GCL New Energy

GCL New Energy Holdings Limited
協鑫新能源控股有限公司

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

Bringing Green Power to life

2020 INTERIM REPORT

About GCL New Energy

- A renowned privately-owned solar IPP in China which owned and operated a national portfolio of 208 solar power plants across 25 provinces, together with solar power plants in the US, the total installed capacity was approximately 7.0GW (Subsidiaries: approximately 5.6GW; Joint ventures and associates: approximately 1.4GW) as of 30 June 2020

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

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

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

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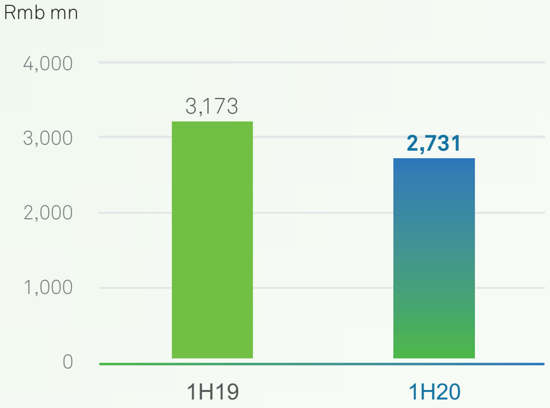
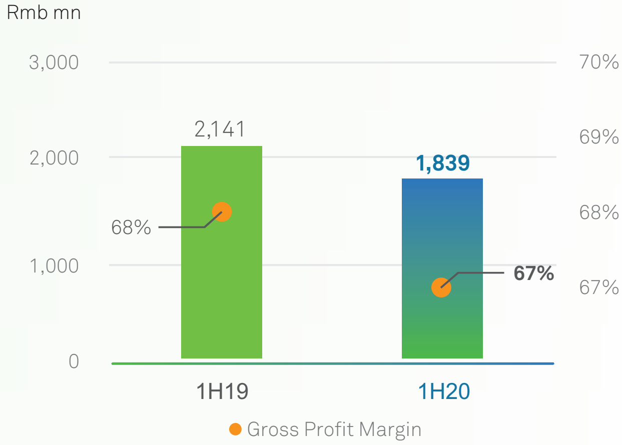
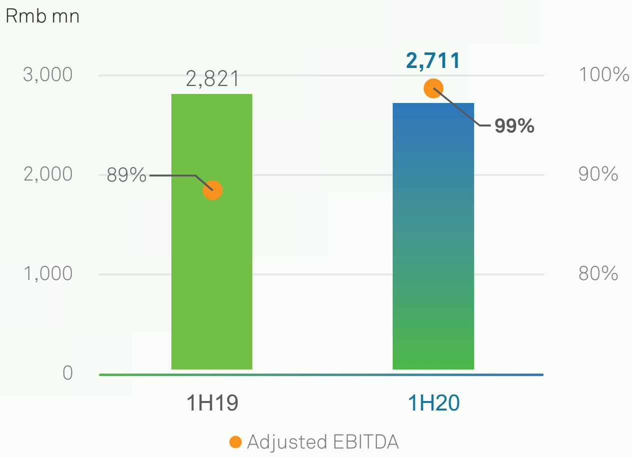


Gross Profit

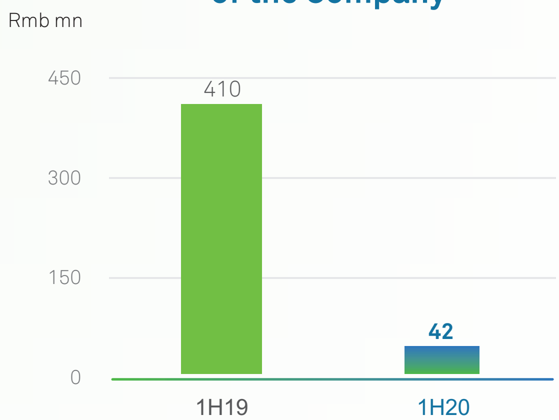


Adjusted EBITDA

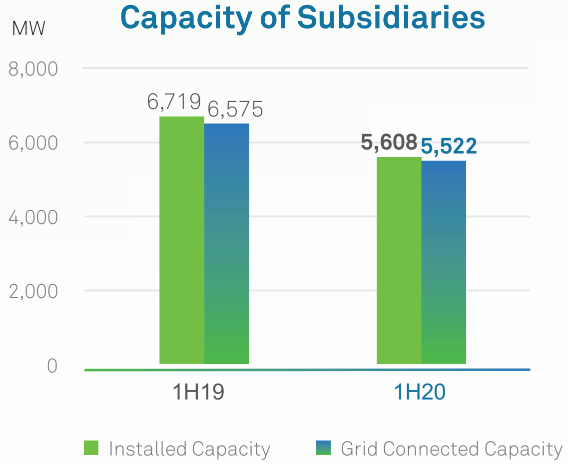


Note: Adjusted EBITDA does not include non-operating items

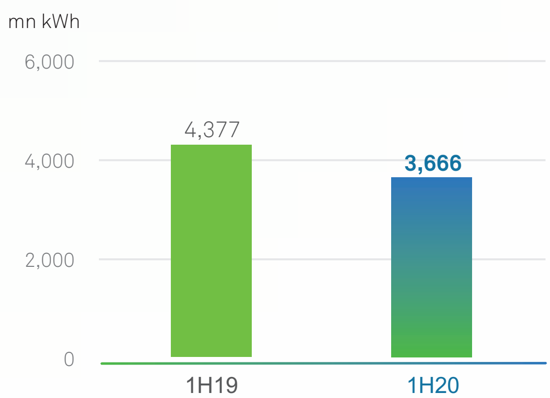
Profit Attributable to Owners of the Company



Installed & Grid Connected Capacity of Subsidiaries



Electricity Sales of Subsidiaries



Business Review

In the first half of 2020, the outbreak of the novel coronavirus pneumonia ("COVID-19") epidemic had a significant and unprecedented impact on the domestic and world economy. With the spread of the epidemic, many market players are facing unprecedented pressure. Confronted with the complicated and severe situation at home and abroad, GCL New Energy continued to actively move towards the clear goal of "lowering debt" and sustaining a stable cash flow to fully promote the implementation of strategic transformation through actively accelerating the development of asset disposal, and successfully strode a strategic step.

For the six months ended 30 June 2020 (the "Period"), after deducting the disposed assets, the total installed capacity of the Group was approximately 7,043MW, of which approximately 5,608MW was from subsidiaries and approximately 1,435MW was from joint ventures and associates. Its grid connected capacity was approximately 6,957MW, of which approximately 5,522MW was from subsidiaries and approximately 1,435MW was from joint ventures and associates. The sales volume of solar electricity was approximately 3,666 million kWh, representing a year-on-year decrease of approximately 16%. During the Period, the Group recorded a year-on-year decrease of approximately 14% and approximately 90% respectively in revenue and profit attributable to owners of the Company to approximately RMB2.731 billion and approximately RMB42 million, respectively.

Leaping forward in Strategic Transformation

GCL New Energy endeavored to accelerate the development of asset disposal in the first half of 2020, and successfully reached a cooperation agreement most favorable to both parties with China Huaneng Group Co., Ltd.* (中國華能集團有限公司) ("China Huaneng Group") to create a win-win situation. On 21 January 2020, the Group announced the first phase share purchase agreements with China Huaneng Group to dispose seven solar power plants with a total installed capacity of about 294MW. Under the first phase share purchase agreements, two indirectly-owned subsidiaries of the Group agreed to sell 60% of the sale shares to Huaneng Gongrong No. 1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融一號（天津）股權投資基金合夥企業（有限合夥）) and 40% of the sale shares to Huaneng Gongrong No. 2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融二號（天津）股權投資基金合夥企業（有限合夥）) at a total consideration of approximately RMB850 million. The net cash proceeds from this transaction (excluding estimated taxes and transaction costs and including consideration, total outstanding balance and dividends payable) is expected to be approximately RMB1.08 billion which GCL New Energy intends to use for repayment of its debt. As the project-related debts of approximately RMB1.58 billion will not be consolidated into the financial statements after completion of the transaction, the financial risk will be effectively reduced. In the first phase share purchase agreements, the transaction of six solar power plants has been completed and the remaining one is expected to be completed in September 2020. After completing the transaction, GCL New Energy and China Huaneng Group will further explore other cooperation opportunities and actively push forward the disposal of other batches as both parties intend to reach and execute more agreements on solar power plants disposal in the near future.

Since 2018, GCL New Energy has unswervingly promoted its strategic transformation, actively introduced strategic investors to develop the asset disposal of solar power plants, and gradually achieved satisfactory results. At the project level, in addition to the cooperation with China Huaneng Group, in 2018 and 2019, the Group disposed a total asset of approximately 1.6GW to CGN Solar Energy Development Co., Ltd.* (中廣核太陽能開發有限公司), China Three Gorges New Energy Co., Ltd.* (中國三峽新能源有限公司), Wuling Power Corporation Ltd.* (五凌電力有限公司) and Shanghai Rongyao New Energy Co., Ltd.* (上海榕耀新能源有限公司) respectively to recover a total cash of approximately RMB2.65 billion (net of transaction costs) for the repayment of debts. As the debts related to such projects will no longer be consolidated, thereby reducing the scale of debts by approximately RMB9.43 billion in aggregate. As the Group continued to provide operation and maintenance services for most of the disposed solar power plant projects, stable management fees are generated every year to increase its source of revenue. GCL New Energy reinforced the strategic cooperation with domestic centralized management enterprises and local state-owned enterprises. Through the strong alliances to leverage on the complementary advantages of the strategic partners to accelerate capital inflow and replace the related debts of the solar power plant projects, thereby reducing the financing costs and enhancing the yield of projects, which laid a solid foundation for embracing the enormous opportunities arising from solar power gird parity in the future.

* *English name for identification purpose only*

Larger Capacity to be Included in the Subsidy Catalogue

China's solar power industry holds a leading position in the world. However, the substantial development of solar power capacities in the past few years and the increasingly expansion of subsidy shortfall of national renewable energy development fund have led to industry issues, such as delay of subsidy payment and so on. In order to promote the sustainable, healthy and orderly development of the solar power industry, the government initiated large-scale disbursements, expanded subsidy programs, and actively put more efforts to resolve the arrears of subsidies for solar power generation in the second half of 2020, which are expected to effectively refrain the subsidy shortfall of the national renewable energy development fund from further expanding and speed up the payment of delayed subsidies.

In July 2020, the Ministry of Finance ("MOF") issued the "Notice Regarding the Release of the Renewable Energy Electricity Tariff Surcharge Subsidy Budget in 2020*" (《關於下達二零二零年度可再生能源電價附加補助資金預算的通知》) (the "Notice"), announcing the budget arrangement, fund application, and fund allocation principles and methods for the renewable energy tariff surcharge subsidy in 2020. The Notice is a specific arrangement for the redemption of renewable energy subsidies and further clarifies the new methods and procedures based on the requirements of the two documents, being Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (《關於促進非水可再生能源發電健康發展的若干意見》) and the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (《可再生能源電價附加資金管理辦法》), jointly issued by MOF, National Development and Reform Commission ("NDRC") and National Energy Administration ("NEA") in early 2020. According to the Notice, the total budget of the national renewable energy tariff surcharge subsidy in 2020 is approximately RMB92.4 billion, with a year-on-year increase of 7%, of which approximately RMB47.3 billion will be allocated for the solar power projects, accounting for approximately 51%. Besides, the Notice also specifies the first seven batches of the National Renewable Energy Tariff Surcharge Subsidy Catalogue (the "Subsidy Catalogue") will be allocated the subsidy funds payable to each project in equal proportion. In order to ensure that the subsidy funds will be timely distributed on an annual basis, the subsidies will be allocated by the MOF to the State Grid Corporation of China ("State Grid"), China Southern Power Grid Co., Ltd. and provincial finance departments in accordance with the annual surcharge income budget for renewable energy. And the grid enterprises will distribute the subsidies according to the sequence of the projects list. It is generally believed that optimizing the subsidy payment process is expected to allow subsidies to be released on a regular basis, and allocation of a massive amount of subsidy will enable the delay of subsidy payment of existing projects to be resolved soon, and gradually mitigate the cash flow pressure on solar power generators caused by the delay of subsidy payment.

In addition, the "Notice on Relevant Review Work on the Projects List of Renewable Energy Power Generation Subsidies*" (《關於開展可再生能源發電補貼項目清單有關工作的通知》) announced by the MOF in March 2020 clarified the conditions for entering the first batch of project list of subsidy for the renewable energy power generation in 2020. All solar power plant projects accepted for application must be connected to the grid by end of July 2017. Subsequently, the State Grid published an announcement in June 2020 on the first batch of project list of subsidy for renewable energy power generation in 2020. The installed capacity of the Group that is included in the project list of subsidy is about 1.5GW, including approximately 0.8GW that was included in the project list as of 30 June 2020. In addition, as of 30 June 2020, the total capacity of GCL New Energy's power plants included in the national Subsidy Catalogue has reached approximately 1,912MW, of which approximately 1,384MW is listed in the seventh batch of the Subsidy Catalogue or before, and approximately 528MW in the Subsidy Catalogue for solar power poverty alleviation projects. As the projects subsidy application is still in progress, the Group expects that more power plants will be included in the Subsidy Catalogue and more related receivables will be in collection.

During the Period, the gearing ratio of the Group decreased by approximately 1 percentage point to approximately 80.8% from the end of last year. With the Group's collection of the proceeds from the disposal of solar power plant projects, the expansion in scale of power plants included in the Subsidy Catalogue and the increase in related receivables, the liquidity is expected to be significantly improved.

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Striving to Sustain a Stable Cash Flow

Affected by COVID-19 epidemic along with the challenging financial market in the first half of 2020, GCL New Energy adopted all effective measures to further strengthen the overall management and use of funds, improve the efficiency of funds, and continuously optimize its financial structure in light of the adverse impact from various changes, so as to sustain a stable cash flow. During the Period, as the Group's demand for new financing was significantly reduced and with the decrease in total interest-bearing debts due to the reduction in scale of solar power plants upon completion of asset disposal, the total finance cost decreased by approximately 8% year on year to RMB1.325 billion.

Grid Parity Bringing Incremental Market Potential

The government actively promotes energy revolution and resolutely develops a green, low-carbon, safe and efficient energy system, to optimize energy structure and achieve green and low-carbon development. The report of the 19th National Congress of CPC stated for the first time that "China's economy has shifted from a phase of rapid growth to a stage of high-quality development", a pivotal stage for transforming our growth model, improving our economic structure, and fostering new drivers of growth. The development of national renewable energy has achieved remarkable results during the "13th Five-Year Plan" period, with the installed capacity of solar power and technology leading the world. Driven by advancement of technology, the cost of solar power generation decreased rapidly and there remains potential for lowering cost of global solar power generation, meaning that solar power generation will soon achieve grid parity and has the potential to become the most competitive form of energy.

In July 2020, NEA announced the competitive bidding result of solar power generation projects in 2020, declaring supported installed capacity of 26GW and a total of approximately 434 projects were included in the scope of government bidding subsidies in 2020. The bidding result of solar power generation projects reflected that although the aggregate subsidies of solar power in 2020 was only about RMB1 billion, it was able to support projects with installed capacity of approximately 26GW, as compared to the aggregate subsidies of solar power of approximately RMB1.7 billion in 2019, which could only support projects with installed capacity of approximately 23GW, meaning that the efficacy of cost reduction in domestic solar power industry was obvious.

Given the subsidy bidding refers to a priority to support the projects with stronger tariff recession, in the condition of certain total subsidy capital amount and with grid parity as its important competitive condition, to promote tariff recession and expand market scale, therefore, the publication of the first batch of project list of grid parity in 2020 signified the reach of grid parity in China. The advent of grid parity will lower the risk of delayed subsidy payment and uncertainties of allocation incurred from investment in solar power plant projects, making the return of investment in solar power plants to be more predictable, the cash flow to be more stable and the project return to be more visible. The Group believes that the reach of grid parity will be a major turning point for the entire solar power industry and will fuel the expansion of solar capacity.

Meanwhile, NDRC and NEA published in August 2020 the list of solar power generation grid parity projects in 2020, defining the capacity of solar grid parity projects amounts to 33.1GW. The installed capacity of solar parity projects not only exceeded market expectations, but also the installed capacity of subsidized bidding projects for the first time, marking the official advent of solar grid parity.

OUTLOOK

Due to the COVID-19 epidemic, global economy is in a downturn. But as the domestic epidemic is effectively controlled and economic incentive measures take effect, domestic economy is gradually getting rid of the impact of the epidemic. In July 2020, China Electricity Council issued the "National Power Supply and Demand Situation Analysis and Forecast Report in First Half of 2020*" (《二零二零年上半年全國電力供需形勢分析預測報告》), revealing that the steady recovery of domestic economic operations in the second quarter of 2020 has brought significant increase in electricity consumption throughout the society. And the report predicts that the growth rate of electricity consumption in the second half of 2020 will be higher than that in the first half, and total electricity consumption will have a year-on-year

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increase of approximately 6%, total electricity consumption of the entire year will have a year-on-year increase of 2% to 3%. Although domestic industries were inevitably affected by the epidemic, GCL New Energy believes solar power industry will recover vitality in the near future as clean energy is the future development direction and solar power has been given priority to generate electricity and was guaranteed by a full-amount guaranteed buyout.

