Payment Transactions (Continued)

52a. The Company (Continued)

(I) Equity-settled share option scheme (Continued)

(ii) Share Option Scheme (Continued)

Notes:

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

(b) On 19 February 2016 and 29 March 2016, the Company modified certain of its previously granted share options as follows:

(i) On 19 February 2016, (1) a total of 98,904,095 share options (the "Outstanding Options 1") previously granted by the Company to its directors and employees (the "Grantees") under the Share Option Scheme on 12 January 2011, 15 July 2011 and 24 March 2014, which had not been exercised or lapsed since they were granted, were cancelled (the "Cancelled Share Options 1"); and (2) a total of 98,904,095 new share options (the "Replacement Share Options 1") were granted under the Share Option Scheme to the Grantees in replacement of the Outstanding Options 1. All the Grantees had given their written consent to cancel their respective Outstanding Options 1.

(ii) On 29 March 2016, (1) a total of 10,273,134 share options (the "Outstanding Options 2") previously granted by the Company to the Grantees under the Share Option Scheme on 12 January 2011, 15 July 2011 and 24 March 2014, which had not been exercised or lapsed since they were granted, were cancelled (the "Cancelled Share Options 2"); and (2) a total of 10,273,134 new share options (the "Replacement Share Options 2") were granted under the Share Option Scheme to the Grantees in replacement of the Outstanding Options 2. All the Grantees had given their written consent to cancel their respective Outstanding Options 2.

(iii) In addition, 1,700,000 share options (the "New Options") was granted to one of the Directors on 29 March 2016 and the fair value of the options determined at the date of grant using the Binomial Lattice Model was HK$1,254,000 (equivalent to RMB1,054,000).

On 19 February 2016 and 29 March 2016, the Company granted a total of 109,177,229 Replacement Share Option 1 and Replacement Share Option 2 to the Grantees under the Share Option Scheme. The validity period of the options is ten years, from 19 February 2016 to 18 February 2026 and from 29 March 2016 to 28 March 2026, respectively. The option will entitle the Grantees to subscribe for a total of 98,904,095 and 10,273,134 new shares at an exercise prices of HK$1.16 and HK$1.324 per share of the Company, respectively. The fair value of the Cancelled Share Option 1 and Cancelled Share Option 2 was approximately HK$32,027,000 (equivalent to RMB26,933,000) at the dates of cancellation and the fair value of the Replacement Share Option 1 and Replacement Share Option 2 was approximately HK$62,592,000 (equivalent to RMB52,637,000) at the date of grant, respectively. The incremental fair value at date of grant of HK$30,565,000 (equivalent to RMB25,704,000) will be expensed over the vesting periods subject to a vesting scale in tranches of one-fifth of the shares starting from 15 March 2016 and 18 April 2016 and then the first, second, third and fourth anniversary dates of the date of grant, respectively. In addition, the share-based payment expenses in relation to original share options will be expensed over the remainder of the original vesting period.

52. Share-Based Payment Transactions (Continued)

52a. The Company (Continued)

(I) Equity-settled share option scheme (Continued)

(ii) Share Option Scheme (Continued)

Notes: (Continued)

(b) (Continued)

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

	Replacement Share Options 1 granted on 19 February 2016	Cancelled Share Options 1 granted on 12 January 2011	Cancelled Share Options 1 granted on 15 July 2011	Cancelled Share Options 1 granted on 24 March 2014
Number of options granted (cancelled)	**98,904,095**	(4,532,265)	(51,365,671)	(43,006,159)
Closing share prices immediately before date of grant	**HK$1.16**	HK$1.16	HK$1.16	HK$1.16
Exercise price (per share)	**HK$1.16**	HK$3.296	HK$4.071	HK$2.867
Risk-free interest rate	**1.438%**	1.122%	1.163%	1.331%
Expected life	**10 years**	4.89 years	5.40 years	8.09 years
Expected volatility	**65.49%**	61.12%	59.83%	65.49%
Expected dividend yield	**0%**	0%	0%	0%

	New Options granted on 29 March 2016	Replacement Share Options 2 granted on 29 March 2016	Cancelled Share Options 2 granted on 12 January 2011	Cancelled Share Options 2 granted on 15 July 2011	Cancelled Share Options 2 granted on 24 March 2014
Number of options granted (cancelled)	**1,700,000**	10,273,134	(1,007,170)	(1,007,170)	(8,258,794)
Closing share prices immediately before date of grant	**HK$1.25**	HK$1.25	HK$1.25	HK$1.25	HK$1.25
Exercise price (per share)	**HK$1.324**	HK$1.324	HK$3.296	HK$4.071	HK$2.867
Risk-free interest rate	**1.402%**	1.402%	1.109%	1.144%	1.290%
Expected life	**10 years**	10 years	4.78 years	5.29 years	7.98 years
Expected volatility	**65.33%**	65.33%	61.30%	60.36%	65.33%
Expected dividend yield	**0%**	0%	0%	0%	0%

52. Share-Based Payment Transactions (Continued)

52a. The Company (Continued)

(I) Equity-settled share option scheme (Continued)

(ii) Share Option Scheme (Continued)

Notes: (Continued)

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

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

Ms. Sun Wei, who was an employee of the Company, was appointed as an executive director of the Company on 9 September 2016. Upon appointment, her entitlement of 1,510,755 share options and 1,712,189 share options (1,500,000 share options and 1,700,000 share options before adjustment for the Rights Issue) granted on 16 February 2009 and 24 March 2014, respectively, and 1,712,189 share options granted on 19 February 2016, were transferred from those held by employees to directors accordingly.

Mr. Shu Hua resigned as an executive director and remains as an employee of the Company during the year ended 31 December 2016. Upon resignation, his entitlement of 1,510,755 share options and 1,712,189 share options (1,500,000 share options and 1,700,000 share options before adjustment of the Rights issue) granted on 16 February 2009 and 24 March 2014, respectively, and 1,712,189 share options granted on 29 March 2016, were transferred from those held by directors to employees accordingly.

(II) Equity-settled share award scheme

(iii) Share award scheme

The Company adopted the Scheme on the Adoption Date for a duration of the later of (i) the 10th anniversary of the Adoption Date, and (ii) such date that all awards outstanding are fully vested, settled, lapsed, forfeited or cancelled. The purpose of the Scheme is, through the grant of the share awards to certain of the Directors and employees ("Eligible Persons") of the Group, to effectively attract, retain and incentivise core employees of the Group and align their interests and growth with the Group as a whole.

