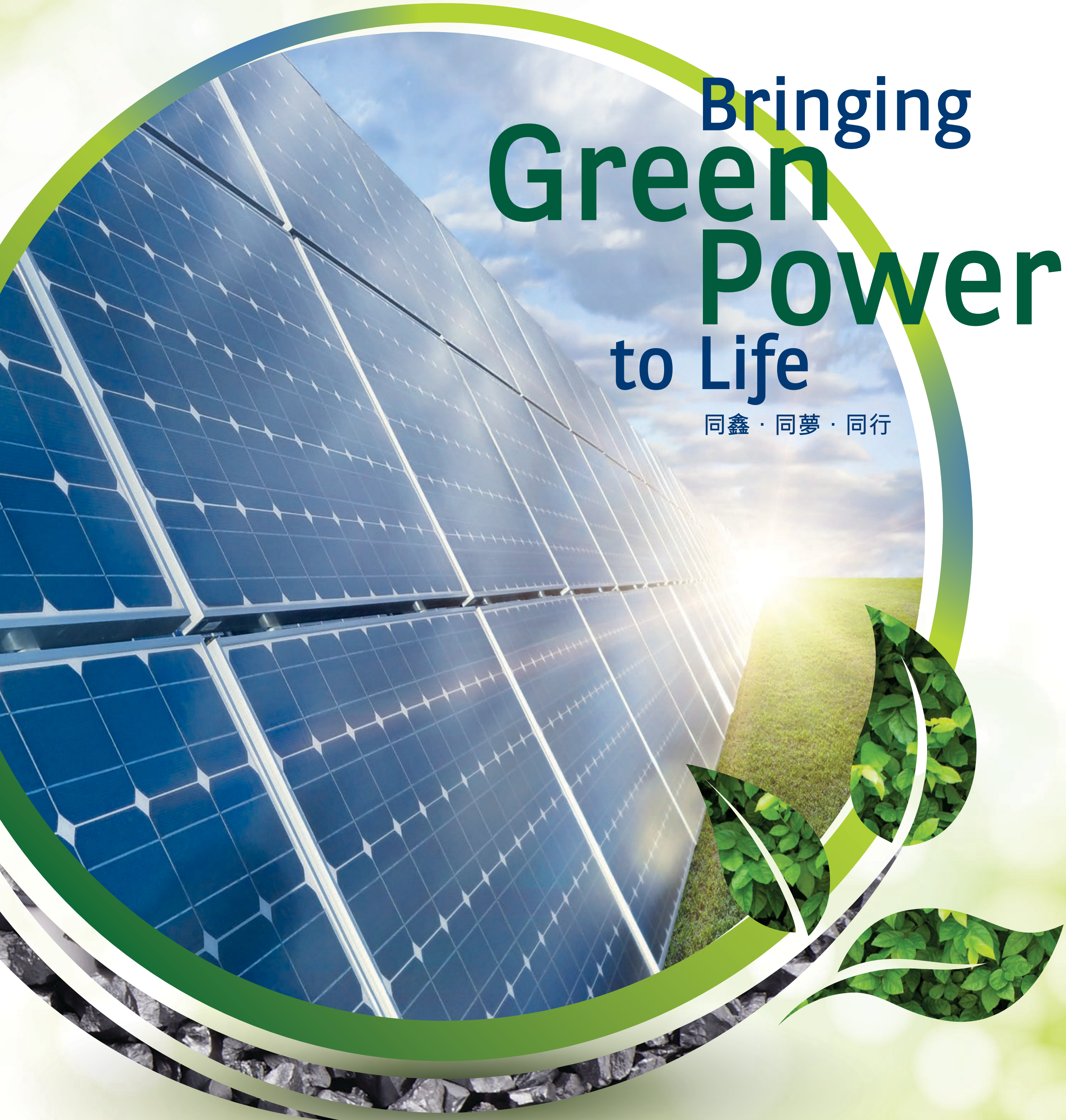
GCL

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

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



Bringing Green Power to Life

同鑫．同夢．同行

2020 INTERIM REPORT

Contents

Financial Highlights

	Six months ended 30 June			
	2020	2019	**Change**	**% of change**
	RMB'000	RMB'000	**RMB'000**	
	(unaudited)	(unaudited)		
Revenue				
Sales of wafer	**2,572,834**	4,535,386	(1,962,552)	-43.3%
Sales of electricity	**2,970,185**	3,421,501	(451,316)	-13.2%
Sales of polysilicon	**1,015,188**	1,289,009	(273,821)	-21.2%
Processing fees	**357,390**	310,133	47,257	15.2%
Others (comprising the sales of ingots)	**243,643**	445,806	(202,163)	-45.3%
	7,159,240	10,001,835	(2,842,595)	-28.4%
Loss attributable to owners of the Company	**(1,995,988)**	(997,530)	(998,458)	100.1%