During the "13th Five-Year Plan" period, favorable policies promoted the rapid development of the solar power industry. However, due to national subsidy shortfall, a large number of existing solar power plants were not included in the Subsidy Catalogue in time. During the "14th Five-Year Plan" period, NEA will make every effort to promote the grid companies and other relevant departments and enterprises to complete the right confirmation of relevant projects as soon as possible and clarify the relevant subsidy issuing mechanism, and make every effort to promote the innovation of subsidy sources and payment mechanism, and the mixed ownership reform of state-owned enterprises and private enterprises to give full play to the role of financial institutions, while creating innovative financial products such as asset securitization of receivable, carbon market trading, pilot energy option trading, and new energy subsidy treasury bonds issuance, etc., as well as promoting the launch of green electricity certificate transactions under the quota system for improvement of green energy consumption, and enhancing the social awareness and responsibility of new energy consumption so as to reduce the operating cost of new energy enterprises.

As the development of renewable energy is green, low-carbon emission and efficient, the utilization rate of renewable energy has been gradually improved, and the development of renewable energy such as solar power energy has been continuously promoted. China's solar power industry is currently in a transitional period to grid parity, the government has been implementing a series of policies to address the issues arising in the solar power industry to meet the needs of renewable energy development. In June 2020, NDRC and NEA jointly issued the Notice on the Renewable Energy Power Consumption Duties in Provincial Administrative Regions in 2020* (《關於各省級行政區域二零二零年可再生能源電力消納責任權重的通知》), which clearly requires provinces (regions and cities) to actively promote the construction of renewable energy power in their regions, and promote the market players accountable for consumption to actively perform duties of consumption and complete the task of renewable energy power consumption, and be resolute in the grid-connected consumption, trans-provincial and trans-regional transmission and all kinds of market transactions. With the establishment of a comprehensive guarantee mechanism of renewable energy consumption, it will be conducive to accelerate the construction of clean, low-carbon, safe and efficient energy system, promote the development of renewable energy, and strive for greater consumption of renewable energy. With benefits from the national policies, the rapid development of solar technology in the whole industry chain, the continuous improvement of cell efficiency and the continuous increase of module conversion efficiency, solar power generation has entered into high-quality development, which provides strong support for domestic solar power generation to reach grid parity, and the development of grid parity is unstoppable.

As a leading solar energy company, the Group has strong scientific research capabilities and sound technical know-how in development and construction. Facing the new models and new markets brought about by grid parity, the Group will continue to deepen the promotion of management services business, actively introduce strategic partners, and take advantage of each other's complementary resource advantages in financing and other aspects to jointly develop grid parity projects based on the actual market conditions. Through joint development, entrusted development, share transfer, completion and resale, etc., it facilitates partnership in construction of different types of solar power plant projects with an aim to maximizing asset returns.

Meanwhile, the Group will expedite its asset disposal and continue to "lowering debt" and sustaining a stable cash flow as its development priority in the future. The Group expects that the first phase of share purchase transactions with China Huaneng Group will be completed in the second half of 2020. After the transaction is completed, the Group will further explore other cooperation opportunities with China Huaneng Group in the future, and actively promote other disposals. The Group will also actively cultivate other new strategic cooperation opportunities and explore more feasible cooperation with other state-owned enterprises. These measures are expected to enable the Group to effectively overcome the pressure on cash flow, strengthen its own corporate advantages, and lay a solid foundation for GCL New Energy to continue maintaining its leading position in the development of domestic green and clean energy.

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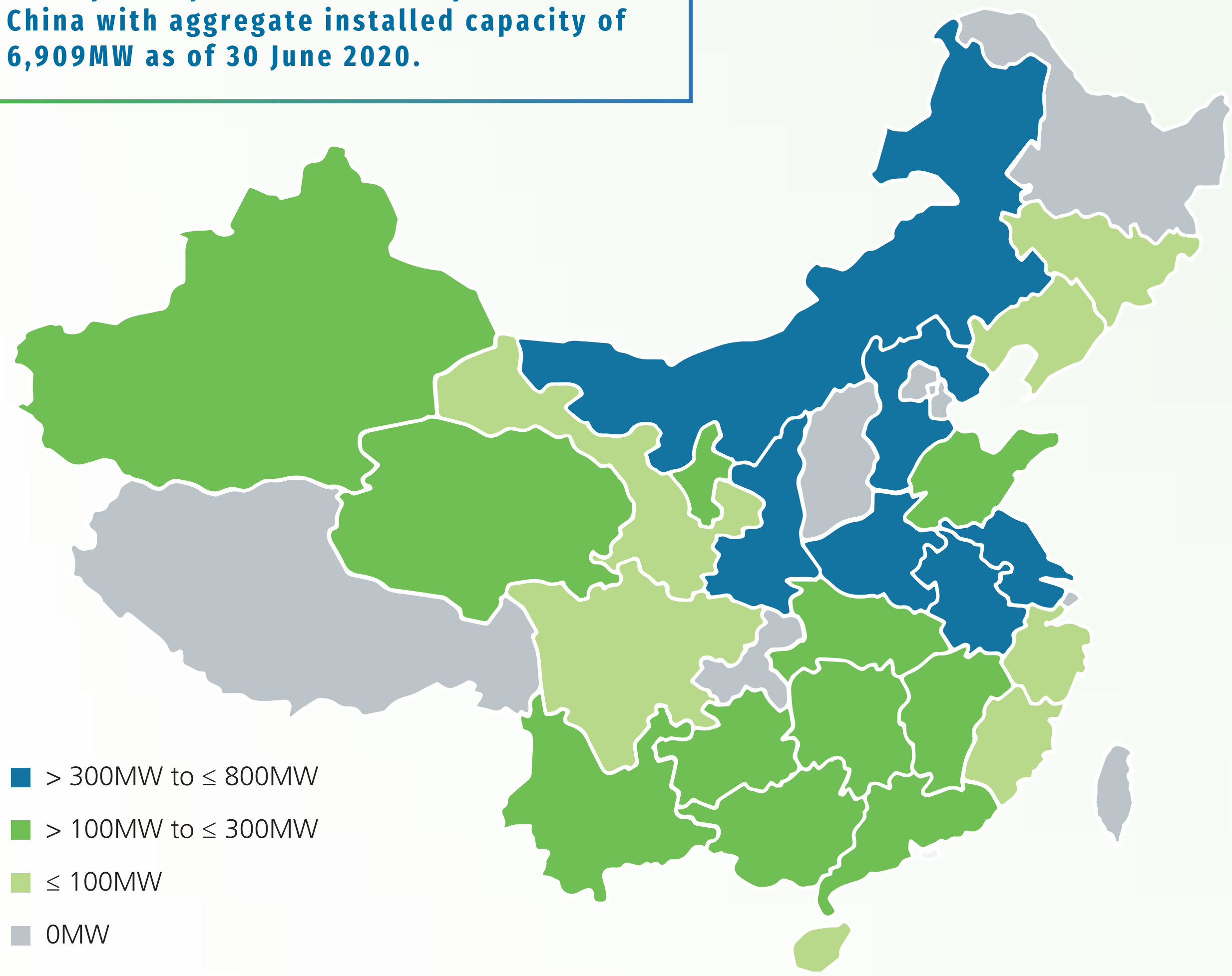
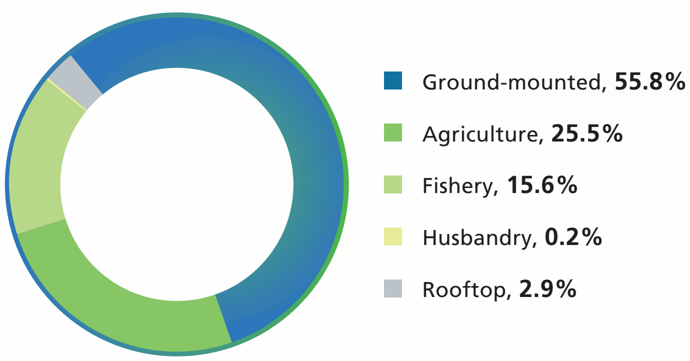
Projects Overview in China

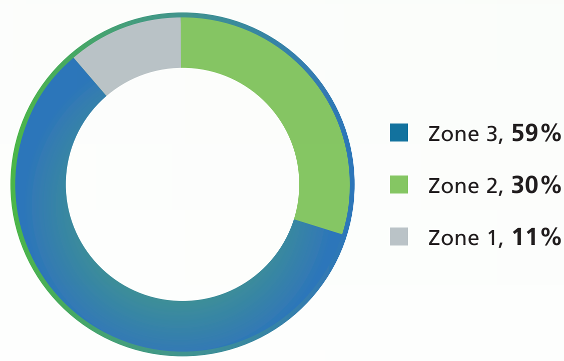
GCL New Energy owned and operated 208 solar power plants accross 25 provinces in China with aggregate installed capacity of 6,909MW as of 30 June 2020.



Total Capacity by Project Type



Total Capacity by Zone



Total Installed Capacity in China: 6,909MW

Management Discussion and Analysis

Overview

For the six months ended 30 June 2020, profit for the period was decreased by 67%, from RMB571 million in the same period of last year to RMB191 million in the current period. The decrease in profit for the period was mainly attributable to the combined effect of the following:

1. the grid connected capacity was decreased from 6.6GW as at 30 June 2019 to 5.5GW as at 30 June 2020, representing a decrease of 17% in our business scale. Our sales volume of electricity and the revenue of the Group were decreased proportionally by 16% and 14%, respectively. The drop in our business scale led to a decrease in gross profit by RMB302 million, from RMB2,141 million in the same period of last year to RMB1,839 million in the current period. The gross profit margin remained stable at 67.3%, as compared to 67.5% for the six months ended 30 June 2019;

2. the decrease in administrative expenses by 49%, from RMB373 million to RMB189 million, mainly due to drop in our business scale and costs cutting measures of the Group;

3. an increase in exchange loss of RMB60 million, from RMB16 million for the six months ended 30 June 2019 to RMB76 million for the six months ended 30 June 2020. The exchange loss is mainly caused by the appreciation of USD denominated indebtedness against RMB;

4. a loss on disposal of subsidiaries of RMB88 million for the six months ended 30 June 2020, as compared to gain on disposal of subsidiaries and joint ventures of RMB82 million for the six months ended 30 June 2019;

5. loss on measurement of assets classified as held for sale to fair value less cost to sell of approximately RMB153 million (2019: Nil); and

6. no bargain purchase was recognized for the six months ended 30 June 2020 but a bargain purchase from business combination of RMB74 million was recognized during the six months ended 30 June 2019.

Business Review

Capacity and Electricity Generation

As at 30 June 2020, the aggregate installed capacity of grid-connected solar power plants of the Group, including subsidiaries, joint ventures and associates, was 7,043MW (31 December 2019: 7,145MW). Details of capacity, electricity sales volume and revenue for the six months ended 30 June 2020 are set out below.

Subsidiaries by provinces	Tariff Zones	Number of solar power plant	Aggregate Installed Capacity[1] (MW)	Grid-connected Capacity[1] (MW)	Electricity Sales Volume (million kWh)	Average Tariff (Net of Tax) (RMB/kWh)	Revenue (RMB million)
Inner Mongolia	1	11	359	359	293	0.76	223
Qinghai	1	3	107	107	77	0.81	62
Xinjiang	1	1	20	20	63	0.74	46
Ningxia	1	6	233	233	169	0.69	117
		21	**719**	**719**	**602**	**0.74**	**448**
Qinghai	2	6	179	179	123	0.64	79
Xinjiang	2	2	47	47	32	0.80	26
Shaanxi	2	18	1,018	1,018	786	0.70	548
Yunnan	2	8	279	279	207	0.65	134
Jilin	2	4	51	51	39	0.74	29
Sichuan	2	2	85	85	69	0.80	55
Liaoning	2	3	47	47	32	0.69	22
Gansu	2	2	39	39	29	0.74	21
		45	**1,745**	**1,745**	**1,317**	**0.69**	**914**
Jiangsu	3	40	543	543	325	0.85	276
Jiangxi	3	5	192	192	93	1.01	93
Shaanxi	3	1	6	6	3	0.66	2
Hebei	3	1	21	21	15	0.46	7
Hubei	3	4	165	165	90	0.86	77
Hainan	3	3	80	80	54	0.84	45
Zhejiang	3	3	62	62	27	1.02	28
Shandong	3	6	190	190	111	0.84	93
Anhui	3	11	390	390	230	0.79	182
Henan	3	14	584	584	386	0.74	287
Guizhou	3	6	235	235	118	0.81	95
Guangdong	3	8	219	133	76	0.78	60
Hunan	3	5	101	101	44	0.83	37
Guangxi	3	3	160	160	67	0.77	52
Fujian	3	3	55	55	27	0.79	21
Shanghai	3	1	7	7	3	0.99	3
		114	**3,010**	**2,924**	**1,669**	**0.81**	**1,358**
Subtotal		**180**	**5,474**	**5,388**	**3,588**	**0.76**	**2,720**
US		2	134	134	78	0.50	39
Total of Subsidiaries		**182**	**5,608**	**5,522**	**3,666**	**0.75**	**2,759**
Joint ventures and associates[2]							
PRC		28	1,435	1,435	802	0.78	622
Total		**210**	**7,043**	**6,957**	**4,468**	**0.76**	**3,381**

	Revenue (RMB million)
Representing:	
Electricity sales	1,081
Tariff adjustment – government subsidies received and receivable	1,678
Total of subsidiaries	2,759
Less: effect of discounting tariff adjustment to present value(3)	(28)
Total revenue of the Group	2,731

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

(2) Revenue from joint ventures and associates was accounted for under "Share of profits of joint ventures" and "Share of losses of associates" in the consolidated statement of profit and loss and other comprehensive income.

(3) Certain portions of the tariff adjustment (government subsidies) will be recovered after twelve months from the reporting date. The tariff adjustment is discounted at an effective interest rate ranging from 2.45% to 2.98% per annum.

Most of the solar power plants of the Group are located in China and almost all of the revenue is contributed by the subsidiaries of State Grid. The State Grid is a State-owned enterprise in China, which possesses low default risk. Therefore, the Directors considered that the credit risk of trade receivables was minimal.

Financial Review

Revenue and Gross Profit

During the six months ended 30 June 2020, the revenue of the Group comprised sales of electricity and related tariff adjustment (i.e. government subsidies) amounting to approximately RMB2,731 million (2019: RMB3,173 million), net of effect of discounting the tariff adjustment to its present value of approximately RMB28 million (2019: RMB89 million). The decrease in revenue was mainly attributable to the disposal of solar power plants during 2019 and 2020. The grid connected capacity was decreased from 6.6GW as at 30 June 2019 to 5.5GW as at 30 June 2020. The average tariff (net of tax) for the PRC was approximately RMB0.76/kWh (2019: RMB0.74/kWh).

In terms of revenue generated by tariff zone from the PRC for the six months ended 30 June 2020, approximately 16%, 34% and 50% of revenue were generated from zone 1, zone 2 and zone 3 respectively (2019: 15%, 34% and 51%, respectively). In line 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.

The Group's gross margin for the six months ended 30 June 2020 was 67.3%, as compared to 67.5% for the six months ended 30 June 2019. The cost of sales mainly consisted of depreciation, which accounted for 82.8% (2019: 85.9%) of the cost of sales, with the remaining costs being operation and maintenance costs of solar power plants.

Other Income

During the six months ended 30 June 2020, other income mainly included imputed interest on discounting effect on tariff adjustment receivables (i.e. interest arising from contracts containing significant financing component) of RMB161 million (2019: RMB81 million), management services income for managing and operating solar power plants of related companies of RMB24 million (2019: RMB28 million) and bank interest income of RMB14 million (2019: RMB9 million).

Administrative Expenses

The administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses decreased by 49% to RMB189 million for the six months ended 30 June 2020 (2019: RMB373 million). The decrease in administrative expenses was mainly due to drop in our business scale and other cost cutting measures.

Other gains and losses, net

During the six months ended 30 June 2020, the net loss amounted to RMB352 million (2019: net gain of RMB66 million). The net loss for 2020 was mainly due to loss on measurement of assets classified as held to sale to fair value less cost to sell of RMB153 million (2019: Nil). The loss on disposal of solar power plant projects and joint ventures of RMB88 million (2019: gain on disposal of RMB82 million), and exchange losses of RMB76 million (2019: RMB16 million), mainly arising from the appreciation of USD denominated indebtedness against the reporting currency in RMB.

Bargain purchase from business combinations

During the six months ended 30 June 2019, the Group recognized a bargain purchase from business combinations of RMB74 million as the consideration paid by the Group was less than the fair value of the solar power plants acquired. The fair value was assessed by an independent professional valuer using estimated discounted cash flows generated by the solar power plant.

No bargain purchase was recognized for the six months ended 30 June 2020.

Share of profits (losses) of associates

Share of profits of associates amounted to RMB63 million (2019: losses of RMB1 million), mainly representing the share of profits from several partly held solar power plants. The Group disposed of majority of the equity interest of these solar power plants in 2019.