The Company has entered into a trust deed with the Trustee for the purpose of facilitating the purchase, holding and sale of shares in the Group for the benefit of the Eligible Persons of the Group. The maximum number of shares that can be held by the Trustee under the Scheme is limited to 2% of the issued share capital of the Company from time to time. All the shares purchased by the Group through the Trustee on the Stock Exchange are recorded as shares held for the share award scheme in the Group's reserves and are for the Scheme only.

52. Share-Based Payment Transactions (Continued)

52a. The Company (Continued)

(II) Equity-settled share award scheme (Continued)

(iii) Share award scheme (Continued)

The board of the directors of the Company (the "Board") may, from time to time, at its absolute discretion, select any Eligible Persons to participate in the Scheme as grantees ("Award Grantees"), subject to the terms and conditions set out in the rule of the Scheme. In determining the Award Grantees, the Board shall take into consideration matters including, but without limitation, the present and expected contribution of the relevant Award Grantees to the Group. An Award Grantee may be granted an award by the Company during the award period which will vest over a period of time and on such other conditions to be determined by the Board in its absolute discretion.

The Board may from time to time while the Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested thereunder. Details of the Scheme are set out in the announcement of the Company dated 16 January 2017. For the purpose of the Scheme, during the year ended 31 December 2017, the Company purchased its own ordinary shares through the Trustee as follows:

Month of purchase	**Number of ordinary shares**	**Aggregate consideration paid**	**Equivalent aggregate consideration paid**
		HK$'000	RMB'000
May 2017	182,998,888	163,258	141,692
June 2017	40,000,000	32,729	28,405

No award shares were granted during the year ended 31 December 2017.

(III) Cash-settled share award scheme

US Equity Incentive Plan granted by GCL US II

GCL Solar Materials US II, LLC ("GCL US II") adopted an equity plan on 31 March 2017 ("Plan Date") pursuant to a resolution passed on the same date for the purpose of providing incentives to eligible employees and will expire on the later of (i) the sixth anniversary of adoption date, or (ii) such date that all class B units of GCL US II ("Class B Units") outstanding are fully vested, settled, lapsed, forfeited or cancelled (as the case may be) (the "US Equity Incentive Plan"). Under the US Equity Incentive Plan, the board of directors of GCL US II may grant Class B Units of GCL US II to eligible employees. Class B Units shall be non-voting and the aggregate number of Class B Units authorised for issuance shall be 12,750,000 which represents up to 10% of the fully diluted equity of GCL US II as of the closing date of the SunEdison Agreement on 31 March 2017 (i.e. US$127,500,000).

During the year ended 31 December 2017, GCL US II issued Class B Units to the grantees of the US Equity Incentive Plan (the "US Grantees") which will be vested in full in three years with one-third to be vested on each of the first, the second and the third anniversary of the Plan Date, respectively.

52. Share-Based Payment Transactions (Continued)

52a. The Company (Continued)

(III) Cash-settled share award scheme (Continued)

US Equity Incentive Plan granted by GCL US II (Continued)

Movement of Class B Units granted during the year is as follows:

	Number of Class B Units
Outstanding at 1 January 2017	—
Granted during the year	12,830,724
Forfeited during the year	(2,517,286)
Outstanding at 31 December 2017	10,313,438

The US Grantee shall be entitled, on the first and second anniversaries of the Plan Date, to sell 50% of the Class B Units vested to GCL US II or another member of the Group selected by GCL US II at a price equal to US$1 each (the "Floor Price"). The Grantee shall be entitled on the third anniversary of the Plan Date to sell all the vested Class B Units to GCL US II or another member of the Group selected by GCL US II at the higher of valuation of the Class B Units as of the third anniversary of the Plan Date or the Floor Price. If, on the third anniversary of the Plan Date, the Group at its sole and absolute discretion, does not intend to make an IPO of the solar material business unit in the USA in the 36 months following the third anniversary of the Plan Date, GCL US II shall purchase all the vested Class B Units at the price set out above. Valuation shall include GCL Solar Materials US I, LLC, GCL US II, GCL Solar Materials US III, LLC, GCL Solar Materials US IV, LLC and assets and operations acquired pursuant to the SunEdison Agreement, however and wherever held by the Group and take into account all monetisation transactions as defined in the US Equity Incentive Plan for the purposes of valuation.

In the event there is an IPO prior to the sixth anniversary of the Plan Date and Class B Units are outstanding at the time of such IPO, such Class B Units will be converted into shares of common stock of the company whose shares are sold in the IPO (the "New IPO Company"). The Group will set the conversion rate of Class B Units into shares of the common stock of the New IPO Company upon the conversion date. If there are any vested Class B Units remaining as of the sixth anniversary of the Plan Date and there has been no IPO by that time, there shall be a valuation and GCL US II shall purchase all the remaining vested Class B Units at the price determined based on the higher of valuation of the Class B Units as of the six anniversary of the Plan Date or the Floor Price.

The settlement for the vested Class B Units shall be made, in the sole discretion of GCL US II in (i) cash; (ii) shares of a Group entity that is publicly listed in the USA or (iii) a combination of (i) and (ii).

In the opinion of the Directors, the fair value of the outstanding Class B Units as at 31 December 2017 is not higher than US$1. The Group has recorded liabilities of RMB30,887,000 (2016: nil) in its consolidated statement of financial position as at 31 December 2017 and the same amount as share-based payment expenses in respect of the cash-settled share award.

52. Share-Based Payment Transactions (Continued)

52b. Share option plan of GNE

Equity-settled share option scheme

GNE'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 the directors of GNE and eligible employees. Under the New Share Option Scheme, the board of directors of GNE may grant options to eligible employees, including the directors of GNE, to subscribe for shares in GNE. Additionally, GNE may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to GNE.

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 GNE 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 GNE in issue at the date of approval of the New Share Option Scheme. The maximum entitlement for any one participant is that the total number of shares issued or to be issued upon exercise of the options granted to each participant in any twelve-month period shall not exceed 1% of the total number of shares in issue.

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

On 23 October 2014, GNE 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 of GNE. 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 shares, respectively.