			Change	**% of change**
	RMB cents	RMB cents	**RMB cents**	
Loss per share				
— Basic	**(10.20)**	(5.51)	(4.69)	85.1%
— Diluted	**(10.20)**	(5.51)	(4.69)	85.1%

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)	Change RMB'000	% of change
Extracts of unaudited condensed consolidated statement of financial position				
Equity attributable to owners of the Company	**20,517,708**	22,250,159	(1,732,451)	-7.8%
Total assets	**95,262,019**	100,436,959	(5,174,940)	-5.2%
Bank balances and cash, pledged and restricted bank and other deposits*	**7,840,689**	8,515,445	(674,756)	-7.9%
Indebtedness (bank and other borrowings, lease liabilities, notes and bonds payables, and loans from related companies)#	**53,165,365**	55,372,519	(2,207,154)	-4.0%
Key financial ratios				
Current ratio	**0.64**	0.53	0.11	20.8%
Quick ratio	**0.63**	0.51	0.12	23.5%
Net debt to equity attributable to owners of the Company	**220.9%**	210.6%	10%	4.7%

* Amount includes pledged bank deposits, bank balances and cash and a deposit pledged at a related company classified as held for sale of RMB79,517,000 (31 December 2019: nil) and a deposit pledged at a related company of RMB58,000,000 (31 December 2019: RMB38,000,000).

Amount includes indebtedness classified as held for sale of RMB1,500,734,000 (31 December 2019: nil).

Chairman's Statement and CEO Review of Operations and Outlook

Since the beginning of 2020, the global manufacturing chain has been subject to negative impacts to various extents owing to unsettling factors such as the sudden outbreak of "COVID-19" and escalating domestic and international risks and challenges. Against this backdrop, photovoltaic companies in China have resumed production operations in the fastest pace possible and sustained stable development, credit to their strong resilience and solid foundation forged in previous periods, favourable national policies and the customary upward trend of the industry. According to the National Energy Administration, new installed capacity for PV power generation in China for the first half of 2020 increased by 0.88% to 11.52 GW, as compared to 11.4 GW for the same period in 2019, marking the first positive growth in new installed capacity during the first half of the year since 2018. Given the current unusual circumstances, such hard-earned growth has provided a powerful boost to confidence across the industry and contributed to greater enthusiasm in the market. According to the latest industry analysis report of BloombergNEF (BNEF), the estimated global installed capacity for the year will range between a low-case scenario of 111 GW and a best-case scenario of 141 GW. According to the latest forecast of the China Photovoltaic Industry Association (CPIA), domestic installed capacity of China could reach 40 GW or above.

During this unusual year, the strong leaders in the PV industry emerged even stronger and became trend buckers against the epidemic. As a PV enterprise that had lived through multiple industry cycles, GCL-Poly committed itself to profound self-reflection in response to the fast-evolving innovation of the industry, revisiting its product positioning and exploring ways to implement reforms from a pragmatic point of view, actively adjusting its strategic deployment and firmly grasping any opportunities amidst challenges as it followed a path of qualitative development in fulfillment of its social responsibility, with the determination and persistence befitting a sustainable business enterprise.

Business Review for the First Half of 2020

During the first half of 2020, GCL-Poly produced approximately 17,881 MT of rod silicon and 14,328 MW of wafers, respectively. As of 30 June 2020, GCL-Poly recorded revenue of RMB7,159 million, representing a decrease of 28.4% as compared with the same period in 2019; gross profit amounted to approximately RMB1,804 million, representing a decrease of 23.4% as compared with the same period in 2019; loss for the period attributable to owners of the Company amounted to approximately RMB1,996 million and basic loss per share was approximately RMB10.20 cents.