Finance Costs

	For the six months ended	
	30 June 2020 RMB million	30 June 2019 RMB million
Total borrowing costs	**1,325**	1,446
Less: Interest expenses capitalized	**(13)**	(27)
	1,312	1,419

Total borrowing costs decrease by 8% as compared with same period of last year. The decrease was mainly due to the decrease in average borrowing balance as a result of the disposal of solar power plants. The interest-bearing debts has been decreased from RMB37,401 million as at 30 June 2019 to RMB36,485 million as at 30 June 2020. However, the effect of the drop in average borrowing balance was partly offset by the increase in the average borrowing rate from approximately 6.9% in 2019 to approximately 7.2% in 2020.

Income Tax Expenses

Income tax expenses for the six months ended 30 June 2020 was RMB94 million (2019: RMB67 million). There is an increase in income tax expenses because some solar power plants had passed the three year's exemption period for the PRC income tax. Most of our solar power plants are exempted from the PRC income tax for three years starting from the first year when the solar power plants operate and generate taxable income, followed by a 50% reduction for the next three years.

Profit attributable to other non-controlling interests

Profit attributable to other non-controlling interests amounted to RMB67 million for the six months ended 30 June 2020 (2019: RMB80 million).

Earnings before interest expense, tax, depreciation and amortization

	For the six months ended	
	30 June 2020 **RMB million**	30 June 2019 RMB million
Adjusted EBITDA margin		
Profit for the period	**191**	571
Add: Finance costs	**1,312**	1,419
Income tax expenses	**94**	67
Depreciation and amortization	**754**	903
	2,351	2,960
Add/(less): Non-operating items		
Exchange losses, net	**76**	16
Impairment losses on properties, plants and equipment	**43**	–
Loss on measurement of assets classified as held for sale to fair value less cost to sell	**153**	–
Loss (gain) on disposal of subsidiaries with solar power plant projects	**88**	(46)
Gain on disposal of joint ventures	**–**	(35)
Bargain purchase from business combination	**–**	(74)
Adjusted EBITDA	**2,711**	2,821
Adjusted EBITDA margin	**99.3%**	88.9%

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: Nil).

Property, Plant and Equipment

Property, plant and equipment was RMB31,763 million as at 30 June 2020 and RMB35,400 million as at 31 December 2019. The decrease was mainly due to the disposal of solar power plants in 2020.

Deposits, Prepayment and Other Non-current Assets

As at 30 June 2020, non-current portion for deposits, prepayments and other non-current assets was RMB1,346 million (31 December 2019: RMB1,773 million), which mainly included approximately RMB1,288 million (31 December 2019: RMB1,716 million) for refundable value-added tax.

Contract assets

Contract assets primarily relate to the portion of tariff adjustments for electricity sold to local state grid companies in the PRC in which the relevant on-grid solar power plants are still pending for registration to the Subsidy Catalogue. Any amount previously recognized as contract assets is reclassified to trade receivables at the point at which it is registered in the Subsidy Catalogue.

Contract assets decreased from RMB5,640 million as at 31 December 2019 to RMB5,058 million as at 30 June 2020, because some solar power plants entered into the project list of subsidy for renewable energy power plants in 2020 (the "Subsidy List") (also known as the eighth batch of Subsidy Catalogue).

Trade and Other Receivables

As at 30 June 2020, trade and other receivables of RMB6,462 million (31 December 2019: RMB4,959 million) mainly included trade and bills receivables of RMB4,530 million (31 December 2019: RMB3,050 million), refundable value-added tax of RMB641 million (31 December 2019: RMB741 million) and consideration receivables from disposal of subsidiaries of RMB307 million (31 December 2019: RMB277 million).

Breakdown of tariff adjustment (i.e. government subsidies) receivables and contract assets are summarized as follows:

Tariff receivables and contract assets	Batch of subsidies	Installed Capacity as at 30 June 2020 (MW)	30 June 2020 RMB million	31 December 2019 RMB million
Trade receivables				
– Current	Poverty alleviation project	**528**	**136**	155
– Current	7th batch or before	**1,384**	**2,286**	2,441
– Current	Subsidy list in 2020 (a.k.a the 8th batch)*	**843**	**1,685**	–
Sub-total		**2,755**	**4,107**	2,596
Contract assets				
– Current	Registering for the Subsidy list in 2020 (a.k.a the 8th batch)*	**1,731**	**3,212**	–
– Current and non-current	To be registered	**988**	**1,846**	5,640
Sub-total		**2,719**	**5,058**	5,640
Total		**5,474**	**9,165**	8,236

* As at the date of this report, solar power plant projects of approximately 1.5GW was included in the project list of subsidy for renewable energy power plants in 2020.

Other Payables and Deferred Income

Other payables and deferred income decreased from RMB5,968 million as of 31 December 2019 to RMB5,279 million as of 30 June 2020. Other payables and deferred income mainly consisted of payables for purchase of plant and machinery and construction of RMB3,646 million (31 December 2019: RMB4,540 million) and deferred income of RMB401 million (31 December 2019: RMB402 million).

Liquidity and Financial Resources

The Group adopts a prudent treasury management policy to maintain sufficient working capital to cope with daily operations and meet our future development demands for capital. The funding for all its operations has been centrally reviewed and monitored at the Group level. The indebtedness of the Group mainly comprises bank and other borrowings, bonds and senior notes payable, lease liabilities and loans from related companies.

As at 30 June 2020, bank balances and cash of the Group were approximately RMB667 million (2019: RMB1,073 million). For the six months ended 30 June 2020, the Group's primary source of funding included cash generated from its operating activities and interest-bearing borrowings.

Indebtedness and gearing ratio

Solar energy business is a capital intensive industry. The business requires substantial capital investments for developing and constructing solar power plants. Thus, the average gearing ratio for the solar energy industry is relatively high.

Because of the nature of the solar energy industry in the PRC, the Group was in net current liabilities position of approximately RMB6,510 million as at 30 June 2020 (31 December 2019: 11,267 million). To address the net current liabilities position, the Group has taken several measures to generate sufficient cash inflow to the Group, which is set out in note 1B to the unaudited condensed interim consolidated financial statements.

Bank and other borrowings of approximately RMB1,435 million shall be due after twelve months from the end of the reporting period in accordance with the scheduled repayment dates as set out in the respective loan agreements but are reclassified to current liabilities as a result of the inability to respect a loan covenant by GCL-Poly Energy Holdings Limited ("GCL-Poly"), the Group's parent company, the guarantor of certain bank borrowings and thereby triggered the cross default clauses of certain bank borrowings of the Group. Accordingly, these bank borrowings became repayable on demand as at 30 June 2020. Subsequent to the end of the reporting period, GCL-Poly has fully repaid such bank borrowing. Therefore, the Directors consider that such event of default did not have any material adverse impact to the Group. Notwithstanding this, accounting reclassification of long-term borrowings of approximately RMB1,435 million as current liabilities is still required at 30 June 2020 under applicable accounting standards.

We believe that the Group has sufficient working capital to meet the financial obligations when they fall due and also the covenants. After taking into account the Group's business prospects, internal resources and measures, the audit committee of the Company believes that the Group has sufficient working capital to meet the financial obligations when they fall due within twelve months from the end of the reporting period, and it is appropriate to prepare the consolidated financial statements on a going concern basis.

The Group monitors capital based on two gearing ratios. The first ratio is calculated as net debts divided by total equity and the second ratio is calculated as total liabilities divided by total assets. The gearing ratio as at 30 June 2020 and 31 December 2019 were as follows:

	30 June 2020 RMB million	31 December 2019 RMB million
Non-current indebtedness		
Loans from related companies	**857**	918
Bank and other borrowings	**18,305**	19,410
Bonds and senior notes	**–**	3,471
Lease liabilities	**1,048**	1,095
	20,210	24,894
Current indebtedness		
Loans from related companies	**438**	646
Bank and other borrowings	**10,423**	11,523
Bonds	**3,802**	272
Lease liabilities	**111**	66
	14,774	12,507
Indebtedness for solar power plants projects classified as held for sale		
Loan from a related company – due within one year	**12**	–
Bank and other borrowings – due within one year	**743**	–
Loan from a related company – due after one year	**75**	–
Bank and other borrowings – due after one year	**649**	–
Lease liabilities	**22**	–
	1,501	–
Total indebtedness	**36,485**	37,401
Less: Cash and cash equivalents		
– continuing operations	**(667)**	(1,073)
– projects classified as held for sale	**(70)**	–
Pledged bank and other deposits		
– continuing operations	**(1,148)**	(1,701)
– projects classified as held for sale	**(8)**	–
Pledged deposits at a related company		
– continuing operations	**(3)**	(8)
– projects classified as held for sale	**(2)**	–
Net debts	**34,587**	34,619
Total equity	**10,170**	9,970
Net debts to total equity	**340%**	347%
Total liabilities	**42,686**	44,446
Total assets	**52,856**	54,416
Total liabilities to total assets	**80.8%**	81.7%

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

	30 June 2020 RMB million	31 December 2019 RMB million
Total banking and other facilities granted	**35,579**	36,283
Facilities utilized	**(35,305)**	(35,459)
Available facilities	**274**	824

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

	30 June 2020 RMB million	31 December 2019 RMB million
Renminbi ("RMB")	**30,924**	31,922
Hong Kong dollars ("HK$")	**201**	197
United States dollars ("US$")	**5,360**	5,282
	36,485	37,401

Fundraising activities

The Company has no fundraising activities during the six months ended 30 June 2020.

Pledge of Assets

As at 30 June 2020, the following assets were pledged for bank and other facilities granted to the Group:

– property, plant and equipment of RMB19,843 million (31 December 2019: RMB21,027 million);

– bank and other deposits (including deposits placed at a related company) of RMB1,161 million (31 December 2019: RMB1,709 million);

– rights to collect the sales of electricity for certain subsidiaries. As at 30 June 2020, the trade receivables and contract assets of those subsidiaries amounted to RMB8,173 million (31 December 2019: RMB4,143 million); and

– right-of-use assets of RMB12 million (31 December 2019: RMB15 million).

Besides, lease liabilities of RMB1,181 million (31 December 2019: RMB1,162 million) are recognized in respect of right-of-use assets amounting to RMB1,329 million (31 December 2019: RMB1,395 million) as at 30 June 2020 due to the adoption of IFRS 16 since 1 January 2019.

Financial Guarantees provided to related companies and third parties

As at 30 June 2020, the Group provided guarantees to its associates for certain of their bank and other borrowings with a maximum amount of RMB5,369 million (31 December 2019: RMB5,369 million). Besides, the Group also provided financial guarantees to certain third parties for certain of their bank and other borrowings amounting to RMB110 million (31 December 2019: RMB540 million) as at 30 June 2020.

Capital and Other Commitments

As at 30 June 2020, the Group's capital commitments in respect of construction commitments related to solar power plants contracted for but not provided amounted to approximately RMB669 million (2019: RMB377 million).

Material disposals

In January 2020, the Group has entered into share transfer agreements with CNI (Nanjing) Energy Development Company Limited* (中核（南京）能源發展有限公司), for the disposal of 100% equity interest in Fuyang Hengming Solar Power Company Limited* (阜陽衡銘太陽能電力有限公司) and Zhenjiang GCL New Energy Limited* (鎮江協鑫新能源有限公司) for an aggregate consideration of approximately RMB77 million. The two solar power plants have an aggregate installed capacity of approximately 40MW. The disposals were completed in the first half of 2020.

In January 2020, the Group entered into share purchase agreements with Huaneng Gongrong No. 1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融一號（天津）股權投資基金合夥企業（有限合夥）) and Huaneng Gongrong No. 2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融二號（天津）股權投資基金合夥企業（有限合夥）) for the disposal of 7 operational solar power plants in the PRC with an aggregate installed capacity of 294MW. One of the solar power plants with a capacity of 30MW has been completed during the six months ended 30 June 2020. The remaining disposals are expected to be completed in the second half of 2020.

In June 2020, the Group entered into a share purchase agreement with China Development Bank New Energy Technology Co., Ltd.* (國開新能源科技有限公司), an independent third party, to sell 75% of the equity interest of Jinhu Zhenghui Photovoltaic Co., Ltd.* (金湖正輝太陽能電力有限公司) ("Jinhu") for a consideration of approximately RMB137 million (the "Divestment"). Jinhu has a solar power plant project with installed capacity of approximately 100MW in operation. The Divestment was completed in July 2020.

Save as disclosed above, there were no other significant investments during the six months ended 30 June 2020, or plans for material investments as at the date of this report, nor were there other material acquisitions and disposals of subsidiaries during the six months ended 30 June 2020.

Events After the Reporting Period

Other than disclosed elsewhere in the Interim Financial Information, the Group has no significant event after the end of the reporting period.

* *English name for identification purpose only*

Risk Factors and Risk Management

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

1. Policy risk

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

2. Grid curtailment risk

With the growth in power generating capacity outpaced electricity consumption growth, it has led to utilization decline for power generating capacity across the country since 2014. Although solar power has a higher dispatch priority over conventional power generation in China, given electricity generated from areas with rich solar energy resources cannot be fully consumed in the provinces, and the excess electricity cannot be transmitted to other regions with higher power demand given limited power transmission capacity, grid curtailment has become an issue with high degree of concern for solar power. In this regard, the Company mainly focuses on developing solar power projects in regions with well-developed inter-province power transmission network or with strong domestic power demand such as zone 2 and 3, hence, minimizing grid curtailment risk.

3. Risk associated with tariff

Power tariff is one of the key earning drivers for the Company. Any adjustment in tariff might have an impact on the profitability of new solar power projects. Given China's National Development and Reform Commission (NDRC) targets to accelerate the technology development for solar energy 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 energy industry will finally faded out. To minimise this risk, the Company will continue to fasten technology development and implement cost control measures in order to lower development cost for new projects.

4. Risk related to high gearing ratio

Solar power generating business is a capital intensive industry, which highly relies on external financing in order to fund for the construction of solar power plant while the recovery of capital investment takes a long period of time. To cope with the gearing risk, the Company will pay close attention to the market dynamics, and to avoid any unfavorable changes to the Company. Additionally, the Company is constantly seeking alternative financing tools and pursing asset-light model to optimize our finance structure and lower its gearing ratio.

5. Risk related to interest rate

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

6. Foreign currency risk

As most of our solar power plants are located in the PRC, substantial revenues, capital expenditures, assets and liabilities are denominated in RMB. Apart from using RMB denominated loans to finance project development in the PRC, the Company also uses foreign currencies such as US dollars to inject into projects in the form of equity. As the Company has not purchased any foreign currency derivatives or related hedging instruments to hedge for foreign currencies loans, any changes in foreign currency to RMB will have impact on the Company's operating results.

7. Risk related to disputes with joint venture partners

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

Employee and Remuneration Policies

We consider our employees to be our most important resource. As at 30 June 2020, the Group had approximately 1,185 employees (31 December 2019: 1,460 employees) in the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees. Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) for the six months ended 30 June 2020 was approximately RMB139 million (30 June 2019: RMB235 million).

Our Directors

The Board consists of eleven members of which five are independent non-executive Directors, bringing in a sufficient independent voice and enhancing independent judgment. The other members are three executive Directors and three non-executive Directors. In addition, three of the Board members are female Directors, improving the gender diversity in the boardroom.

As at 30 June 2020 and up to the date of this report, the composition of the Board is set out below:

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Mr. ZHU Yufeng *(Chairman)*	Ms. SUN Wei	Mr. WANG Bohua
Mr. MO Jicai *(President)*	Mr. YEUNG Man Chung, Charles	Mr. XU Songda
Ms. HU Xiaoyan	Mr. HE Deyong	Mr. LEE Conway Kong Wai
		Mr. WANG Yanguo
		Dr. CHEN Ying

Changes in Directors' Information

Mr. Sun Xingping resigned as an executive Director, the President and a member for each of the Corporate Governance Committee, the Strategic Planning Committee and the Investment Committee of the Company with effect from 15 January 2020.

Mr. Mo Jicai was appointed as an executive Director, the President and a member for each of the Corporate Governance Committee, the Strategic Planning Committee and the Investment Committee of the Company with effect from 15 January 2020.

Mr. Sha Hongqiu retired from office as a non-executive Director with effect from the conclusion of the annual general meeting of the Company held on 17 June 2020.

Mr. Wang Yanguo is currently a director of Ninestar Corporation (納思達股份有限公司) and Huaming Power Equipment Co., Ltd. (華明電力裝備股份有限公司) respectively, all being companies listed on the Shenzhen Stock Exchange.

Dr. Chen Ying is currently an independent director of Jiangsu Lianhuan Pharmaceutical Co. Ltd. (江蘇聯環藥業股份有限公司), a company listed on the Shanghai Stock Exchange.

Save as disclosed above, the Company is not aware of any other change in Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company's 2019 Annual Report.