On 24 July 2015, GNE 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 of GNE. 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 of shares of GNE.

52. Share-Based Payment Transactions (Continued)

52b. Share option plan of GNE (Continued)

Equity-settled share option scheme (Continued)

The following table discloses movements of GNE's share options:

2017

				Number of share options		
	Exercise price	Date of grant	Exercise Period	Outstanding at 1 January 2017	During the year Forfeited	Outstanding at 31 December 2017
Directors	HK$1.1798	23.10.2014	24.11.2014 to 22.10.2024	58,382,800	—	58,382,800
	HK$0.606	24.7.2015	24.07.2015 to 23.07.2025	48,618,780	—	48,618,780
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014 to 22.10.2024	263,286,296	(26,171,600)	237,114,696
	HK$0.606	24.7.2015	24.07.2015 to 23.07.2025	294,319,774	(47,048,484)	247,271,290
				664,607,650	(73,220,084)	591,387,566
Exercisable at the end of the year				197,784,821		236,720,109
Weighted average exercise price (HK$)				0.8837	0.8111	0.8927

52. Share-Based Payment Transactions (Continued)

52b. Share option plan of GNE (Continued)

Equity-settled share option scheme (Continued)

2016

	Exercise price (Note a)	Date of grant	Exercise Period	Number of share options: Outstanding at 1 January 2016	During the year: Adjusted for the rights issue (Note)	During the year: Forfeited	Outstanding at 31 December 2016
Directors	HK$1.1798	23.10.2014	24.11.2014 to 22.10.2024	70,000,000	462,000	(12,079,200)	58,382,800
	HK$0.606	24.7.2015	24.07.2015 to 23.07.2025	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 to 22.10.2024	324,720,000	2,143,152	(63,576,856)	263,286,296
	HK$0.606	24.7.2015	24.07.2015 to 23.07.2025	399,180,000	2,634,588	(107,494,814)	294,319,774
				844,900,000	5,576,340	(185,868,690)	664,607,650
Exercisable at the end of the year				157,888,000			197,784,821
Weighted average exercise price (HK$)				0.8798	0.8741	0.8396	0.8837

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

During the current year, share-based payment expense of RMB47,242,000 (2016: RMB98,466,000) has been recognised in profit or loss. In addition, certain share options granted to employees have been forfeited after the vesting period, and respective share options reserve of approximately RMB61,450,000 (2016: RMB31,263,000) are transferred to the Group's accumulated profits from share options reserve and non-controlling interests.

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

53. 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 flow 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				
	Dividend payables RMB'000 (note 32)	Interest payables RMB'000 (note 32)	Amounts due to related companies (non-trade) RMB'000 (note 33) (Note b)	Bank and other borrowings RMB'000 (note 36)	Obligations under finance leases RMB'000 (note 37)	Notes and bonds payables RMB'000 (note 38)	Convertible bonds payables RMB'000 (note 40)	Bills receivable discounted to banks with full recourse RMB'000 (note 47) (Note c)	Interest payables RMB'000	Bank and other borrowings RMB'000	Obligations under finance leases RMB'000	Amount due to a shareholder of a subsidiary under PCB business RMB'000	Total RMB'000
At 1 January 2017	38,773	187,839	291,837	32,458,821	2,513,440	5,121,345	2,012,997	820,734	—	181,003	65,760	17,890	43,710,439
Financing cash flows (Note a)	(105,841)	(1,013,777)	(248,885)	14,285,776	(1,002,004)	(604,645)	(404,255)	2,961,368	(5,667)	627	(25,841)	—	13,836,856
Loss on fair value change of convertible bonds payables	—	—	—	—	—	—	156,515	—	—	—	—	—	156,515
Exchange realignment	—	—	—	(203,277)	(21,226)	—	—	—	—	—	—	(658)	(225,161)
Finance costs (note 8)	—	661,451	—	1,280,384	146,392	312,714	—	140,079	5,667	—	1,690	—	2,548,377
Interest capitalised (note 8)	—	338,509	—	—	—	—	—	—	—	—	—	—	338,509
Dividends declared to non-controlling interests	183,631	—	—	—	—	—	—	—	—	—	—	—	183,631
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)
Non-cash settlements	(87,785)	—	—	—	—	—	—	(2,361,052)	—	—	—	—	(2,448,837)
	28,778	174,022	42,952	48,403,793	1,636,602	4,829,414	1,765,257	1,561,129	—	—	—	—	58,441,947

Notes:

(a) The cash flows from dividends payables, interest payables, amounts due to related companies, bank and other borrowings, obligations under finance leases, notes and bonds payables and convertible bonds payables from continuing operations make up the net amount of proceeds and repayments in the consolidated statement of cash flows.

(b) The balance at 1 January 2017 presented has excluded an amount of RMB13,734,000 relating to purchase of machinery and equipment in prior years which was fully settled during the year.

(c) During the reporting period, the Group has discounted bills receivable amounting to RMB3,101,447,000 to banks for short term financing. At the end of the reporting period, the associated borrowings amounted to RMB1,561,129,000. The related cash flow of these borrowings are presented as operating cash flows in the consolidated statement of cash flows as the management considers the cash flows are in substance, the receipts from trade customers.

54. Events After Reporting Period

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

(i) On 30 November 2017, GIC Investment Limited ("GIC"), a wholly-owned subsidiary of the Company, entered into a subscription agreement with Asia Energy Logistics Group Limited ("Asia Energy"), whose shares are listed on the Stock Exchange, pursuant to which GIC agreed to subscribe for and Asia Energy agreed to issue the convertible bonds in the principal amount of HK$100,000,000 (equivalent to RMB83,590,000) with a term of 3 years with interest at 5.5% per annum payable semi-annually.

The conditions precedent as specified in the subscription agreement have been fulfilled and the subscription was completed on 2 March 2018.

(ii) On 26 February 2018, the Company through its direct wholly-owned subsidiary, Stand Virtue Limited ("Stand Virtue"), entered into a subscription agreement with Millennial Lithium Corp. ("Millennial"), pursuant to which Stand Virtue agreed to:

(1) subscribe for 1,636,213 units in the capital of Millennial for an aggregate consideration of approximately Canadian dollars ("C$") 5,727,000, with each unit being comprised of one common share in Millennial and one half of one warrant and each warrant entitling the holder to purchase one common share in Millennial at a specific price for a specific period; and

(2) if the over-allotment option is exercised, subscribe for up to a further 186,301 units in Millennial for C$3.50 per unit up to a maximum consideration of approximately C$652,000.

Further details of the subscription agreement are set out in the Company's announcement dated 26 February 2018.

(iii) On 7 March 2018, Lamtex published an announcement that it has entered into a placing agreement with a placing agent pursuant to which the placing agent agreed to place on a best effort basis for a total of up to 170,000,000 new shares of Lamtex at the placing price of HK$0.43 per share. Assuming that all of the new shares would be placed in full and no further shares would be issued or repurchased before completion of the placing, the Group's equity interest in Lamtex would be diluted to 22.27% immediately after completion of the placing. Further details of the placing are set out in Lamtex's announcement dated 7 March 2018.

55. Retirement Benefits Schemes

(a) The PRC

The Group's full-time employees in the PRC are covered by a government sponsored defined contribution pension scheme, and are entitled to a monthly pension from their retirement dates. The PRC Government is responsible for the pension liability to these retired employees. The Group is required to make annual contributions to the retirement plan at a rate of 12% to 20% (2016: 12% to 20%) of employees' salaries, which are charged to profit or loss as an expense when the contributions are due.

(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 USA

In 2015, GNE established a 401(k) savings trust plan ("401(k) Plan"), a defined contribution plan and is funded by employers and employees, which is a defined contribution plan in the USA that qualifies as an 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

GNE 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 contribution 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 USA 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 RMB88,249,000 (2016: RMB93,948,000).

56. Related Party Disclosures

During the year, the Group entered into the following material transactions with related parties:

	2017 RMB'000	2016 RMB'000
Continuing operations		
Transactions with companies in which Mr. Zhu Gongshan and his family have control:		
Construction-related services cost	**(49,256)**	(10,200)
Consultancy service fee expense	**(10,818)**	(10,368)
Management fee expense	**(8,915)**	(10,216)
Purchase of property, plant and equipment	**(4,929)**	(640)
Purchases of steam (Note)	**(569,194)**	(607,103)
Purchase of coal (Note)	**(653,181)**	(247,391)
Purchase of coal capacity (Note)	**—**	(40,000)
Purchase of desalted water	**(1,267)**	(1,585)
Rental income	**14,408**	14,060
Sales of wafer	**1,556,833**	447,961
Transactions with joint ventures:		
Purchase of polysilicon	**(58,226)**	—
Sales of property, plant and equipment	**55,029**	—
Interest income	**9,984**	9,649

Details of balances and other arrangements with related parties are disclosed in the consolidated statement of financial position from pages 110 to 111 and notes 28 and 33.

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

57. Particulars of Principal Subsidiaries

57a. General information of subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group 2017 %	Attributable equity interest held by the Group 2016 %	Principal activities
Directly held:					
Incorporated in the Cayman Islands					
Universe Solar Energy Holdings Inc. 環宇光伏電力控股有限公司	Cayman Islands/ Hong Kong	US$10,500	**100**	100	Investment holding
Incorporated in the British Virgin Islands					
Elite Time Global Ltd. 傑泰環球有限公司	British Virgin Islands	US$1	**100**	100	Investment holding
Indirectly held:					
Solar material business ***Established in the PRC***					
Jiangsu Zhongneng	PRC	RMB7,052,031,330	**99.55**	100	Manufacture and sale of polysilicon
Jiangsu GCL Silicon Material Technology Development Co., Ltd. 江蘇協鑫硅材料科技發展有限公司	PRC	RMB3,099,650,000	**99.55**	100	Manufacture and sale of ingot and wafer
Konca Solar Cell Co., Ltd. 高佳太陽能股份有限公司	PRC	RMB1,184,570,000	**74.85**	70.19	Manufacture and sale of ingot and wafer
Changzhou GCL Photovoltaic Technology Co., Ltd.* 常州協鑫光伏科技有限公司	PRC	RMB717,978,274	**99.55**	100	Manufacture and sale of wafer
Suzhou GCL Photovoltaic Technology Co., Ltd. 蘇州協鑫光伏科技有限公司	PRC	RMB990,298,120	**99.55**	100	Manufacture and sale of wafer
GCL-Poly (Suzhou)	PRC	RMB4,940,000,000	**99.55**	100	Investment holding and trading of wafer
Henan GCL Photo voltaic Technology Co., Ltd.* 河南協鑫光伏科技有限公司	PRC	RMB373,500,000	**99.55**	100	Manufacture and sale of ingot
GCL (Nanjing) Solar Energy Technology Co., Ltd. 協鑫(南京)太陽能科技有限公司	PRC	RMB250,000,000	**99.55**	100	Manufacture and trading of solar cell and module
Taicang GCL Photovoltaic Technology Co., Ltd. 太倉協鑫光伏科技有限公司	PRC	RMB958,775,000	**99.55**	100	Manufacture and sale of wafer
Funing GCL Photovoltaic Technology Co., Ltd.* 阜寧協鑫光伏科技有限公司	PRC	RMB312,621,612	**99.55**	100	Manufacture and sales of solar products
Ningxia GCL Monocrystalline Silicon Technology Development Co., Ltd.* 寧夏協鑫晶體科技有限公司	PRC	RMB$301,000,000	**99.55**	90	Manufacture and sales of solar products
Yangzhou GCL Photovoltaic Technology Company Limited* 揚州協鑫光伏科技有限公司	PRC	RMB$514,678,595	**99.55**	100	Manufacture and sale of wafer

57. Particulars of Principal Subsidiaries (Continued)

57a. General information of subsidiaries (continued)