Audit Committee

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

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

Interests of Directors and Chief Executive

As at 30 June 2020, so far as is known to the Directors, the interests of the Directors and chief executive in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(A) The Company – Long Position

	Number of Shares				
Directors	**Beneficiary of a Trust**	**Personal interests**	**Number of underlying Shares** *(Note 1)*	**Total**	**Approximate percentage of issued Shares** *(Note 2)*
Mr. ZHU Yufeng	–	–	3,523,100	3,523,100	0.02%
	1,905,978,301 *(Note 3)*	–	–	1,905,978,301	9.99%
Ms. HU Xiaoyan	–	–	19,125,400	19,125,400	0.10%
Ms. SUN Wei	–	–	27,178,200	27,178,200	0.14%
Mr. YEUNG Man Chung, Charles	–	–	15,099,000	15,099,000	0.08%
Mr. WANG Bohua	–	–	2,617,160	2,617,160	0.01%
Mr. XU Songda	–	–	2,617,160	2,617,160	0.01%
Mr. LEE Conway Kong Wai	–	–	2,617,160	2,617,160	0.01%
Mr. WANG Yanguo	–	–	1,006,600	1,006,600	0.01%
Dr. CHEN Ying	–	–	1,006,600	1,006,600	0.01%

Notes:

1. Adjustments have been made to the number of underlying Shares as a result of the rights issue with effect from 2 February 2016. For further details, please refer to the Company's announcement dated 2 February 2016.

2. The percentage is calculated based on 19,073,715,441 Shares in issue as at 30 June 2020.

3. Those Shares were beneficially owned by Dongsheng Photovoltaic Technology (Hong Kong) Limited. For further information of the shareholding structure of Dongsheng Photovoltaic Technology (Hong Kong) Limited, please refer to note 3 under the sub-section headed "Interests of Substantial Shareholders" in this "Corporate Governance" section.

(B) Associated Corporations

GCL-Poly

	Number of ordinary shares in GCL-Poly				
Directors	**Beneficiary of a trust**	**Personal interests**	**Number of underlying shares**	**Total**	**Approximate percentage of issued shares** *(Note 1)*
Mr. ZHU Yufeng	6,370,388,156 *(Note 2)*	–	1,510,755 *(Note 3)*	6,371,898,911	30.14%
Ms. SUN Wei	–	5,723,000	1,712,189 *(Note 3)*	7,435,189	0.04%
Mr. YEUNG Man Chung, Charles	–	–	1,700,000 *(Note 3)*	1,700,000	0.01%

Notes:

1. The percentage is calculated based on 21,141,049,207 shares of GCL-Poly in issue as at 30 June 2020.

2. Mr. Zhu Yufeng is beneficially interested in a trust as to 6,370,388,156 shares in GCL-Poly. An aggregate of 6,370,388,156 shares in GCL-Poly 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 (a director and the chairman of GCL-Poly) and his family (including Mr. Zhu Yufeng, a director of the Company and GCL-Poly respectively, and the son of Mr. Zhu Gongshan) as beneficiaries.

3. These are share options granted by GCL-Poly to the eligible persons, pursuant to the share option scheme of GCL-Poly, adopted by the shareholders of GCL-Poly on 22 October 2007. Such granted share options can be exercised by the eligible persons at various intervals during the period from 15 March 2016 to 28 March 2026 at an exercise price of HK$1.160 or HK$1.324 per share.

Save as disclosed above, as at 30 June 2020, the Company is not aware of any of the Directors or chief executive of the Company had an interest or short position in any Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

Interests of Substantial Shareholders

As at 30 June 2020, so far as is known to the Directors, the following persons (other than the Directors and chief executive of the Company as disclosed above) had interests in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the Part XV of the SFO:

Long Position in the Shares

Name	Nature of interest	Number of Shares	Approximate percentage in issued Shares *(Note 1)*
Elite Time Global Limited[2]	Beneficial owner	11,880,000,000	62.28%
GCL-Poly[2]	Corporate interest	11,880,000,000	62.28%
Asia Pacific Energy Fund Limited[3]	Corporate interest	1,905,978,301	9.99%
Asia Pacific Energy Holdings Limited[3]	Corporate interest	1,905,978,301	9.99%
Credit Suisse Trust Limited[3]	Other interest	1,905,978,301	9.99%
Dongsheng Photovoltaic Technology (Hong Kong) Limited[3]	Corporate interest	1,905,978,301	9.99%
Golden Concord Group Limited[3]	Corporate interest	1,905,978,301	9.99%
Golden Concord Group Management Limited[3]	Corporate interest	1,905,978,301	9.99%
ZHU Gongshan[3]	Beneficial owner	1,905,978,301	9.99%
營口其印投資管理有限公司[3]	Corporate interest	1,905,978,301	9.99%
協鑫新能科技（深圳）有限公司[3]	Corporate interest	1,905,978,301	9.99%
協鑫集團有限公司[3]	Corporate interest	1,905,978,301	9.99%
協鑫集成科技股份有限公司[3]	Corporate interest	1,905,978,301	9.99%
句容協鑫集成科技有限公司[3]	Corporate interest	1,905,978,301	9.99%
江蘇協鑫建設管理有限公司[3]	Corporate interest	1,905,978,301	9.99%
協鑫（遼寧）實業有限公司[3]	Corporate interest	1,905,978,301	9.99%

Notes:

1. The percentage is calculated based on 19,073,715,441 Shares in issue as at 30 June 2020.

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

3. Dongsheng Photovoltaic Technology (Hong Kong) Limited is wholly-owned by 句容協鑫集成科技有限公司 (formerly known as "江蘇東昇光伏科技有限公司"), which is in turn wholly-owned by 協鑫集成科技股份有限公司. 協鑫集團有限公司 and 營口其印投資管理有限公司 are controlling shareholders of 協鑫集成科技股份有限公司. 營口其印投資管理有限公司 is a party acting in concert with 協鑫集團有限公司. 協鑫集團有限公司 is 48.86% owned by 協鑫（遼寧）實業有限公司 and 51.14% owned by 江蘇協鑫建設管理有限公司. 協鑫（遼寧）實業有限公司 is wholly-owned by Mr. Zhu Gongshan (a director and the chairman of GCL-Poly and Mr. Zhu Yufeng's father). 江蘇協鑫建設管理有限公司 is wholly-owned by 協鑫新能科技（深圳）有限公司. 協鑫新能科技（深圳）有限公司 is wholly-owned by Golden Concord Group Management Limited which is in turn wholly-owned by Golden Concord Group Limited. Golden Concord Group Limited is in turn wholly-owned by Asia Pacific Energy Holdings Limited which is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Yufeng and his family, including Mr. Zhu Yufeng's father, Mr. Zhu Gongshan as beneficiaries.

Save as disclosed above, as at 30 June 2020, no other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Share Option Scheme

The Company adopted the Share Option Scheme on 15 October 2014. The purpose of the Share Option Scheme is to enable the Company to grant options to personnel as incentives or rewards for their contribution or potential contribution to the Group. The Share Option Scheme shall be valid and effective for a period of 10 years from 15 October 2014, after which no further share options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting share options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Further details of the Share Option Scheme are set out in the Company's 2019 Annual Report.

During the Reporting Period, a total of 43,082,480 share options were lapsed and no option was granted, exercised or cancelled. A total of 464,978,738 share options were outstanding under the Share Option Scheme as at 30 June 2020. Particulars of the Share Option Scheme are set out in note 27 to the Unaudited Condensed Interim Consolidated Financial Statements.

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

					Number of share options		
Name or category of participants	**Date of grant**	**Exercise period**	**Exercise price** HK$	**Adjusted Exercise Price** HK$ *(Note 1)*	**As at 1.1.2020** *(Note 1)*	**Lapsed during the Reporting Period**	**As at 30.6.2020** *(Note 1)*
Directors:							
Mr. ZHU Yufeng	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,523,100	–	3,523,100
Mr. SUN Xingping *(Note 2)*	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	16,105,600	(16,105,600)	–
Ms. HU Xiaoyan	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	16,105,600	–	16,105,600
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,019,800	–	3,019,800
Ms. SUN Wei	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	24,158,400	–	24,158,400
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,019,800	–	3,019,800
Mr. SHA Hongqiu *(Note 3)*	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	8,052,800	–	8,052,800
Mr. YEUNG Man Chung, Charles	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	12,079,200	–	12,079,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,019,800	–	3,019,800
Mr. WANG Bohua	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	–	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	603,960	–	603,960
Mr. XU Songda	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	–	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	603,960	–	603,960
Mr. LEE Conway Kong Wai	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	–	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	603,960	–	603,960
Mr. WANG Yanguo	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	1,006,600	–	1,006,600
Dr. CHEN Ying	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	1,006,600	–	1,006,600
Sub-total					98,948,780	(16,105,600)	82,843,180
Other:							
Eligible persons (in aggregate)	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	214,929,232	(16,105,600)	198,823,632
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	194,183,206	(10,871,280)	183,311,926
Total					508,061,218	(43,082,480)	464,978,738

Notes:

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

2. Mr. Sun Xingping resigned as an executive Director on 15 January 2020.

3. Mr. Sha Hongqiu retired from office as a non-executive Director with effect from the conclusion of the annual general meeting of the Company held on 17 June 2020.

Corporate Governance and Other Information

Corporate Governance Practices

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

Compliance with Corporate Governance Code

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

Compliance with Model Code

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

Directors' Interests in Competing Business

Each of the companies in the Golden Concord Group (a general reference to the companies in which Mr. ZHU Yufeng and his family have a direct or indirect interest) operates within its own legal, corporate and financial framework. As at 30 June 2020, the Golden Concord Group might have had or developed interests in business similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

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

Risk Management and Internal Control

The Company has in practice complied with the requirements under the CG Code relating to risk management and internal control during the Reporting Period. Details of the Group's risk management and internal control systems (the "Systems"), as well as risk management procedures were set out in the Corporate Governance Report of the Company's 2019 Annual Report.

During the Reporting Period, the Group has conducted ongoing reviews to identify deficiencies in operations and opportunities. All major findings were communicated to senior management of the respective business units to enforce the remediation.

During the Reporting Period, the Internal Control Function of the Group reviewed the effectiveness of the Systems. Based on the ongoing efforts devoted by the Group, there is neither material irregularities nor areas of material concerns that would have significant adverse impact on the Company's financial positions or results of operations. Management should pay attention to and monitor the important risk indicators, including the gearing ratio and the repayment ability of the Group.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Environmental, Social and Governance Reporting

GCL New Energy has issued standalone annual Environmental, Social and Governance Report since 2015, to report on the performance of the Group in environmental, social and governance issues annually. The Company's Environmental, Social and Governance Report 2019 has been included in the Company's 2019 Annual Report, which is published on the websites of the Stock Exchange and the Company.

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

The Company entered into a loan agreement containing covenants relating to specific performance of the controlling shareholder of the Company which was subject to announcement requirement under Rule 13.18 of the Listing Rules and disclosure requirement in this Interim Report under Rule 13.21 of the Listing Rules, the details of which is summarized below.

On 22 August 2019, the Company, as borrower entered into a facility agreement (the "CDB Facility Agreement") with China Development Bank Hong Kong Branch, as lender for a term loan facility in the aggregate amount of US$130 million (the "CDB Facility"). The final repayment date of the borrowing under the CDB Facility Agreement is the date falling 24 months after the date of the first utilisation of the CDB Facility.

Pursuant to the CDB Facility Agreement, GCL-Poly, the controlling shareholder of the Company, shall cease to have control over the Company if it no longer (i) has the power to (a) cast, or control the casting of, more than 30% of the maximum number of votes that might be cast at a general meeting of the Company; (b) appoint or remove all, or the majority, of the Directors or other equivalent officers of the Company; or (c) give directions with respect to the operating and financial policies of the Company with which the Directors or other equivalent officers of the Company are obliged to comply; or (ii) holds beneficially of more than 30% of the issued share capital of the Company ("Change of Control").

In the event of such Change of Control or failure by GCL-Poly, as guarantor of the Company in relation to the CDB Facility, to comply with certain financial conditions during the term of the CDB Facility, the lender may cancel the CDB Facility and declare all outstanding amount attached to it, together with accrued interest, and all other amounts accrued under the CDB Facility Agreement and other ancillary finance documents immediately due and payable. As at the date of this Report, GCL-Poly is interested in approximately 62.28% of the issued share capital of the Company. Further details can be referred to the Company's announcement dated 22 August 2019.

Communication with Shareholders

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

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

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

Board Secretarial and Investor Relations Department

Telephone:	+852 2606 9200
Facsimile:	+852 2462 7713
Email:	newenergydm@gclnewenergy.com
Address:	Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

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

Tricor Abacus Limited

Address:	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Telephone:	(852) 2980–1333
Facsimile:	(852) 2810–8185

Report on Review of Unaudited Condensed Interim Consolidated Financial Statements

Deloitte.

德勤

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

Introduction

We have reviewed the unaudited condensed interim consolidated financial statements of GCL New Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 68, which comprise the unaudited condensed consolidated statement of financial position as of 30 June 2020 and the related unaudited condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these unaudited condensed interim consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these unaudited condensed interim consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Material Uncertainty Related to Going Concern

We draw attention to note 1B to the unaudited condensed interim consolidated financial statements, which indicates that (i) as at 30 June 2020, the Group's current liabilities exceeded its current assets by RMB6,510 million, and (ii) as set out in notes 31 and 33(f), as at 30 June 2020, the Group has entered into agreements which will involve capital commitments of approximately RMB669 million to construct solar power plants and financial guarantee provided to the associates and third parties for their bank and other borrowings. At 30 June 2020, GCL-Poly Energy Holdings Limited ("GCL-Poly"), its parent company and being the guarantor of certain bank borrowings of the Group, was not able to meet a financial covenant as stipulated in the loan agreement of a bank borrowing. In addition, the inability to respect the covenant requirement at GCL-Poly has triggered the cross default clauses in several other bank borrowings of the Group. Subsequent to the end of the reporting period such bank borrowing has been fully repaid by GCL-Poly. Notwithstanding this, accounting reclassification of long-term borrowings of approximately RMB1,435 million as current liabilities is still required at 30 June 2020 under applicable accounting standards.

The Group is undertaking a number of financing plans and other measures as described in note 1B to the unaudited condensed interim consolidated financial statements in order to ensure it is able to meet its commitments in the next twelve months. The directors of the Company are of the opinion that based on the assumptions that these financing plans and other measures can be successfully executed, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the foreseeable future. However, the likelihood of successful implementation of these financing plans and other measures, including the Group's and GCL-Poly's ongoing compliance with their borrowing covenants, and along with other matters as set forth in note 1B to the unaudited condensed interim consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
28 August 2020

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

For the six months ended 30 June 2020

	NOTES	Six months ended 30 June **2020** **RMB'000** **(Unaudited)**	 2019 RMB'000 (Unaudited)
Revenue	3	**2,731,140**	3,172,984
Cost of sales		**(892,331)**	(1,031,728)
Gross profit		**1,838,809**	2,141,256
Other income	4	**236,003**	150,082
Administrative expenses			
– share-based payment expenses	27	**–**	(1,593)
– other administrative expenses		**(188,585)**	(372,702)
Other gains and losses, net	5	**(351,652)**	65,733
Bargain purchase from business combination	28	**–**	73,858
Share of profits (losses) of associates		**62,718**	(1,281)
Share of (losses) profits of joint ventures		**(327)**	1,941
Finance costs	6	**(1,311,611)**	(1,418,806)
Profit before tax		**285,355**	638,488
Income tax expense	7	**(94,447)**	(67,266)
Profit for the period	8	**190,908**	571,222
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**9,406**	(39)
Total comprehensive income for the period		**200,314**	571,183
Profit for the period attributable to:			
Owners of the Company		**42,304**	410,222
Non-controlling interests			
– Owners of perpetual notes		**81,900**	81,450
– Other non-controlling interests		**66,704**	79,550
		190,908	571,222
Total comprehensive income for the period attributable to:			
Owners of the Company		**51,710**	410,183
Non-controlling interests			
– Owners of perpetual notes		**81,900**	81,450
– Other non-controlling interests		**66,704**	79,550
		200,314	571,183
		RMB cents **(Unaudited)**	RMB cents (Unaudited)
Earnings per share			
– Basic and diluted	11	**0.22**	2.15

Unaudited Condensed Consolidated Statement of Financial Position

At 30 June 2020

	NOTES	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**31,763,017**	35,400,109
Right-of-use assets	12	**1,459,645**	1,513,943
Interests in associates	13	**1,076,002**	1,013,284
Interests in joint ventures	14	**3,301**	3,628
Amounts due from related companies	15	**91,951**	96,951
Other investments	19	**–**	100,000
Deposits, prepayment and other non-current assets	16	**1,346,407**	1,773,126
Contract assets	17B	**735,076**	5,639,898
Pledged bank and other deposits		**693,485**	877,996
Deferred tax assets		**158,684**	162,807
		37,327,568	46,581,742
CURRENT ASSETS			
Trade and other receivables	17A	**6,461,530**	4,958,918
Contract assets	17B	**4,323,281**	–
Other loan receivables	18	**1,250**	14,250
Amounts due from related companies	15	**775,438**	959,302
Tax recoverable		**2,391**	5,284
Pledged bank and other deposits		**454,933**	823,279
Bank balances and cash		**667,346**	1,073,451
		12,686,169	7,834,484
Assets classified as held for sale	10	**2,842,334**	–
		15,528,503	7,834,484
CURRENT LIABILITIES			
Other payables and deferred income	21	**5,278,777**	5,968,129
Amounts due to related companies	15	**331,590**	593,474
Tax payable		**57,528**	32,925
Loans from related companies	22	**438,056**	646,111
Bank and other borrowings	23	**10,423,292**	11,522,908
Bonds and senior notes	25	**3,802,242**	271,742
Lease liabilities		**110,397**	66,122
		20,441,882	19,101,411
Liabilities directly associated with assets classified as held for sale	10	**1,596,622**	–
		22,038,504	19,101,411
NET CURRENT LIABILITIES		**(6,510,001)**	(11,266,927)
TOTAL ASSETS LESS CURRENT LIABILITIES		**30,817,567**	35,314,815