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group 2017 %	2016 %	Principal activities
Indirectly held: (Continued)					
Solar material business (Continued)					
Established in the PRC (Continued)					
Suzhou GCL Technology Development Co., Ltd.* 蘇州協鑫科技發展有限公司	PRC	RMB900,000,000	**99.55**	100	Manufacture and sale of wafer
GCL-Poly Silicon Material (Taicang) Co., Ltd.* 保利協鑫硅材料(太倉)有限公司	PRC	US$34,000,000	**100**	100	Trading of solar products
Xinjiang GCL New Energy Material Technology Co., Ltd.* 新疆協鑫新能源材料科技有限公司	PRC	RMB1,500,000,000	**69.68**	100	Manufacture and sale of polysilicon
Incorporated in Hong Kong					
GCL Solar Energy Technology Holdings Limited 協鑫光伏電力科技控股有限公司	Hong Kong	HK$1	**100**	100	Investment holding
Konca Solar Cell (H.K.) Co., Ltd. 高佳太陽能(香港)有限公司	Hong Kong	HK$20,000,000	**74.85**	70.19	Trading of wafer
Corner Star Limited 各星有限公司	Hong Kong	HK$1	**99.55**	100	Own a technical know-how
Solar farm business					
Established in the PRC					
GCL-Poly (Sangri) Solar Power Co., Ltd.* 保利協鑫(桑日)光伏電力有限公司	PRC	RMB62,000,000	**100**	100	Operation of solar farm
Xuzhou GCL Solar Energy Co., Ltd.* 徐州協鑫光伏電力有限公司	PRC	RMB84,000,000	**100**	100	Operation of solar farm
Jiangsu Guoneng Solar Technology Co., Ltd.* 江蘇國能新能源科技有限公司	PRC	RMB10,000,000	**100**	100	Operation of solar farm
Suzhou GCL-Poly Solar Energy Investment Ltd.* 蘇州保利協鑫光伏電力投資有限公司	PRC	RMB422,000,000	**100**	100	Investment holding
Datong Xian GCL Solar Energy Co., Ltd.* 大同縣協鑫光伏電力有限公司	PRC	RMB144,600,000	**100**	100	Operation of solar farm
Baoying Xingneng Renewable Energy Co., Ltd.* 寶應興能可再生能源有限公司	PRC	RMB52,800,000	**100**	100	Operation of solar farm
Funing Xinneng Solar Energy Co., Ltd.* 阜寧新能光伏電力有限公司	PRC	RMB52,800,000	**100**	100	Operation of solar farm

57. Particulars of Principal Subsidiaries (Continued)

57a. General information of subsidiaries (continued)

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group 2017 %	Attributable equity interest held by the Group 2016 %	Principal activities
Indirectly held: (Continued)					
Solar farm business (Continued)					
Established in the PRC (Continued)					
Ningxia Qingyang New Energy Co., Ltd.* 寧夏慶陽新能源有限公司	PRC	RMB170,000,000	**51**	51	Operation of solar farm
Huocheng Xian Tukai New Energy Technology Development Co., Ltd.* 霍城縣圖開新能源科技開發有限公司	PRC	RMB49,380,000	**51**	51	Operation of solar farm
Ningxia Hengyang New Energy Co., Ltd. 寧夏恒陽新能源有限公司	PRC	RMB49,800,000	**100**	100	Operation of solar farm
Datong Xian Xinneng Solar Energy Co., Ltd.* 大同縣鑫能光伏電力有限公司	PRC	RMB32,600,000	**100**	100	Operation of solar farm
GCL Solar System (Suzhou) Limited* 協鑫太陽能系統集成(蘇州)有限公司	PRC	US$2,200,000	**100**	100	Trading of solar products
Incorporated in Hong Kong					
GCL Solar Energy Limited 協鑫光伏有限公司	Hong Kong	HK$1	**100**	100	Investment holding
Incorporated in the USA					
GCL Solar	USA	US$2,000,000	**100**	100	Construction and sales of solar farm projects
Incorporated in Luxembourg					
Berimor Investments S.a.r.l.	Luxembourg	US$2,000,000	**100**	100	Investment holding
New energy business					
Incorporated in Hong Kong					
協鑫新能源國際有限公司 GCL New Energy International Limited	Hong Kong	HK$1	**62.28**	62.28	Investment holding
協鑫新能源發展有限公司 GCL New Energy Development Limited	Hong Kong	HK$1	**62.28**	62.28	Investment holding
協鑫新能源管理有限公司 GCL New Energy Management Limited	Hong Kong	HK$1	**62.28**	62.28	Investment holding
協鑫新能源貿易有限公司 GCL New Energy Trading Limited	Hong Kong	HK$1	**62.28**	62.28	Investment holding

57. Particulars of Principal Subsidiaries (Continued)

57a. General information of subsidiaries (continued)

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
			2017 **%**	2016 %	
Indirectly held: (Continued)					
New energy business ***Established in the PRC***					
協鑫新能源投資(中國)有限公司 GCL New Energy Investment (China) Co., Ltd.	PRC	US$889,000,000	**62.28**	62.28	Investment holding
Nanjing GCL New Energy	PRC	US$1,188,000,000 (2016: US$789,000,000)	**62.28**	62.28	Investment holding
Suzhou GCL New Energy	PRC	RMB12,928,250,000 (2016: RMB12,000,000,000)	**57.81**	62.28	Investment holding
南京協鑫新能源科技有限公司 Nanjing GCL New Energy Technology Co., Ltd.	PRC	RMB300,000,000	**62.28**	62.28	Investment holding
安龍縣茂安新能源發展有限公司 Anlung Maoan New Energy Development Co., Ltd.	PRC	RMB60,000,000	**62.28**	62.28	Operation of solar farms
包頭市中利騰暉光伏發展有限公司 Baotou Zhongli Photovoltaic Co., Ltd.*	PRC	RMB110,000,000 (2016: RMB10,000,000)	**62.28**	62.28	Operation of solar farms
冊亨協鑫光伏電力有限公司 Ceheng Solar Power Co., Ltd.*	PRC	RMB130,000,000	**62.28**	62.28	Operation of solar farms
德令哈協合光伏發電有限公司 Delingha Century Concord Photovoltaic Power Co., Ltd.*	PRC	RMB222,000,000	**62.28**	62.28	Operation of solar farms
汾西縣協鑫光伏電力有限公司 Fenxi GCL Photovoltaic Power Co., Ltd	PRC	RMB130,000,000	**62.28**	62.28	Operation of solar farms
阜南協鑫光伏電力有限公司 Funan GCL Photovoltaic Power Co., Ltd.	PRC	RMB165,000,000	**62.28**	62.28	Operation of solar farms
Gaotang*	PRC	RMB1,000,000	**62.28**	62.28	Operation of solar farms
哈密耀輝光伏電力有限公司 Hami Yaohui Photovoltaic Company., Ltd.*	PRC	RMB181,960,000	**62.28**	62.28	Operation of solar farms
海峰縣協鑫光伏電力有限公司 Haifeng GCL Solar Power Co., Ltd.*	PRC	RMB155,900,000	**62.28**	62.28	Operation of solar farms
海南天利科新能源項目投資有限公司 Hainan Tianlike New Energy Project Investment Co., Ltd.*	PRC	RMB76,000,000	**62.28**	62.28	Operation of solar farms