Unaudited Condensed Consolidated Statement of Financial Position

At 30 June 2020

	NOTES	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Loans from related companies	22	**856,655**	918,073
Bank and other borrowings	23	**18,305,524**	19,410,173
Bonds and senior notes	25	**–**	3,470,542
Lease liabilities		**1,048,193**	1,095,460
Deferred income	21	**386,000**	387,531
Deferred tax liabilities		**51,238**	63,393
		20,647,610	25,345,172
NET ASSETS		**10,169,957**	9,969,643
CAPITAL AND RESERVES			
Share capital	24	**66,674**	66,674
Reserves		**6,431,622**	6,379,912
Equity attributable to owners of the Company		**6,498,296**	6,446,586
Equity attributable to non-controlling interests			
– owners of perpetual notes		**2,245,014**	2,163,114
– other non-controlling interests		**1,426,647**	1,359,943
TOTAL EQUITY		**10,169,957**	9,969,643

The unaudited condensed interim consolidated financial statements on pages 30 to 68 were approved and authorised for issue by the Board of Directors on 28 August 2020 and are signed on its behalf by:

Zhu Yufeng
DIRECTOR

Hu Xiaoyan
DIRECTOR

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company									Non-controlling interests		
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Legal reserves RMB'000 (note)	Translation reserve RMB'000	Special reserve RMB'000	Share options reserve RMB'000	Retained earnings (accumulated losses) RMB'000	Sub-total RMB'000	Perpetual notes RMB'000	Other non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2019 (Audited)	66,674	4,265,230	15,918	727,683	(59,321)	491,218	214,824	412,972	6,135,198	2,001,114	1,565,228	9,701,540
Profit for the period	–	–	–	–	–	–	–	410,222	410,222	81,450	79,550	571,222
Other comprehensive expense for the period	–	–	–	–	(39)	–	–	–	(39)	–	–	(39)
Total comprehensive income (expense) for the period	–	–	–	–	(39)	–	–	410,222	410,183	81,450	79,550	571,183
Transfer to legal reserves	–	–	–	227,484	–	–	–	(227,484)	–	–	–	–
Recognition of equity settled share-based payments (note 27)	–	–	–	–	–	–	1,593	–	1,593	–	–	1,593
Forfeitures of share options (note 27)	–	–	–	–	–	–	(2,395)	2,395	–	–	–	–
Dividend declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(84,555)	(84,555)
At 30 June 2019 (Unaudited)	66,674	4,265,230	15,918	955,167	(59,360)	491,218	214,022	598,105	6,546,974	2,082,564	1,560,223	10,189,761
At 1 January 2020 (Audited)	**66,674**	**4,265,230**	**15,918**	**1,619,257**	**(42,632)**	**491,218**	**200,354**	**(169,433)**	**6,446,586**	**2,163,114**	**1,359,943**	**9,969,643**
Profit for the period	–	–	–	–	–	–	–	**42,304**	**42,304**	**81,900**	**66,704**	**190,908**
Other comprehensive income for the period	–	–	–	–	**9,406**	–	–	–	**9,406**	–	–	**9,406**
Total comprehensive income for the period	–	–	–	–	**9,406**	–	–	**42,304**	**51,710**	**81,900**	**66,704**	**200,314**
Forfeitures of share options (note 27)	–	–	–	–	–	–	**(15,708)**	**15,708**	–	–	–	–
Disposal of subsidiaries	–	–	–	**(8,723)**	–	–	–	**8,723**	–	–	–	–
At 30 June 2020 (Unaudited)	**66,674**	**4,265,230**	**15,918**	**1,610,534**	**(33,226)**	**491,218**	**184,646**	**(102,698)**	**6,498,296**	**2,245,014**	**1,426,647**	**10,169,957**

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

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	NOTE	Six months ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES		**1,084,936**	1,008,848
INVESTING ACTIVITIES			
Interest received		**15,150**	11,820
Payments for construction and purchase of property, plant and equipment		**(742,975)**	(2,551,910)
Proceeds from disposal of property, plant and equipment		**47,318**	–
Payments for right-for-use assets		**(1,917)**	(12,967)
Acquisition of subsidiaries		**–**	29,669
Settlement of consideration payables for acquisition of subsidiaries with solar power plant projects		**–**	(110,299)
Settlement of consideration receivables from disposal of subsidiaries with solar power plant projects		**28,700**	5,192
Withdrawal of pledged bank and other deposits		**901,849**	571,629
Placement of pledged bank and other deposits		**(362,980)**	(551,794)
Repayment from a borrower of other loan receivables		**13,000**	4,540
Repayment of an advance from a borrower		**13,530**	–
Advance to related companies		**(39,598)**	(4,538)
Repayment from related companies		**1,109**	155,204
Proceeds from disposal of joint ventures		**–**	53,780
Proceeds from disposal of subsidiaries with solar power plant projects	29	**17,669**	242,990
NET CASH USED IN INVESTING ACTIVITIES		**(109,145)**	(2,156,684)
FINANCING ACTIVITIES			
Interest paid		**(941,383)**	(1,350,764)
Proceeds from bank and other borrowings		**688,817**	4,227,226
Repayment of bank and other borrowings		**(817,516)**	(2,660,570)
Repayments of lease liabilities		**(19,888)**	(69,049)
Proceeds of loans from related parties		**–**	604,403
Repayment of loans from related parties		**(162,716)**	(10,000)
Proceeds from loans from an associate of ultimate holding company		**–**	193,489
Repayment of loans from an associate of ultimate holding company		**(16,506)**	(271,975)
Repayment to ultimate holding company		**–**	(270,528)
Repayment to related parties		**(1,145)**	(5,583)
Advance from related parties		**4,058**	46,859
Proceeds from re-sell bonds issued		**–**	299,900
Dividend paid to non-controlling interests		**(45,385)**	(32,966)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(1,311,664)**	700,442

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(335,873)**	(447,394)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		
– bank balances and cash	**1,073,451**	1,361,978
– bank balances and cash classified as held for sale	**–**	44,873
	1,073,451	1,406,851
Effect of exchange rate changes on the balance of cash held in foreign currencies	**(723)**	(494)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Represented by		
– bank balances and cash	**667,346**	958,963
– bank balances and cash classified as held for sale	**69,509**	–
	736,855	958,963

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2020

1A. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

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

1B. GOING CONCERN ASSUMPTIONS

As at 30 June 2020, the Group's current liabilities exceeded its current assets by approximately RMB6,510 million. In addition, as set out in notes 31 and 33(f), as at 30 June 2020, the Group has entered into agreements which will involve capital commitments of approximately RMB669 million to construct solar power plants and financial guarantee provided to the associates and third parties for their bank and other borrowings.

As at 30 June 2020, the Group's total borrowings comprising bank and other borrowings, bonds and senior notes, loans from related companies and lease liabilities amounted to approximately RMB36,485 million. The amounts included bank and other borrowings, loans from a related company and lease liabilities classified as liabilities directly associated with assets classified as held for sales of RMB1,392 million, RMB87 million, and RMB22 million, respectively. For the remaining balance of approximately RMB34,984 million, RMB14,774 million will be due in the coming twelve months from the end of the reporting period, including bank and other borrowings of approximately RMB1,435 million, which shall be due after twelve months from the end of the reporting period in accordance with the scheduled repayment dates as set out in the respective loan agreements but are reclassified to current liabilities as a result of the inability to respect a loan covenant by GCL-Poly Energy Holdings Limited ("GCL-Poly"), the Group's parent company, the guarantor of certain bank borrowings and thereby triggered the cross default clauses of certain bank borrowings of the Group; accordingly, these bank borrowings became repayable on demand as at 30 June 2020. Subsequent to the end of the reporting period, GCL-Poly has fully repaid such bank borrowing. Notwithstanding this, accounting reclassification of long-term borrowings of approximately RMB1,435 million as current liabilities is still required at 30 June 2020 under applicable accounting standards.

The Group's pledged bank and other deposits and bank balances and cash amounted to approximately RMB1,161 million (including pledged deposit of RMB5 million placed at an associate of ultimate holding company for its loans advanced to the Group, in which RMB2 million are classified as assets held for sale, and pledged deposits classified as assets held for sale of RMB8 million) and RMB737 million (including bank balances and cash classified as assets held for sale of RMB70 million) as at 30 June 2020, respectively. The financial resources available to the Group as at 30 June 2020 and up to the date of approval of these unaudited condensed interim consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements. The Group is actively pursuing additional financing including, but not limited to, debt financing and bank borrowings.

1B. GOING CONCERN ASSUMPTIONS *(Continued)*

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company (the "Directors") have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2020. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures, that will be due in the coming twelve months from 30 June 2020, and the on-going covenants compliance upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

(i) The Group is implementing business strategies, among others, to transform its heavy asset business model to a light-asset model by (i) divesting certain of its existing wholly-owned power plant projects in exchange for cash proceeds and to improve the Group's indebtedness position; and (ii) striving for providing plant operation and maintenance services to those divested power plants for additional operating cash flow to the Group.

On 18 November 2019, the Company and 中國華能集團有限公司 China Huaneng Group Co., Ltd* ("China Huaneng") entered into a cooperation framework agreement (the "Cooperation Framework Agreement") regarding the disposal of (i) certain solar power plants of the Group in the People's Republic of China (the "PRC") (the "Power Plants"); or (ii) certain project companies of the Group which operate the Power Plants (the "Framework Disposal").

On 21 January 2020, the Group entered into a series of six share transfer agreements with 華能工融一號（天津）股權投資基金合夥企業（有限合夥）Huaneng Gongrong No.1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("Hua Neng No. 1 Fund") and 華能工融二號（天津）股權投資基金合夥企業（有限合夥）Huaneng Gongrong No. 2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("Hua Neng No. 2 Fund"), pursuant to which the Group agreed to sell 60% and 40% of the equity interest in six wholly-owned subsidiaries of the Group to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, respectively, of which these subsidiaries own 7 solar power plants in the PRC with aggregate installed capacity of approximately 294MW, for a consideration in aggregate of RMB850,500,000 (the "Disposal"). Further details of the Disposal are set out in the announcement of the Company published on 21 January 2020. Pursuant to the Listing Rules, this transaction is considered as a major transaction of the Company, the Disposal has been approved by the shareholders of the Company in the special general meeting as well as the shareholders of the ultimate holding company, GCL-Poly, in an extraordinary general meeting on 21 May 2020.

The Group and China Huaneng are actively working together under the Cooperation Framework Agreement to explore other solar power plant assets for the Framework Disposal and will enter into other definitive agreements in respect of and in compliance with the Measures for the Supervision and Administration of State-Owned Assets（國有資產監督管理辦法）in the PRC, the relevant laws and regulations and the Listing Rules, in due course. As at 30 June 2020, the disposal of one of the six wholly-owned subsidiaries has been completed, four of them have been completed by the date of approval of these unaudited condensed interim consolidated financial statements, and the remaining one is expected to be completed in the second half of 2020.

On 29 June 2020, the Group also entered into a share transfer agreements with 國開新能源科技有限公司 CDB New Energy Technology Co., Ltd.,* ("CDB New Energy"), an independent third party, to sell its 75% equity interest in 金湖正輝太陽能電力有限公司 Jinhu Zhenghui Photovoltaic Co., Ltd.* ("Jinhu") for a consideration in aggregate of RMB136,624,000 (the "Divestment"). Jinhu has a solar power plant project with installed capacity of approximately 100MW in operation. The Divestment is completed in July 2020; and

* *English name for identification purpose only*

1B. GOING CONCERN ASSUMPTIONS *(Continued)*

(ii) The Group still owns 175 solar power plants with an aggregate grid connected capacity of approximately 5.3GW upon completion of the Disposal and Divestment. Those operational solar power plants are expected to generate operating cash inflows to the Group within the coming twelve months from the date of these unaudited condensed interim consolidated financial statements.

By taking the above measures, the Directors believe that the Group has sufficient working capital to meet the financial obligations when they fall due in the foreseeable future and the on-going loan covenants compliance.

After taking into account the Group's business prospects, internal resources, estimated proceeds from the Disposal and Divestment, the available committed and uncommitted financing facilities and arrangements, and transformation to light-asset model, and the Framework Disposal under the Cooperation Framework Agreement as mentioned above, the Directors are satisfied that it is appropriate to prepare these unaudited condensed interim consolidated financial statements on a going concern basis.

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

1C. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

Despite the outbreak of Coronavirus disease ("COVID-19") and the subsequent quarantine measures as well as the travel restrictions imposed by the PRC government have had negative impacts to the economy and business environment in the PRC, the solar power plants of the Group continuously operate as usual. On the other hand, the PRC government has announced some financial measures and supports for corporates to overcome the negative impact arising from the pandemic. Therefore, there is no material adverse effects on these unaudited condensed interim consolidated financial statements as a result of the COVID-19 outbreak.

The Group made certain disposals with net losses of RMB88 million during the current interim period and the details are set out in note 29. Besides, the Group entered into several share transfer agreements for disposing six subsidiaries, of which one of the six wholly-owned subsidiaries has been completed, and loss on measurement of assets held for sales of RMB153 million was recognised during the current interim period and the details are set out in note 10.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRS Standards"), the accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2019.

Application of amendments to IFRS Standards

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRS Standards issued by the IASB, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's unaudited condensed interim consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRS Standards in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed interim consolidated financial statements.

2.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on these unaudited condensed interim consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of amendments to IFRS Standards *(Continued)*

2.2 Impacts and accounting policies on application of Amendments to IFRS 3 "Definition of a Business"

2.2.1 Accounting policies

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

2.2.2 Transition and summary of effects

The amendments had no impact on the condensed consolidated financial statements of the Group.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of electricity which is recognised at a point in time. Substantially, all of the revenue is derived from electricity sales to local grid companies in the PRC for the six months ended 30 June 2020 and 2019.

For sales of electricity, the Group generally entered into power purchase agreements with local grid companies with a term of one to five years which stipulate the price of electricity per watt hour. Revenue is recognised when control of the electricity has transferred, being at the point when electricity has generated and transmitted to the customers and the amount included RMB1,650,067,000 (six months ended 30 June 2019: RMB1,913,087,000) tariff adjustment recognised during the period. The Group generally grants credit period of approximately one month from date of invoice in accordance with the relevant power purchase agreements between the Group and the respective local grid companies. The Group will complete the remaining performance obligations in accordance with the relevant terms as stipulated in the power purchase agreements and the remaining aggregated transaction price will be equal to the quantity of electricity that can be generated and transmitted to the customers times the stipulated price per watt hour.

The financial resource for the tariff adjustment is the national renewable energy fund that accumulated through a special levy on the consumption of electricity of end users. The PRC government is responsible to collect and allocate the fund to the respective state grid companies and then the local grid companies for settlement to the solar power companies. Effective from March 2012 and prior to January 2020, the application, approval and settlement of the tariff adjustment are subject to certain procedures as promulgated by Caijian [2012] No. 102 *Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy* (可再生能源電價附加補助資金管理暫行辦法). Caijian [2013] No. 390 Notice issued in July 2013 simplified the procedures of settlement of the tariff adjustment.

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

In January 2020, the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (Caijian [2020] No. 4)* (《關於促進非水可再生能源發電健康發展的若干意見》) (財建[2020]4號) and the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (Caijian [2020] No. 5)* (《財政部國家發展改革委國家能源局關於印發〈可再生能源電價附加資金管理辦法〉的通知》) (財建[2020] 5號) (the "2020 Measures") were jointly announced by the Ministry of Finance, National Development and Reform Commission and National Energy Administration. In accordance with the new government policy as stipulated in the 2020 Measures, the PRC government will not announce new additions to the existing Renewable Energy Tariff Subsidy Catalogue* (可再生能源電價附加資金補助目錄, the "Catalogue") and has further simplified the application and approval process regarding the registration of tariff adjustments for non-hydro renewable energy power plant projects into the Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單, the "List"). The state grid companies will regularly announce the List based on the project type, time of grid connection and technical level of the solar power projects. All solar power plants already registered in the Catalogue will be enlisted in the List automatically. For those on-grid solar power projects which have already started operation but yet to register into the previous Catalogue and now, the List, these on-grid solar power projects are entitled to enlist into the List once they have met the conditions as stipulated on the Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) and completed the submission and application in the National Renewable Energy Information Management Platform (the "Platform").

Tariff adjustments are recognised as revenue and due from grid companies in the PRC in accordance with the relevant power purchase agreements.

For those tariff adjustments that are subject to approval for registration in the List (2019: Catalogue) by the PRC government at the end of the reporting period, the relevant revenue from these tariff adjustments are considered variable consideration, and are recognised only to the extent that it is highly probable that a significant reversal will not occur and are included in contract assets. Management assessed that all of the Group's operating power plants have qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants. The contract assets are transferred to trade receivables upon the relevant power plant obtained the approval for registration in the Catalogue or when the relevant power plant is enlisted in the List since the release of the 2020 Measures.

Since certain of the tariff adjustments are yet to obtain approval for registration in the List (2019: Catalogue) by the PRC government, the management considers that it contains a significant financing component over the relevant portion of tariff adjustment until approval was obtained. For the six months ended 30 June 2020, the respective tariff adjustment was adjusted for this financing component based on an effective interest rate ranged from 2.45% to 2.98% per annum (six months ended 30 June 2019: 2.48% to 2.98% per annum) and the adjustments in relation to the revision of expected timing of tariff collection. As such, Group's revenue was adjusted by approximately RMB28 million (six months ended 30 June 2019: RMB89.3 million) and interest income amounting to approximately RMB161 million (six months ended 30 June 2019: RMB81.5 million) (note 4) was recognised.

The Group's chief operating decision maker ("CODM"), being the executive directors of the Company, regularly reviews revenue by provinces; however, no other discrete information was provided. In addition, the CODM reviewed the consolidated results when making decisions about allocating resources and assessing performance. Hence, no further segment information other than entity wide information was presented.

* *English name for identification purpose only*

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

Information about the Group's revenue from external customers is presented based on the location of the operations and customers.

	Revenue from external customers Six months ended 30 June	
	2020 **RMB'000**	2019 RMB'000
PRC	**2,691,744**	3,129,553
Other countries	**39,396**	43,431
	2,731,140	3,172,984

The Group's source of revenue is from sales of electricity generated by solar power plants in the PRC and United States of America (the "US") and Japan.

4. OTHER INCOME

	Six months ended 30 June	
	2020 **RMB'000** **(Unaudited)**	2019 RMB'000 (Unaudited)
Consultancy income (Note a)	**5,946**	8,934
Government grants:		
– Incentive subsidies (Note b)	**2,510**	3,757
– Investment Tax Credit ("ITC") (note 21c)	**7,222**	6,953
– Others	**1,804**	1,544
Interest arising from contracts containing significant financing component (note 3)	**160,840**	81,492
Interest income of financial assets at amortised cost:		
– Bank interest income	**14,090**	9,042
– Interest income from other loan receivables (note 18)	**1,060**	55
– Interest income from loans to related companies	**–**	2,047
Management services income from		
– related companies (note 33a)	**24,470**	27,651
– third parties	**13,086**	5,851
Others	**4,975**	2,756
	236,003	150,082

Notes:

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

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

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2020 **RMB'000** **(Unaudited)**	2019 RMB'000 (Unaudited)
Exchange losses, net (Note a)	**(75,615)**	(15,793)
Impairment losses on properties, plants and equipment (Note b)	**(42,596)**	–
Impairment loss on expected credit loss model, net of reversal	**(5,398)**	–
Loss on measurement of assets classified as held for sale to fair value less cost to sell (note 10)	**(153,339)**	–
(Loss) gain on disposal of solar power plant projects (note 29)	**(87,738)**	46,263
Gain on disposal of joint ventures	**–**	35,263
Gain on early termination of a lease	**7**	–
Fair value change on other investment (note 19)	**13,027**	–
	(351,652)	65,733

Notes:

(a) Exchange losses mainly arose from the bank and other borrowings and the senior notes, all are denominated in United States dollars ("US$") which appreciated against RMB.

(b) The impairment loss arose from the termination of constructing certain in-progress solar power projects during the six months ended 30 June 2020. In current period, having considered the financial resources of the Group, and considered that the equipment costs related to certain solar power plants, which are still in preliminary stage, will not generate future economic returns to the Group, and therefore the management determined to suspend these projects and the relevant equipment costs in these projects are fully impaired.

6. FINANCE COSTS

	Six months ended 30 June	
	2020 **RMB'000** **(Unaudited)**	2019 RMB'000 (Unaudited)
Interest on financial liabilities at amortised cost:		
Bank and other borrowings	**1,101,679**	1,153,106
Bonds and senior notes	**124,677**	132,198
Loans from related companies (note 33b)	**65,141**	125,313
Lease liabilities	**33,552**	35,159
Total borrowing costs	**1,325,049**	1,445,776
Less: amounts capitalised in the cost of qualifying assets	**(13,438)**	(26,970)
	1,311,611	1,418,806

There is no borrowing costs capitalised during current interim period arose on the general borrowing pool. Borrowing costs capitalised during the six months ended 30 June 2019 arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.39% per annum to expenditure on qualifying assets.

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("EIT"):		
Current tax	**84,993**	66,368
PRC dividend withholding tax	**7,158**	4,150
Deferred tax	**2,296**	(3,252)
Total	**94,447**	67,266

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

Certain subsidiaries of the Group, being enterprises engaged in solar photovoltaic projects, under the EIT Law, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. For the six months ended 30 June 2020 and 30 June 2019, certain subsidiaries of the Company engaged in the solar photovoltaic projects are in the 3-year 50% exemption period. Certain of such subsidiaries of the Group have completed the 3-year full exemption period or 3-year 50% exemption period in current period.

No provision for taxation in Hong Kong Profits Tax, and US Federal and state income tax were made as there is no assessable profit in Hong Kong and US, respectively, for both reporting periods.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. No deferred taxation has been provided for in the unaudited condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries for six months ended 30 June 2020 (six months ended 30 June 2019: nil) and no deferred tax has been provided for the remaining RMB1,957,159,000 (six months ended 30 June 2019: RMB2,772,728,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. During the period ended 30 June 2020, withholding tax of RMB7,158,000 (six months ended 30 June 2019: RMB4,150,000) are changed to profit or loss for the dividends declared and paid by the PRC subsidiaries of RMB143,164,000 (six months ended 30 June 2019: RMB83,000,000).

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2020 **RMB'000** **(Unaudited)**	2019 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of:		
– Property, plant and equipment	**708,227**	858,294
– Right-of-use assets	**46,076**	44,209
Staff costs (including directors' remuneration but excluding share-based payments)		
– Salaries, wages and other benefits	**123,537**	195,629
– Retirement benefit scheme contributions (Note)	**15,609**	37,610
Share-based payment expenses (note 27) (administrative expenses in nature)		
– Directors and staff	**–**	1,513
– Consultancy services	**–**	80

Note: The decrease in retirement benefit scheme contributions is mainly due to decrease in social insurance contribution following the local government's social insurance concession policy during the outbreak of COVID-19.

9. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the six months ended 30 June 2020, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2019: Nil).

10. ASSETS CLASSIFIED AS HELD FOR SALE

Disposal of solar power plants

(a) Five wholly-owned subsidiaries in Ningxia, Xinjiang and Jiangxi, the PRC

As mentioned in note 1B, the Group entered into six share transfer agreements on 21 January 2020 with China Huaneng to dispose of 100% equity interest in six wholly-owned subsidiaries, of which the disposals of five out of these six wholly-owned subsidiaries have not yet been completed as at 30 June 2020, to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund at consideration in aggregate of RMB732,800,000 and the repayment of corresponding interest in shareholder's loan as at the date of completion of disposals (the "Disposal Date"). The subsidiaries operate solar power plant projects with in aggregate capacity of 220MW in Ningxia, Xinjiang and Jiangxi, the PRC (the "Projects").

The Group has granted a put option to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, pursuant to which the Group has agreed that if the Projects fail to fully receive the balance of the tariff adjustment receivables (the "Tariff Adjustment Receivables") as at the Disposal Date during the four-year period after the Disposal Date, or the operation of the Projects are disrupted for more than six months due to the reasons stipulated in the share transfer agreements, the Group shall repurchase the 100% equity interest in the Projects from Hua Neng No. 1 Fund and Hua Neng No. 2 Fund at a repurchase price which is the higher of (1) equity value of the Projects assessed by The State-owned Assets Supervision and Administration Commission of the State Council or (2) a repurchase price calculated in accordance with terms specified in the share transfer agreements, together with any outstanding shareholder's loan advanced to the relevant Projects by Hua Neng No. 1 Fund and Hua Neng No. 2 Fund. As the Projects have already registered in the Catalogue/List and receipt of tariff adjustment receivables are stable, in the opinion of the Directors, it is highly likely that the balance of the Tariff Adjustment Receivables will be collected within four years after the Disposal Date.

10. ASSETS CLASSIFIED AS HELD FOR SALE *(Continued)*

Disposal of solar power plants *(Continued)*

(b) Jinhu

On 29 June 2020, the Group entered into share transfer agreements with CDB New Energy, an independent third party, pursuant to which the Group agreed to sell and CDB New Energy agreed to purchase 75% equity interest of Jinhu at consideration of RMB136,624,000 and the repayment of corresponding interest in shareholder's loan as at the date of completion of disposal. Jinhu operate a solar power plant project with capacity of 100MW in Jiangsu, the PRC.

As at 30 June 2020, the assets and liabilities attributable to these solar power plant projects have been classified as a disposal group held for sale and are presented separately in the unaudited condensed interim consolidated statement of financial position.

As at 30 June 2020, the major classes of assets and liabilities of the disposal group are as follows:

	RMB'000
Property, plant and equipment	2,196,567
Right-of-use assets	23,537
Other non-current assets	70,649
Trade and other receivables	625,403
Amount due from a related company	1,520
Pledged bank deposits	8,488
Bank balances and cash	69,509
	2,995,673
Less: Loss on measurement of assets classified as held for sale to fair value less cost to sell (note 5)	(153,339)
Total assets classified as held for sale	2,842,334
Other payables	(84,402)
Loan from a related company – due within one year	(12,139)
Bank and other borrowings – due within one year	(742,800)
Loan from a related company – due after one year	(74,549)
Bank and other borrowings – due after one year	(649,150)
Lease liabilities	(22,096)
Deferred tax liabilities	(11,486)
Total liabilities directly associated with assets classified as held for sale	(1,596,622)
Net assets of solar power plant projects classified as held for sale	1,245,712
Intragroup balances	(349,651)
Net assets of solar power plant projects	896,061
Remaining net assets of Jinhu held by the Group	(45,541)
Net assets to be disposed of	850,520

10. ASSETS CLASSIFIED AS HELD FOR SALE *(Continued)*

Disposal of solar power plants *(Continued)*

The following is an aged analysis of trade receivables presented based on the invoice date at 30 June 2020, which approximated the respective revenue recognition date:

	RMB'000
Unbilled (note)	599,129
0–90 days	780
91–180 days	–
Over 180 days	11,766
	611,675

Note: The aged analysis of the unbilled trade receivables, which is based on revenue recognition date, are as follows:

	RMB'000
0–90 days	106,548
91–180 days	41,828
181–365 days	146,220
Over 365 days	304,533
	599,129

For the electricity sale business, the Group generally granted 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 contract between the Group and the respective local grid companies.

The carrying amounts of the above bank and other borrowings are repayable#:

	RMB'000
Within one year	742,800
More than one year, but not exceeding two years	99,150
More than two years, but not exceeding five years	318,620
More than five years	231,380
	1,391,950
Less: Bank and other borrowings – due within one year	(742,800)
Bank and other borrowings – due after one year	649,150

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

Loan from a related company represents the loan 芯鑫融資租賃有限責任公司 Xinxin Finance Leasing Company Limited* ("Xinxin"), an associate of GCL-Poly, amounted to approximately RMB86,688,000 which is secured by a pledged deposit of RMB1,520,000, and certain property, plant and equipment held by the Group, interest bearing at 8.58% per annum and repayable from 2020 through 2026. Approximately RMB12,139,000 of the outstanding loans are repayable within twelve months from the end of the reporting period, with the remainder of approximately RMB74,549,000 having a repayment term of six years.

* *English name for identification purpose only*

11. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Profit for the period attributable to owners of the Company and for the purpose of basic and diluted earnings per share	**42,304**	410,222

	Six months ended 30 June	
	2020 '000 (Unaudited)	2019 '000 (Unaudited)
Number of ordinary shares for the purpose of basic and diluted earnings per share	**19,073,715**	19,073,715

Diluted earnings per share did not assume the exercise of the share options since the exercise price is higher than the average share price for both reporting periods.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Six months ended 30 June 2020	**Property, plant and equipment RMB'000**	**Right-of-use assets RMB'000**
Carrying amount at 1 January 2020 (Audited):	**35,400,109**	**1,513,943**
Additions	**15,985**	**38,767**
Exchange differences	**24,933**	**915**
Disposal of subsidiaries (note 29)	**(642,551)**	**(20,464)**
Disposals	**(47,318)**	**–**
Depreciation	**(708,227)**	**(46,076)**
Impairment loss recognised during the period (note 5)	**(42,596)**	**–**
Transfer to assets held for sale (note 10)	**(2,196,567)**	**(23,537)**
Adjustment on cost	**(40,751)**	**–**
Early termination	**–**	**(3,903)**
Carrying amount at 30 June 2020 (Unaudited)	**31,763,017**	**1,459,645**

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS *(Continued)*

Six months ended 30 June 2019	Property, plant and equipment RMB'000	Right-of-use assets RMB'000
Carrying amount at 1 January 2019 (Audited):		
– Property, plant and equipment	42,970,249	–
– Property, plant and equipment classified as held for sales	1,068,080	–
	44,038,329	–
At 1 January 2019		
– Right-of-use assets	–	1,934,556
– Right-use-assets as held for sales	–	27,268
	44,038,329	1,961,824
Additions	435,716	15,111
Exchange differences	1,415	99
Acquisition of subsidiaries	1,000,363	35,733
Disposal of subsidiaries	(2,655,166)	(116,394)
Depreciation	(858,294)	(44,209)
Early termination	–	(168)
Carrying amount at 30 June 2019 (Unaudited)	41,962,363	1,851,996

At 30 June 2020, the Group was in the process of obtaining property ownership certificates in respect of property interests held by the Group in the PRC with a carrying amount of approximately RMB941,127,000 (31 December 2019: RMB1,018,525,000). In the opinion of the Directors, the absence of the property ownership certificates to these property interests does not impair their carrying value to the Group as the Group paid the full purchase consideration of these property interests and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

Leases are negotiated and rentals are fixed for terms ranging from 3 to 34 years (31 December 2019: 3 to 34 years) for parcels of land and ranging from 1 to 10 years (31 December 2019: 1 to 3 years) for the office premises and staff quarters. The lease agreements entered into between the landlords and the Group include renewal options at the discretion of the respective group entities for further 5 to 15 years (31 December 2019: 5 to 10 years) from the end of the leases with fixed rental.

During the current interim period, the Group entered into several new lease agreements for the use of lands for 2 to 20 years. The Group is required to make fixed annually payments, except for full payment of RMB1,917,000 was paid for certain leases. On lease commencement, the Group recognised RMB38,767,000 of right-of-use asset and RMB36,850,000 of lease liability.

Sale and leaseback transactions – seller-lessee

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the solar power plants. During the six months period ended 30 June 2020, the Group has raised RMB52,318,000 (31 December 2019: RMB2,323,585,000) borrowings in respect of such arrangements which are accounted as collateralised borrowings.

13. INTERESTS IN ASSOCIATES

Same as disclosed in the Group's 2019 annual report, there is no material change for the six months ended 30 June 2020.

14. INTERESTS IN JOINT VENTURES

Same as disclosed in the Group's 2019 annual report, there is no material change for the six months ended 30 June 2020.

15. AMOUNTS WITH RELATED COMPANIES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Amounts due from related companies – non-current		
– Amount due from an associate of ultimate holding company (Note a)	3,000	8,000
– Amounts due from associates (Note b)	88,951	88,951
	91,951	96,951
Amounts due from related companies – current		
– Amounts due from associates (Note b)	703,103	902,695
– Amounts due from joint ventures (Note c)	8,519	8,297
– Amounts due from fellow subsidiaries (Note d)	63,120	47,319
– Amounts due from the companies controlled by Mr. Zhu Yufeng, the chairman of the Group, and his family (Note e)	696	991
	775,438	959,302
Amounts due to related companies – current		
– Amounts due to associates (Note b)	90,006	417,103
– Amounts due to fellow subsidiaries (Note d)	97,124	79,816
– Amounts due to the companies controlled by Zhu Yufeng and his family (Note e)	144,460	96,555
	331,590	593,474

Notes:

(a) The amount represents pledged deposits placed at Xinxin for loans advanced to the Group. Details of the loans are set out in note 22. The balance is interest-free and unsecured, and will be released upon the maturity of the loan from 2024 through 2026.

(b) The amounts with associates are non-trade nature, unsecured, non-interest bearing with no fixed repayment term except for an amount of RMB88,951,000 (31 December 2019: 88,951,000) which, in the opinion of the Directors, is expected to be received after twelve months from the end of the reporting period and is classified as non-current.