57. Particulars of Principal Subsidiaries (Continued)

57a. General information of subsidiaries (continued)

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
			2017 %	2016 %	
Indirectly held: (Continued)					
New energy business (Continued) ***Established in the PRC (Continued)***					
Shineng*	PRC	RMB60,000,000	62.28	62.28	Operation of solar farms
邯能廣平縣光伏電力開發有限公司 Hanneng Guangping Solar Energy Development Limited *	PRC	RMB130,000,000	62.28	62.28	Operation of solar farms
橫山晶合太陽能發電有限公司 Hengshan Jinghe Solar Energy Co., Ltd.*	PRC	RMB222,000,000	60.01	59.79	Operation of solar farms
湖北省麻城市金伏太陽能電力有限公司 Hubei Macheng Jinfu Solar Energy Limited*	PRC	RMB191,000,000	62.28	62.28	Operation of solar farms
華容縣協鑫光伏電力有限公司 Huarong Xian GCL Solar Power Co., Ltd*	PRC	RMB157,500,000	62.28	62.28	Operation of solar farms
淮北鑫能光伏電力有限公司 Huaibei Xinneng Solar Power Co., Ltd.*	PRC	RMB90,000,000	62.28	62.28	Operation of solar farms
江陵縣協鑫光伏電力有限公司 Jiangling Xian GCL Solar Power Co., Ltd.*	PRC	RMB230,000,000 (2016: RMB150,000,000)	62.28	62.28	Operation of solar farms
靖邊縣順風新能源有限公司 Jingbian Shunfeng New Energy Limited*	PRC	RMB68,550,000	59.17	59.17	Operation of solar farms
靖邊協鑫光伏電力有限公司 Jingbian GCL Solar Power Co., Ltd.*	PRC	RMB80,000,000	62.28	62.28	Operation of solar farms
開封華鑫新能源開發有限公司 Kaifeng Huaxin New Energy Development Co., Ltd.*	PRC	RMB200,000,000	62.28	62.28	Operation of solar farms
Lanxi Solar*#	PRC	RMB30,000,000	62.28	—	Operation of solar farms
黎城協鑫光伏電力有限公司 Licheng GCL Solar Energy Limited*	PRC	RMB52,540,000	62.28	62.28	Operation of solar farms
Xinchuang*	PRC	RMB107,000,000	62.28	62.28	Operation of solar farms
臨城協鑫光伏發電有限公司 Lincheng GCL Photovoltaic Power Co., Ltd.*	PRC	RMB61,260,000	62.28	62.28	Operation of solar farms
羅甸協鑫光伏電力有限公司 Luodian GCL Solar Power Co., Ltd.*#	PRC	RMB57,200,000	62.28	—	Operation of solar farms

57. Particulars of Principal Subsidiaries (Continued)

57a. General information of subsidiaries (continued)

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
			2017 %	2016 %	
Indirectly held: (Continued)					
New energy business (Continued) ***Established in the PRC (Continued)***					
勐海協鑫光伏農業電力有限公司 Menghai GCL Solar Agricultural Power Co., Ltd.*	PRC	RMB85,000,000	**62.28**	62.28	Operation of solar farms
內蒙古香島新能源發展有限公司 Inner Mongolia Xiangdao New Energy Development Company Limited*	PRC	RMB273,600,000	**56.11**	56.05	Operation of solar farms
寧夏金禮光伏電力有限公司 Ningxia Jinli Photovoltaic Electric Power Co., Ltd.*	PRC	RMB86,830,000	**62.28**	62.28	Operation of solar farms
寧夏金信光伏電力有限公司 Ningxia Jinxin Photovoltaic Electric Power Co., Ltd.*	PRC	RMB126,300,000	**62.28**	62.28	Operation of solar farms
寧夏盛景太陽能科技有限公司 Ningxia Shengjing Solar Power Technology Company Limited.*	PRC	RMB75,000,000	**56.05**	56.05	Operation of solar farms
寧夏中衛協鑫光伏電力有限公司 Ningxia Zhongwei GCL Solar Power Co., Ltd.*	PRC	RMB61,600,000	**62.28**	—	Operation of solar farms
平山縣世景新能源有限公司 Pingshan Shijing New Energy Ltd.*	PRC	RMB78,760,000	**62.28**	62.28	Operation of solar farms
平邑富翔光伏電力有限公司 Pingyi*	PRC	RMB60,000,000	**62.28**	62.28	Operation of solar farms
淇縣協鑫新能源有限公司 Qixian GCL New Energy Ltd.*	PRC	RMB84,000,000	**62.28**	62.28	Operation of solar farms
汝陽協鑫新能源有限公司 Ruyang GCL New Energy Ltd.*	PRC	RMB146,000,000 (2016: RMB84,000,000)	**62.28**	62.28	Operation of solar farms
汝州協鑫光伏電力有限公司 Ruzhou GCL Photovoltaic Power Co., Ltd.*	PRC	RMB150,000,000	**62.28**	62.28	Operation of solar farms
芮城縣協鑫光伏電力有限公司 Ruicheng Xian GCL Solar Power Co., Ltd.*	PRC	RMB134,000,000	**62.28**	62.28	Operation of solar farms
三門峽協立光伏電力有限公司 San Men Xia Xie Li Solar Power Co., Ltd.*	PRC	RMB65,000,000	**62.28**	62.28	Operation of solar farms

57. Particulars of Principal Subsidiaries (Continued)

57a. General information of subsidiaries (continued)