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

15. AMOUNTS WITH RELATED COMPANIES *(Continued)*

Notes: *(Continued)*

(d) The amounts due from/to fellow subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for the amounts due from fellow subsidiaries of approximately RMB46,517,000 (31 December 2019: RMB46,742,000) which is arising from operation and management services rendered to fellow subsidiaries with a credit term of 30 days and RMB41,813,000 (31 December 2019: RMB43,800,000) out of them are past due as at end of the reporting period.

(e) Mr. Zhu Yufeng and his family members hold in aggregate more than 20% of the Company's share capital as at 30 June 2020 and 31 December 2019 and exercise significant influence over the Company. The amounts with companies controlled by Mr. Zhu Yufeng and his family are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for amounts due to companies controlled by Mr. Zhu Yufeng and his family of RMB991,000 (31 December 2019: RMB512,000) which is arising from training services provided by related companies with credit term of 30 days.

16. DEPOSITS, PREPAYMENT AND OTHER NON-CURRENT ASSETS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Refundable value-added tax	**1,288,220**	1,716,249
Others	**58,187**	56,877
	1,346,407	1,773,126

17A. TRADE AND OTHER RECEIVABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade receivables	**4,529,742**	3,049,935
Prepayment and deposits	**114,665**	90,103
Other receivables		
– Advance to Borrowers (as defined in note 18)	**–**	13,530
– Consultancy services fee receivables	**15,212**	11,762
– Consideration receivable from disposal of subsidiaries	**306,612**	277,116
– Advance to non-controlling interest shareholder	**21,546**	21,546
– Receivables for modules procurement	**229,284**	287,044
– Refundable value-added tax	**641,442**	741,358
– Dividend receivables	**36,496**	–
– Others	**566,531**	466,524
	6,461,530	4,958,918

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.

Trade receivables include bills received amounting to RMB108,117,000 (31 December 2019: RMB232,493,000) held by the Group for future settlement of trade receivables, of which certain bills issued by third parties are further endorsed by the Group with recourse for settlement of payables for purchase of plant and machinery and construction costs, or discounted to banks for cash. The Group continues to recognise their full carrying amount at the end of both reporting periods. All bills received by the Group are with a maturity period of less than 1 year.

17A. TRADE AND OTHER RECEIVABLES *(Continued)*

The following is an aged analysis of trade receivables (excluded bills held by the Group for future settlement), which is presented based on the invoice date at the end of the reporting period:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Unbilled (note)	**4,156,250**	2,524,359
0–90 days	**128,560**	128,953
91–180 days	**15,124**	17,814
Over 180 days	**121,691**	146,316
	4,421,625	2,817,442

Note: The amount represents unbilled basic tariff receivables for solar power plants operated by the Group, and tariff adjustment receivables of those solar power plants already registered in the Catalogue/List. The Directors expect the unbilled tariff adjustments would be generally billed and settled within 1 year from end of the reporting date.

The aged analysis of the unbilled trade receivables, which is based on revenue recognition date, are as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0–90 days	**670,006**	504,582
91–180 days	**336,485**	401,488
181–365 days	**791,537**	677,679
Over 365 days	**2,358,222**	940,610
	4,156,250	2,524,359

As at 30 June 2020, included in these trade receivables are debtors with aggregate carrying amount of RMB181,136,000 (31 December 2019: RMB203,943,000) which are past due as at the end of the reporting date. These trade receivables relate to a number of customers represented the local grid companies in the PRC, for whom there is no recent history of default. The Group does not hold any collaterals over these balances.

Advance to Borrowers (defined in note 18) are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

17B. CONTRACT ASSETS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Sales of electricity	**5,058,357**	5,639,898
Current	**4,323,281**	–
Non-current	**735,076**	5,639,898
	5,058,357	5,639,898

The contract assets primarily relate to the portion of tariff adjustments for the electricity sold to the grid companies in the PRC in which the relevant on-grid solar power plants are still pending for registration to the List (2019: Catalogue) at the end of the reporting date, and tariff adjustment is recognised as revenue upon electricity is generated as disclosed in note 3. Pursuant to the 2020 Measures, for those on-grid solar power plants yet to be registered on the List (2019: Catalogue), they are required to meet the relevant requirements and conditions for tariff subsidy as stipulated and to complete the submission and application on the Platform. Local grid companies will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plants that are enlisted in the List. The contract assets are transferred to trade receivables when the Group's respective on-grid solar power plants are enlisted in the List. The Group considers the settlement terms contain significant financing component, and has adjusted the respective tariff adjustment for the financing component based on estimated timing of collection. Accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant counterparties. The revenue of the Group was adjusted by approximately RMB28 for the six months ended 30 June 2020 (2019: RMB151 million) for this financing component and in relation to revision of expected timing of tariff adjustment in the contract assets.

Contract assets are reclassified to trade receivables at the point the respective on-grid solar power plant projects are enlisted on the List. During the six months ended 30 June 2020, there are 22 solar power plants being admitted to the List and according to the related contract assets amounting to RMB1,684,786,000 are reclassified to trade receivables. Besides, 43 solar power plants are eligible to the List and expected to admit to the List in second half of 2020. Balances of RMB4,323,281,000 are classified as current assets as they are expected to be received with twelve months from the end of reporting period. The remaining balances as at 30 June 2020 are classified as non-current as they are expected to be received after twelve months from the reporting date.

18. OTHER LOAN RECEIVABLES

The Group, as lender, entered into loan agreements with independent third parties (the "Borrowers") to provide credit facilities to finance their development and operation of certain solar power plant projects in the PRC. As at 30 June 2020, the outstanding balance is RMB1,250,000 (31 December 2019: RMB14,250,000). The loans are repayable within twelve months from 31 December 2019, and interest rate at 6% (31 December 2019: 6%) per annum.

19. OTHER INVESTMENTS

The Group invested RMB100,000,000 into an asset management plan managed by a financial institution in the PRC with maturity on 31 March 2021. The principal is not guaranteed by the financial institution and the expected return rate as stated in the contract is 7.5%. During the current period, the Group entered into an asset transfer agreement with a financial institution to offset such investment with the other borrowings from it with a gain of RMB13,027,000 in the profit or loss.

20. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS ("ECL") MODEL

The basis of determining the inputs and assumptions and the estimation techniques used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group's 2019 annual report.

During the current interim period, the directors are of the opinion that the ECL on financial assets and other items subject to ECL is insignificant.

21. OTHER PAYABLES AND DEFERRED INCOME

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Payables for purchase of plant and machinery and construction costs (Note a)	**3,646,133**	4,540,359
Payables to vendors of solar power plants	**92,673**	92,873
Other tax payables	**21,396**	88,018
Other payables	**536,422**	363,055
Advance from EPC contractors (Note b)	**63,923**	123,030
Deferred income (Note c)	**400,539**	401,857
Dividend payable to non-controlling shareholders	**180,399**	225,784
Accruals		
– Staff costs	**24,512**	27,562
– Legal and professional fees	**13,911**	14,344
– Consultancy fees	**–**	89,373
– Others	**684,869**	389,405
	5,664,777	6,355,660
Analysed as		
Current	**5,278,777**	5,968,129
Non-current deferred income	**386,000**	387,531
	5,664,777	6,355,660

The Group has financial risk management policies in place to ensure settlement of payables within the credit time frame.

Notes:

a. Included in payables for purchase of plant and machinery and construction costs are RMB94,550,000 (31 December 2019: RMB619,248,000) in which the Group presented bills to relevant creditors for settlement and remained outstanding at the end of the reporting period. It also contains obligations arising from endorsing bills with recourse with an aggregate amount of RMB46,046,000 (31 December 2019: RMB1,672,000). All bills presented by the Group is aged within 1 year and not yet due at the end of the reporting period.

b. The advance represents the amounts received from engineering, procurement and constructions ("EPC") contractors for modules procurement, in which the modules will be used in the construction of the Group's solar power plants.

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

Against this, the Group entered into an inverted lease arrangement or other finance arrangement for its qualified solar power plant projects in the US with third party financial institutions effectively utilise its ITC over these financings by passing on the benefit to financial institution as part of the repayments. The details of the arrangements is disclosed in note 28 to the consolidated financial statements in the Group's 2019 annual report. Approximately US$1,027,000 (equivalent to approximately RMB7,222,000) (six months ended 30 June 2019: US$1,027,000 (equivalent to approximately RMB6,953,000)) of the ITC benefit was recognised in profit or loss for the six months ended 30 June 2020 as a government grant income and included in other income.

22. LOANS FROM RELATED COMPANIES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Loans from:		
– companies controlled by Mr. Zhu Yufeng and his family (Note a)	**1,007,447**	1,173,643
– an associate of ultimate holding company (Note b)	**287,264**	390,541
	1,294,711	1,564,184
Analysed as:		
Current	**438,056**	646,111
Non-current	**856,655**	918,073
	1,294,711	1,564,184

Notes:

(a) As at 30 June 2020, loans from 協鑫集團有限公司 GCL Group Limited*, 南京鑫能陽光產業投資基金企業（有限合夥）Nanjing Xinneng Solar Property Investment Fund Enterprise (Limited Partnership)* ("Nanjing Xinneng"), 江蘇協鑫建設管理有限公司 Jiangsu GCL Construction Management Limited* ("Jiangsu GCL Construction") and 江蘇協鑫房地產有限公司 Jiangsu GCL Real Estate Limited* ("Jiangsu GCL Real Estate") in total amounted to RMB1,007,447,000 (31 December 2019: RMB1,173,643,000). These loans are unsecured, interest bearing ranging from 8% to 12% (31 December 2019: ranged at 8%) per annum and repayable from 2020 through 2021. Approximately RMB384,840,000 (31 December 2019: RMB597,243,000) of the outstanding loans are repayable within twelve months from the end of the reporting period.

(b) As at 30 June 2020, loans from Xinxin, an associate of GCL-Poly amounted to approximately RMB287,264,000 (31 December 2019: RMB390,541,000) and out of which, balance of approximately RMB80,240,000 (31 December 2019: RMB181,130,000) is secured by a pledged deposit (note 15(a)), and certain property, plant and equipment held by the Group, interest bearing ranged from 6% to 8.58% per annum and repayable from 2020 through 2026 as at 30 June 2020 and 31 December 2019. The remaining balance of approximately RMB207,024,000 (31 December 2019: RMB209,411,000) is secured by certain property, plant and equipment held by the Group and interest bearing at 7.81% per annum.

Approximately RMB53,216,000 (31 December 2019: RMB48,868,000) of the outstanding loans are repayable within twelve months from the end of the reporting period, with the remainder of approximately RMB234,048,000 (31 December 2019: RMB341,673,000) having a repayment term of eight years.

* *English name for identification purpose only*

23. BANK AND OTHER BORROWINGS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Bank loans	11,223,661	13,925,160
Other loans	17,505,155	17,007,921
	28,728,816	30,933,081
Secured	26,976,728	28,257,285
Unsecured	1,752,088	2,675,796
	28,728,816	30,933,081
The carrying amount of bank loans that are repayable on demand due to inability to respect loan covenants#	2,249,793	2,340,579
The carrying amount of the remaining bank loans and other loans	26,479,023	28,592,502
	28,728,816	30,933,081
Less: Amounts due within one year or repayable on demand due to inability to respect loan covenants (shown under current liabilities)	(10,423,292)	(11,522,908)
Amounts due after one year	18,305,524	19,410,173

At 30 June 2020 and 31 December 2019, GCL-Poly, being the guarantor of certain bank borrowings of the Group, was not able to meet a financial covenant as stipulated in the loan agreement of a bank borrowing. In addition, the inability to respect the covenant requirement at GCL-Poly has triggered the cross default clauses in several other bank borrowings of the Group. Accordingly, bank borrowings amounting to RMB1,435 million is reclassified from non-current liabilities to current liabilities as at 30 June 2020 (31 December 2019: RMB1,597 million). Subsequent to the end of the reporting period such bank borrowing has been fully repaid by GCL-Poly. Therefore, the Directors consider that such event of default did not have any material impact to the Group.

Scheduled repayment terms for the bank loans that are repayable on demand due to the inability to respect loan covenants is as follow:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within one year	814,836	743,168
More than one year, but not exceeding two years	562,418	522,911
More than two years, but not exceeding five years	535,224	990,600
More than five years	337,315	83,900
	2,249,793	2,340,579

23. BANK AND OTHER BORROWINGS *(Continued)*

The bank and other borrowings carries effective interest rate ranged from 2% to 18.25% (31 December 2019: 2.47% to 13%) per annum.

Included in other loans are RMB11,176 million (31 December 2019: RMB12,001 million) in which the Group entered into financing arrangements with financial institutions with lease terms ranging from 2 years to 14.5 years (31 December 2019: 2 years to 14.5 years), with legal title of the respective equipment transferred to the financial institutions. The Group continued to operate and manage the relevant equipment during the lease term without any involvement from the financial institutions, and the Group is entitled to purchase back the equipment at a minimal consideration upon maturity of respective leases, except for one of the financing arrangements with a financial institution that the Group can either exercise the early buyout option granted to the Group to purchase back the relevant equipment at a pre-determined price at the end of the seventh year of the lease term, or to purchase back the equipment from this financial institution at fair value upon the end of the lease period. Despite the arrangement involves a legal form of a lease while it does not constitute a sale and leaseback transaction, 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 Group applies the requirements of IFRS 15 to assess whether sale and leaseback transactions constitute a sale as disclosed in note 12.

During the period, the Group discounted bills arising from future settlement of trade receivables with recourse in aggregated amount of RMB18,122,000 (for the year ended 31 December 2019: RMB190,978,000) to banks for short-term financing. At 30 June 2020, the associated borrowings amounted to approximately RMB7,982,000 (31 December 2019: RMB188,235,000). The related cash flows of these borrowings are presented as operating cash flows in the unaudited condensed interim consolidated statement of cash flows as the management considers the cash flows are in substance, the receipts from trade customers.

The Group is required to comply with certain restrictive financial covenants and undertaking requirements.

24. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
At 1 January 2019, 30 June 2019, 31 December 2019 and 30 June 2020		
– Ordinary shares of HK$0.00416 each	**36,000,000,000**	**150,000**

	Number of shares	Amount HK$'000	Shown in unaudited condensed consolidated financial statements as RMB'000
Issued and fully paid:			
At 1 January 2019 (audited), 30 June 2019 (unaudited), 31 December 2019 (audited) and 30 June 2020 (unaudited)			
– Ordinary shares of HK$0.00416 each	**19,073,715,441**	**79,474**	**66,674**

25. BONDS AND SENIOR NOTES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Bonds	271,946	271,742
Senior notes	3,530,296	3,470,542
	3,802,242	3,742,284

Same as disclosed in the Group's 2019 annual report, there is no material change for the six months ended 30 June 2020, except for senior notes are classified as current liabilities as at 30 June 2020 as it will be matured on 30 January 2021.

In July 2020, the first tranche of the non-public green bonds of RMB100,000,000 was matured.

26. PERPETUAL NOTES

Same as disclosed in the Group's 2019 annual report, there is no material change for the six months ended 30 June 2020.

The perpetual notes are classified as equity instruments in the Group's unaudited condensed interim consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the perpetual notes. Any distributions made by 南京協鑫新能源發展有限公司 Nanjing GCL New Energy Development Co., Ltd* to the holders are recognised in equity in the unaudited condensed interim consolidated financial statements of the Group. The entire distribution payment of RMB81,900,000 (six months ended 30 June 2019: RMB81,450,000) for the six months ended 30 June 2020 was deferred by the Group.

* *English name for identification purpose only*

27. SHARE-BASED PAYMENT TRANSACTIONS

Equity settled share option scheme

Same as disclosure in the Group's 2019 annual report, there is no material change relating to the share-based payment transactions for the six months ended 30 June 2020, except for the following movements of share options during the current interim period as follows:

For the six months ended 30 June 2020

	Exercise Price	Date of grant	Exercise Period	Number of share options Outstanding at 1 January 2020	 Forfeited during the period	 Outstanding at 30 June 2020
Directors	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	58,382,800	–	58,382,800
	HK$0.606	24.07.2015	24.07.2015–23.07.2025	40,565,980	(16,105,600)	24,460,380
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	214,929,232	(16,105,600)	198,823,632
	HK$0.606	24.07.2015	24.07.2015–23.07.2025	194,183,206	(10,871,280)	183,311,926
				508,061,218	(43,082,480)	464,978,738
Exercisable at the end of the period				273,312,032		257,206,432
Weighted average exercise price (HK$)				0.9147	0.8205	0.9234

For the six months ended 30 June 2019

	Exercise Price	Date of grant	Exercise Period	Number of share options Outstanding at 1 January 2019	 Forfeited during the period	 Outstanding at 30 June 2019
Directors	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	58,382,800	–	58,382,800
	HK$0.606	24.07.2015	24.07.2015–23.07.2025	48,618,780	(8,052,800)	40,565,980
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	231,075,096	–	231,075,096
	HK$0.606	24.07.2015	24.07.2015–23.07.2025	211,758,442	–	211,758,442
				549,835,118	(8,052,800)	541,782,318
Exercisable at the end of the period				274,036,784		289,457,896
Weighted average exercise price (HK$)				0.9255	0.606	0.9126

Note: The exercisability of all outstanding share options which were granted in 2015 are subject to meeting of a market condition during the exercise period.

27. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Equity settled share option scheme *(Continued)*

During the six months ended 30 June 2020, share-based payment expense of RMBnil (six months ended 30 June 2019: RMB1,593,000) has been recognised in profit or loss since the share options have been fully vested as at 31 December 2019. In addition, share options granted to certain employees have been forfeited after the vesting period due to the resignation, and respective share options reserve of approximately RMB15,708,000 (six months ended 30 June 2019: RMB2,395,000) is transferred to the Group's accumulated losses.

28. ACQUISITIONS OF SUBSIDIARIES

There is no business and asset acquisition during the six months ended 30 June 2020.

Same as disclosed in the Group's 2019 annual report relating to the acquisition, the Group completed two business acquisitions with bargain purchase from business combination of RMB73,858,000 during the six months ended 30 June 2019.

29. DISPOSAL OF SUBSIDIARIES

(i) 阜陽衡銘太陽能電力有限公司 Fuyang Hengming Solar Power Company Limited* ("Fuyang Hengming") and 鎮江協鑫新能源有限公司 Zhenjiang GCL New Energy Limited* ("Zhenjiang GCL")

On 21 January 2020, the Group has entered into share transfer agreements with 中核（南京）能源發展有限公司 CNI (Nanjing) Energy Development Company Limited*, for the disposal of 100% equity interest in Fuyang Hengming and Zhenjiang GCL for consideration in aggregate of approximately RMB77 million. Fuyang Hengming and Zhenjiang GCL operate two solar power plants with approximately 40MW installed capacity in aggregate in the PRC. The disposals are completed in March and June 2020, respectively.

(ii) 哈密耀輝光伏電力有限公司 Hami Yaohui Photovoltaic Company Limited* ("Hami Yaohui")

On 21 January 2020, the Group announced that it has entered into share transfer agreements with Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, for the disposal of 60% and 40% equity interest in Hami Yaohui, respectively, for a consideration of approximately RMB117.7 million. Hami Yaohui operates a solar power plant with approximately 30MW installed capacity in the PRC. The disposal is completed in June 2020.

* *English name for identification purpose only*

29. DISPOSAL OF SUBSIDIARIES *(Continued)*

(ii) 哈密耀輝光伏電力有限公司 Hami Yaohui Photovoltaic Company Limited* ("Hami Yaohui") *(Continued)*

The Group has granted a put option to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, pursuant to which the Group has agreed that if the Hami Project fail to fully receive the balance of the tariff adjustment receivables (the "Tariff Adjustment Receivables") as at the Disposal Date during the four-year period after the Disposal Date, or the operation of the Hami Project is disrupted for more than six months due to the reasons stipulated in the share transfer agreements, the Group shall repurchase the 100% equity interest in the Hami Project from Hua Neng No. 1 Fund and Hua Neng No. 2 Fund at a repurchase price which is the higher of (1) equity value of the Hami Project assessed by The State-owned Assets Supervision and Administration Commission of the State Council or (2) a repurchase price calculated in accordance with terms specified in the share transfer agreements, together with any outstanding shareholder's loan advanced to the relevant Hami Project by Hua Neng No. 1 Fund and Hua Neng No. 2 Fund. As the Hami Project has already registered in the Catalogue/List and receipt of tariff adjustment receivables are stable, in the opinion of the Directors, it is highly likely that the balance of the Tariff Adjustment Receivables will be collected within four years after the Disposal Date. As such, the fair value of the option is considered insignificant at the Disposal Date and 30 June 2020.

	Fuyang Hengming RMB'000	Zhenjiang GCL RMB'000	Hami Yaohui RMB'000	Total RMB'000
Consideration:				
Consideration received	25,000	–	–	25,000
Consideration receivable	9,966	42,510	117,700	170,176
	34,966	42,510	117,700	195,176
Analysis of assets and liabilities over which control was lost:				
Property, plant and equipment	113,118	113,531	415,902	642,551
Right-of-use assets	9,108	10,383	973	20,464
Other non-current assets	132	429	3,364	3,925
Contract assets	–	22,577	–	22,577
Trade and other receivables	32,666	9,925	156,328	198,919
Pledged other deposits	5,500	–	–	5,500
Bank balances and cash	778	4,723	1,830	7,331
Other payables	(51,174)	(81,085)	(2,838)	(135,097)
Bank and other borrowings	(68,235)	–	(270,000)	(338,235)
Lease liabilities	(7,416)	(11,113)	(2,051)	(20,580)
Deferred tax liabilities	–	(914)	–	(914)
Intragroup payables	(7,003)	(19,462)	(97,062)	(123,527)
Net assets disposed of	27,474	48,994	206,446	282,914
Gain (loss) on disposal	7,492	(6,484)	(88,746)	(87,738)
Net cash inflow arising on disposal:				
Cash consideration received	25,000	–	–	25,000
Less: bank balances and cash disposed of	(778)	(4,723)	(1,830)	(7,331)
	24,222	(4,723)	(1,830)	17,669

Same as disclosed in the Group's 2019 interim report relating to the disposal, the Group completed disposal of 12 subsidiaries during six months ended 30 June 2019.

* *English name for identification purpose only*

30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

31. COMMITMENTS AND CONTINGENT LIABILITIES

(i) Capital commitments

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Construction commitments in respect of solar power plant projects contracted for but not provided in the unaudited condensed interim consolidated financial statements	**669,369**	377,044

(ii) Financial guarantees provided to third parties

In addition to those financial guarantees provided to related parties as set out in note 33(f), the Group also provided financial guarantees to certain third parties, being the former wholly-owned subsidiaries, for certain of their bank and other borrowings amounting to RMB110,000,000 (31 December 2019: RMB540,000,000) as at 30 June 2020. Since these bank and other borrowings are secured by the borrowers, (i) property, plant and equipment; (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, in the opinion of the Directors, the fair value of the guarantees is considered insignificant at initial recognition, and the ECL as at 30 June 2020 and 31 December 2019 are insignificant.

32. PLEDGE OF ASSETS/RESTRICTIONS ON ASSETS

The Group's borrowings had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Property, plant and equipment	19,843,459	21,027,038
Right-of-use assets	11,826	14,980
Pledged bank and other deposits	1,156,906	1,701,275
Trade receivables and contract assets	8,172,512	4,143,233
Amount due from a related company	4,520	8,000
	29,189,223	26,894,526

The Group's secured bank and other borrowings and loans from related companies were secured, individually or in combination, by (i) certain property, plant and equipment of the Group; (ii) certain pledged bank and other deposits of the Group; (iii) certain subsidiaries' trade receivables, contract assets and fee collection rights in relation to the sales of electricity; (iv) certain right-of-use assets of the Group; (v) amount due from an associate of ultimate holding company*; and (vi) equity interests in some project companies of the Group.

* The loans from an associate of ultimate holding company are secured by pledged deposits, which are classified as amount due from a related company.

Restrictions on assets

In addition, lease liabilities of RMB1,180,686,000 (31 December 2019: RMB1,161,582,000) are recognised with related right-of-use assets of RMB1,329,280,000 (31 December 2019: RMB1,395,426,000) as at 30 June 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by lessor and the relevant leased assets may not be used as security for borrowing purposes.

Furthermore, bills receivable issued by third parties endorsed with recourse for settlement of payables for purchase of plant and machinery and construction costs is disclosed in note 21.

33. RELATED PARTY DISCLOSURES

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

(a) Management services income from related companies

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Fellow subsidiaries		
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") (Note i)	**16,651**	16,651
GCL Solar Energy Limited (Note ii)	**2,813**	1,695
Joint ventures (Note iii)		
Jinhu	**–**	6,226
山東萬海電力有限公司 Shandong Wanhai Solar Power Co., Ltd.* ("Wanhai")	**–**	2,136
Associates (Note iii)		
江陵縣協鑫光伏電力有限公司 Jingling GCL Solar Power Co., Ltd.* ("Jiangling")	**437**	–
華容縣協鑫光伏電力有限公司 Huarong GCL Solar Power Co., Ltd.* ("Huarong")	**2,073**	943
林州市新創太陽能有限公司 Linzhou Xinchuang Solar Co., Ltd.* ("Linzhou Xinchuang")	**1,591**	–
新安縣協鑫光伏電力有限公司 Xinan GCL Solar Power Co., Ltd.* ("Xinan")	**492**	–
汝州協鑫光伏電力有限公司 Ruzhou GCL Photovoltaic Power Co. Ltd.* ("Ruzhou")	**413**	–
	24,470	27,651

Notes:

(i) 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 GCL Operation"), indirect wholly-owned subsidiary of the Company, provides operation and management services to the solar power plants of Suzhou GCL-Poly and its subsidiaries.

(ii) GCL New Energy International Limited, an indirect wholly-owned subsidiary of the Company, provided asset management and administrative services to GCL Solar Energy Limited for its overseas operations in the US and South Africa. GCL Solar Energy Limited is a subsidiary of GCL-Poly.

* *English name for identification purpose only*

33. RELATED PARTY DISCLOSURES *(Continued)*

(a) Management services income from related companies *(Continued)*

(iii) During the six months ended 30 June 2020, Suzhou GCL Operation provided operation and management services to the solar power plants of Jiangling, Huarong, Linzhou Xinchuang, Xinan and Ruzhou (2019: Jinhu and Wanhai, which were wholly-owned subsidiaries of 西安中民協鑫新能源有限公司 Xi'an Zhongmin GCL New Energy Company Limited*, a joint venture of the Group. Jinhu and Wanhai became wholly-owned subsidiaries of the Group in March 2019).

(b) Interest expense on loans from related companies

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Ultimate holding company		
GCL-Poly	**–**	21,462
Associate of ultimate holding company		
Xinxin	**9,749**	18,769
The companies controlled by Mr. Zhu Yufeng and his family		
GCL Group Limited	**3,570**	60,833
Nanjing Xinneng	**30,586**	21,106
Jiangsu GCL Real Estate	**1,917**	3,143
Jiangsu GCL Construction	**19,319**	–
	55,392	85,082
	65,141	125,313

Details of the loans from related companies are set out in note 22.

(c) Rental expenses to fellow subsidiaries

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
蘇州協鑫工業應用研究院有限公司 Suzhou GCL Industrial Applications Research Co., Ltd*	**10,305**	12,755

* *English name for identification purpose only*

33. RELATED PARTY DISCLOSURES *(Continued)*

(d) Profit attributable on perpetual notes

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
保利協鑫（蘇州）新能源有限公司 GCL-Poly (Suzhou) New Energy Co., Ltd*	**31,850**	31,675
Suzhou GCL-Poly	**22,750**	22,625
太倉協鑫光伏科技有限公司 Taicang GCL Photovoltaic Technology Co., Ltd*	**9,100**	9,050
江蘇協鑫硅材材料科技發展有限公司 Jiangsu GCL Silicon Material Technology Development Co., Ltd*	**18,200**	18,100
	81,900	81,450

Perpetual notes are unsecured, have a variable distribution rate of 7.3% to 11% which could be deferred indefinitely at the option of the issuer and have no fixed repayment term. The notes are denominated in RMB.

(e) Guarantees granted by related companies

At 30 June 2020, certain bank and other borrowings of the Group amounting to RMB2,447,505,000 (31 December 2019: RMB2,770,079,000) were guaranteed by ultimate holding company and/or fellow subsidiaries.

(f) Guarantees provided to related companies

As at 30 June 2020, the Group provided guarantee to its associates for certain of their bank and other borrowings with maximum amount of RMB5,369,119,000 (31 December 2019: RMB5,369,119,000). Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment; (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, in the opinion of the Directors, the fair value of the guarantee is considered insignificant at initial recognition and the ECL as at 30 June 2020 and 31 December 2019 is insignificant.

* *English name for identification purpose only*

33. RELATED PARTY DISCLOSURES *(Continued)*

(g) Compensation of key management personnel

The remuneration of senior management personnel, comprising directors' (whether executive or otherwise) remuneration during the period was as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	**3,848**	5,599
Post-employment benefits	**95**	114
Share-based payments expenses	**–**	373
	3,943	6,086

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.

34. MAJOR NON-CASH TRANSACTIONS

During the six months period ended 30 June 2020, the Group entered into a offsetting agreement with associates and 上海榕耀新能源有限公司 Shanghai Rongyao New Energy Co., Ltd* ("Shanghai Rongyao"), the controlling shareholder of those associates. They agreed to offset part of the Group's amounts due from those associates of RMB214,817,000 and consideration receivables from Shanghai Rongyao of RMB111,980,000 with amounts due to associates amounted to RMB326,797,000.

35. EVENTS AFTER REPORTING PERIOD

Other than disclosed elsewhere in the unaudited condensed interim consolidated financial statements, the Group has no significant event after the end of the reporting period.

* *English name for identification purpose only*

Corporate Information

Board of Directors

Executive Directors

Mr. ZHU Yufeng *(Chairman)*
Mr. MO Jicai *(President)*
Ms. HU Xiaoyan

Non-executive Directors

Ms. SUN Wei
Mr. YEUNG Man Chung, Charles
Mr. HE Deyong

Independent Non-executive Directors

Mr. WANG Bohua
Mr. XU Songda
Mr. LEE Conway Kong Wai
Mr. WANG Yanguo
Dr. CHEN Ying

Board Committees

Audit Committee

Mr. LEE Conway Kong Wai *(Chairman)*
Mr. WANG Bohua
Mr. XU Songda

Remuneration Committee

Mr. LEE Conway Kong Wai *(Chairman)*
Mr. ZHU Yufeng
Ms. SUN Wei
Mr. WANG Bohua
Mr. WANG Yanguo

Nomination Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. WANG Bohua
Mr. XU Songda
Mr. WANG Yanguo

Corporate Governance Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. MO Jicai
Ms. HU Xiaoyan
Mr. YEUNG Man Chung, Charles
Mr. XU Songda
Mr. LEE Conway Kong Wai

Investment Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. MO Jicai *(Vice-Chairman)*
Ms. HU Xiaoyan *(Vice-Chairman)*

Strategic Planning Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. MO Jicai
Ms. HU Xiaoyan
Ms. SUN Wei
Mr. WANG Bohua
Mr. XU Songda

Company Secretary

Mr. HO Yuk Hay

Authorised Representatives

Mr. YEUNG Man Chung, Charles
Mr. HO Yuk Hay

Registered Office

Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

Corporate Information

Principal Place Of Business In Hong Kong

Unit 1707A, Level 17
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Principal Bankers

Bank of China Limited
China Development Bank
Industrial and Commercial Bank of China Limited
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited

Share Registrars and Transfer Offices

Principal Share Registrar and Transfer Agent

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Abacus Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Legal Advisers to the Company

As to Hong Kong law

King & Wood Mallesons
13/F Gloucester Tower, The Landmark,
15 Queen's Road Central
Hong Kong

As to PRC law

Grandall Law Firm (Beijing)
9th Floor, Taikang Financial Tower
No. 38 North Road East Third Ring
Chaoyang District
Beijing, 100026
PRC

Share Information

Stock Code:	451
Board Lot Size:	2,000
Issued Shares as at 30 June 2020:	19,073,715,441 shares

Links to Official Website/ Wechat Platform of the Company

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

Glossary

"Adjusted Exercise Price"	adjusted exercise price due to rights issue
"associate(s)", "controlling shareholder(s)" and "substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Company" or "GCL New Energy"	GCL New Energy Holdings Limited 協鑫新能源控股有限公司
"Company Secretary"	the company secretary of the Company
"Corporate Communications"	including but not limited to: (a) the directors' reports, annual accounts together with a copy of the auditors' report and, where applicable, summary financial reports; (b) interim reports and, where applicable, summary interim reports; (c) notices of meetings; (d) listing documents; (e) circulars; and (f) proxy forms
"Director(s)"	the director(s) of the Company from time to time
"EBITDA"	earnings before finance costs, taxation, depreciation and amortization
"GCL-Poly"	GCL-Poly Energy Holdings Limited 保利協鑫能源控股有限公司, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3800). As at the date of this report, GCL-Poly is interested in approximately 62.28% of the issued share capital of Company and is a substantial shareholder of the Company within the meaning of Part XV of the SFO
"GCL System Integration"	GCL System Integration Technology Co., Ltd.*協鑫集成科技股份有限公司, a company incorporated in the PRC with its shares listed on the Small & Medium Enterprises Board of the Shenzhen Stock Exchange (stock code: 002506). As at the date of this report, GCL System Integration is interested in approximately 9.99% of the issued share capital of Company and is a substantial shareholder of the Company within the meaning of Part XV of the SFO
"Group"	the Company and its subsidiaries
"GW"	gigawatts
"HK$" or "HKD"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"kWh"	kilowatt hour

Glossary

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MW"	megawatts
"PRC" or "China"	The People's Republic of China
"PV"	photovoltaic
"Reporting Period"	the six months ended 30 June 2020
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK$$0.0041\dot{6}$) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Option Scheme"	the share option scheme adopted by the Company on 15 October 2014
"Solar Energy Business" or "continuing operations"	the sale of electricity, development, construction, operation and management of solar power plants
"State Grid"	State Grid Corporation of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US"	United States of America
"US$" or "USD"	US Dollars, the lawful currency of the United States

* *English name for identification only*

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