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
			2017 %	2016 %	
Indirectly held: (Continued)					
New energy business (Continued) ***Established in the PRC (Continued)***					
山西佳盛能源股份有限公司 Shanxi Jiasheng Energy Holding Ltd.*	PRC	RMB50,000,000	59.79	59.79	Operation of solar farms
上林協鑫光伏電力有限公司 Shanglin GCL Solar Power Co., Ltd.*	PRC	RMB84,800,000 (2016: RMB81,380,000)	62.28	62.28	Operation of solar farms
尚義元辰新能源開發有限公司 Shangyi Yuanchen New Energy Development Company Limited*	PRC	RMB400,650,000 (2016: RMB30,000,000)	62.28	59.17	Operation of solar farms
Shenmu Jingfu*#△	PRC	RMB75,400,000	49.82	—	Operation of solar farms
Shenmu Jingpu*#△	PRC	RMB266,400,000	49.82	—	Operation of solar farms
神木市平西電力有限公司 Shen Mu Ping Xi Power Co., Ltd. Pingxi*	PRC	RMB20,000,000	62.28	62.28	Operation of solar farms
神木市平元電力有限公司 Shen Mu Ping Yuan Power Co., Ltd Pingyuan*	PRC	RMB20,000,000	62.28	62.28	Operation of solar farms
石城協鑫光伏電力有限公司 Shicheng GCL Solar Power Co., Ltd.*△	PRC	RMB112,838,100	43.60	43.60	Operation of solar farms
天長市協鑫光伏電力有限公司 Tianchang GCL Solar Energy Limited*	PRC	RMB63,960,000	62.28	62.28	Operation of solar farms
烏拉特後旗源海新能源有限責任公司 Wulate Houqi Yuanhai New Energy Limited*	PRC	RMB50,000,000	62.28	62.28	Operation of solar farms
新安縣協鑫光伏電力有限公司 Xinan Xian GCL Solar Power Co., Ltd.*	PRC	RMB120,000,000	62.28	62.28	Operation of solar farms
宿州協鑫光伏電力有限公司 Suzhou GCL Solar Power Co., Ltd.	PRC	RMB74,000,000	62.28	62.28	Operation of solar farms
鹽邊鑫能光伏電力有限公司 Yanbian Xinneng Solar Power Co., Ltd.*	PRC	RMB56,000,000	62.28	62.28	Operation of solar farms
Baiwu*	PRC	RMB113,000,000 (2016: RMB80,000,000)	62.28	62.28	Operation of solar farms

57. Particulars of Principal Subsidiaries (Continued)

57a. General information of subsidiaries (continued)

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
			2017 %	2016 %	
Indirectly held: (Continued)					
New energy business (Continued) ***Established in the PRC (Continued)***					
余干縣協鑫新能源有限責任公司 Yugan GCL New Energy Limited*	PRC	RMB139,300,000	**62.28**	62.28	Operation of solar farms
盂縣晉陽新能源發電有限公司 Yuxian Jinyang New Energy Power Generation Co., Ltd.*	PRC	RMB171,800,000	**61.66**	61.66	Operation of solar farms
榆林隆源光伏電力有限公司 Yulin Longyuan Solar Energy Limited*	PRC	RMB465,000,000	**62.28**	62.28	Operation of solar farms
榆林市榆神工業區東投能源有限公司 Yulin Yushen Industrial Area Energy Co., Ltd.*	PRC	RMB170,000,000	**62.28**	62.28	Operation of solar farms
元謀綠電新能源開發有限公司 Yuanmou Green Power New Energy Development Limited*△	PRC	RMB85,000,000	**49.82**	49.82	Operation of solar farms
鄆城鑫華能源開發有限公司 Yuncheng Xinhua Energy Development Co., Ltd.*	PRC	RMB1,000,000	**62.28**	56.05	Operation of solar farms
張家港協鑫光伏電力有限公司 Zhang Jia Gang GCL Photovoltaic Power Co., Ltd.*	PRC	RMB72,414,000	**62.28**	62.28	Operation of solar farms
正藍旗國電光伏發電有限公司 Zhenglanqi State Power Photovoltaic Company Limited *	PRC	RMB125,000,000	**61.55**	61.66	Operation of solar farms
中利騰暉海南電力有限公司 Zhongli Tenghui Hainan Solar Power Co., Ltd.*	PRC	RMB105,500,000	**62.28**	62.28	Operation of solar farms

* English name for identification only
\# Newly established in 2017
△ Despite the Group indirectly hold less than 50% of the effective equity interest of these companies, the Group considers to exercise control over these companies through GNE as GNE holds more than 50% of the equity interest.

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.

57. Particulars of Principal Subsidiaries (Continued)

57b. Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of a non-wholly owned subsidiary of the Group that has material non-controlling interests:

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
GNE	Bermuda and Hong Kong	**37.72%**	37.72%	**325,926**	75,982	**3,549,654**	1,884,661
Individually immaterial subsidiaries with non-controlling interests				**50,910**	89,350	**982,708**	688,465
				376,836	165,332	**4,532,362**	2,573,126

Summarised financial information in respect of GNE is set out below. The summarised financial information below represents amounts before intragroup eliminations and fair value adjustments arising from the acquisition of GNE.

	2017 **RMB'000**	2016 RMB'000
Current assets	**10,721,035**	10,738,998
Non-current assets	**44,713,309**	30,739,180
Current liabilities	**(20,026,144)**	(18,017,373)
Non-current liabilities	**(26,612,258)**	(17,041,201)
Equity attributable to owners of GNE	**(5,620,870)**	(4,572,954)
Non-controlling interests	**(3,175,072)**	(1,846,650)

57. Particulars of Principal Subsidiaries (Continued)

57b. Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

	2017 RMB'000	2016 RMB'000
Revenue — continuing operations	**3,942,280**	2,246,425
Expenses — continuing operations	**(3,038,018)**	(1,937,026)
Profit (loss) for the year from discontinued operations	**77,112**	(168,659)
Profit for the year	**981,374**	140,740
Profit (loss) for the year attributable to owners of GNE		
— 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		
— owners of perpetual notes	**131,400**	4,846
— other non-controlling interests	**8,535**	5,508
Profit for the year	**981,374**	140,740
Other comprehensive expense attributable to owners of GNE	**(129,869)**	(10,959)
Other comprehensive expense attributable to the other non-controlling interests	**—**	—
Other comprehensive expense for the year	**(129,869)**	(10,959)
Total comprehensive income attributable to owners of GNE	**711,570**	119,427
Total comprehensive income attributable to the owners of perpetual notes	**131,400**	4,846
Total comprehensive income attributable to other non-controlling interests	**8,535**	5,508
Total comprehensive income for the year	**851,505**	129,781
Dividends paid to non-controlling interests	**—**	—
Net cash inflow from operating activities	**1,854,127**	450,154
Net cash outflow from investing activities	**(13,354,230)**	(9,714,424)
Net cash inflow from financing activities	**11,888,037**	11,154,682
Net cash inflow	**387,934**	1,890,412

58. Statement of Financial Position and Reserves of the Company

Statement of financial position

	31 December 2017 RMB'000	31 December 2016 RMB'000
NON-CURRENT ASSETS		
Interest in subsidiaries (Note)	**27,832,978**	26,387,606
Interest in an associate	**172,100**	—
Amounts due from Trustee	**170,097**	—
Deposits prepayments and other non-current assets	**—**	104,055
Pledged bank deposits	**65,342**	—
Restricted bank deposits	**32,671**	34,685
	28,273,188	26,526,346
CURRENT ASSETS		
Prepayments and deposits	**15,589**	6,826
Amounts due from subsidiaries	**1,451,785**	638,843
Available-for-sale investments	**99,808**	112,922
Bank balances and cash	**2,197,241**	1,720,396
	3,764,423	2,478,987
CURRENT LIABILITIES		
Other payables	**46,956**	53,289
Amounts due to subsidiaries	**3,972**	—
Bank borrowings — due within one year	**532,198**	2,358,580
Convertible bonds payable	**839,615**	—
	1,422,741	2,411,869
NET CURRENT ASSETS	**2,341,682**	67,118
TOTAL ASSETS LESS CURRENT LIABILITIES	**30,614,870**	26,593,464
NON-CURRENT LIABILITIES		
Bank borrowings — due after one year	**2,055,444**	—
Convertible bonds payable	**—**	1,154,537
	2,055,444	1,154,537
NET ASSETS	**28,559,426**	25,438,927
CAPITAL AND RESERVES		
Share capital (note 41)	**1,632,181**	1,631,804
Reserves	**26,927,245**	23,807,123
TOTAL EQUITY	**28,559,426**	25,438,927

Note: The interest in subsidiaries included amounts due from subsidiaries which are not expected to be realised within twelve months after the respective reporting periods.

58. Statement of Financial Position and Reserves of the Company (Continued)

Movement in the Company's reserves

	Share premium RMB'000	Capital reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2016	28,295,359	19,206	190,846	(7,251,498)	21,253,913
Loss and total comprehensive expense for the year	—	—	—	(59,658)	(59,658)
Issue of new shares through Rights Issue (as defined in note 41)	2,647,352	—	—	—	2,647,352
Transaction costs attributable to the issuance of Right Issue	(61,541)	—	—	—	(61,541)
Recognition of share-based payment expenses in respect of share options (note 52b)	—	—	27,057	—	27,057
Forfeitures of share options	—	—	(5,647)	5,647	—
At 31 December 2016	30,881,170	19,206	212,256	(7,305,509)	23,807,123
Profit and total comprehensive expense for the year	**—**	**—**	**—**	**3,104,287**	**3,104,287**
Recognition of share-based payment expenses in respect of share options (note 52b)	**—**	**—**	**13,536**	**—**	**13,536**
Exercise of share option	**3,165**	**—**	**(866)**	**—**	**2,299**
Forfeitures of share options	**—**	**—**	**(47,841)**	**47,841**	**—**
At 31 December 2017	**30,884,335**	**19,206**	**177,085**	**(4,153,381)**	**26,927,245**

Note: Differences between the reserves of the Company and of the Group, as disclosed in the consolidated statement of changes in equity, represented the consolidation adjustments arising from the reverse acquisition by GCL Solar in 2009. For more details, please refer to 2009 annual report of the Group.

CORPORATE INFORMATION

Chairman

Zhu Gongshan

Executive Directors

Zhu Gongshan
Zhu Zhanjun *(CEO)*
Ji Jun
Zhu Yufeng
Sun Wei
Yeung Man Chung, Charles *(CFO & Company Secretary)*
Jiang Wenwu
Zheng Xiongjiu

Independent Non-Executive Directors

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

Composition of Board Committees

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Corporate Governance Committee

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

Strategy & Investment Committee

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

Company Secretary

Yeung Man Chung, Charles

Authorized Representatives

Zhu Zhanjun
Yeung Man Chung, Charles

Auditor

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

Registered Office

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

Principal Place of Business in Hong Kong

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

Cayman Islands Principal Share Registrar and Transfer Office

SMP Partners (Cayman) Limited
3rd Floor, Royal Bank House
24 Shedden Road
P.O. Box 1586, Grand Cayman
KY1-1110, Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Legal Advisers to the Company

As to Hong Kong law

Freshfields Bruckhaus Deringer
55th Floor,
One Island East
Taikoo Place, Quarry Bay
Hong Kong

As to Cayman Islands law

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

As to PRC law

Grandall Legal Group (Beijing)
9th Floor, Taikang Financial Tower
No. 38 North Road East Third Ring
Chaoyang District
Beijing, 100026
PRC

Company's Website

www.gcl-poly.com.hk

INFORMATION FOR INVESTORS

Listing information

Listing: Main Board of the Hong Kong Stock Exchange Limited
Stock Code: 3800

Share Information

Board Lot Size: 1,000 shares
Shares Outstanding as at 31 December 2017: 18,592,021,200 shares

Financial Calendar

15 March 2018: Announcement of 2017 Annual Results
16 April 2018: Publication of Annual Report
28 May 2018: Annual General Meeting

Enquiries Contact

IR Department

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GLOSSARY OF TERMS

"Board" or "Board of Directors"	our board of Directors
"China" or "PRC"	the People's Republic of China, for the purposes of this report, excludes Hong Kong and Macau Special Administrative Region of the PRC
"Company, GCL-Poly"	GCL-Poly Energy Holdings Limited
"Director(s)"	director(s) of the Company or any one of them
"GNE"	GCL New Energy Holdings Limited, a limited liability company incorporated in Bermuda with its shares listed in the Stock Exchange Hong Kong Limited (Stock Code: 451)
"GNE Group"	GCL New Energy Holdings Limited and its subsidiaries
"Group"	the Company and its subsidiaries
"GW"	gigawatts
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MT"	metric tonnes
"MW"	megawatts
"MWh"	megawatt hour
"PRC"	the People's Republic of China
"PV"	photovoltaic
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S."	United States of America
''W''	watts

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