During the period, GNE's total PV installed capacity was approximately 7,043 MW, a decrease of 1.94% as compared with the same period in 2019. Total revenue from PV power generation business amounted to approximately RMB2,731 million, representing a decrease of 13.9% as compared with the same period in 2019. Profit attributable to shareholders of the GNE Group amounted to approximately RMB42 million and basic earnings per share was approximately RMB0.22 cents.

Market-oriented focus on the principal business

In view of intricate international developments and opportunities arising from the rotation of industries, GCL-Poly monitored the situation and made diligent efforts to enhance its inherent strengths in close tandem with market developments, overcoming difficulties and making radical changes where necessary. Nevertheless, we remained committed to achieving ongoing cost reduction and efficiency enhancement, as we strengthened our business foundation with a strong focus on our principal operations to increase our competitiveness by achieving excellence in industrial operations. In the meantime, the Company continued to deepen its cooperation with financial institutions and explore initiatives for collaborative financial innovation with the aim of further optimising its balance sheet and financing structure, so that it will be well-positioned for the next cycle of steady development with adaptive preparations and strategic plans for transformation in place.

Polysilicon: Xuzhou base resumed operation of existing facilities with new FBR capacity poised for operation

During the first half of the year, we experienced a setback with our new installed capacity as the impact of the epidemic was felt, resulting in a notable decline in prices for all sections along the industry chain, with the prices of polysilicon falling to historic low. With the gradual waning of the global pandemic, industrial production has returned to a level similar to that prior to the outbreak, and delayed projects in the first half of the year will go a long way driving retaliatory rebound in the installed capacity of the industry during the second half of the year. Since the end of the second quarter, there has been a rapid upsurge in polysilicon prices driven mainly by the growth in orders backed by emerging global demand for installed capacity, coupled with the commissioning of the new capacities of downstream water manufacturers. Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司), a wholly-owned subsidiary of GCL-Poly, benefited from the recovery as a first-tier enterprise among global suppliers of silicon materials and reported marked improvements in production and sales. Jiangsu Zhongneng is hopeful of a turnaround to profit for the full year based on the latest forecasts of market trading prices in August.

GCL-Poly's R&D, production and sales teams for polysilicon are among the best in the industry with access to proprietary polysilicon technology developed over more than a decade of stable production and operation of polysilicon and further complemented by the patented silicon-methane fluidized bed (FBR) technology team and equipment acquired from SunEdison, U.S. in 2017. Our technology for granular silicon has been applied at our polysilicon base in Xuzhou and facilitated stable mass production on a continuous basis. Its quality has been well testified and recognised by downstream mono-wafer customers. The Xuzhou Base currently has a production capacity of 6,000 tonnes of granular silicon, which is expected to increase to over 10,000 tonnes within the year, while further new capacities are scheduled for commissioning next year. Given GCL's investment, experience and capability in polysilicon developed on the back of intensive effort over the years, we firmly believe that we are capable of conducting our principal business in a more refined manner, producing better quality at lower costs as we continue to offer customers with world-class polysilicon products and grow GCL into a world-class brand for polysilicon.

Wafer: augmenting the effect of the Company's unique advantage with a diverse range of complementary products meeting the requirements of "large-size" terminals

In view of diverse customer requirements and changing market preferences, GCL-Poly has also continued to drive the strategy for product transformation and upgrade in an active manner. In respect of mono wafer, GCL-Poly has adopted a complementary approach to develop its mono wafer capacity via a range of pathways. In addition to maintaining our market shares in Ningxia Base and Zhonghuan Phase IV, we are looking to expand our mono wafer capacity according to market requirements and supply competitive mono wafers. By the end of 2020, the Company is expected to own a mono wafer capacity in excess of 10 GW. In connection with multi-wafer and quasi-mono wafer, while maintaining its production and promotion, the Company has adopted defined customisation in a departure from its tradition, which is conducive to the effective control of inventory level while substantially meeting the differentiated requirements of customers. In addition, the Company will optimise its customer mix in a proactive manner in a bid to lock-in long-term orders from quality customers at an early stage and ensure optimal capacity utilisation as well as maximum profitability.

The unique advantage enjoyed by GCL-Poly as a vertically integrated business model in the upstream sector has been obvious in the current seller's market for the full industry chain. We have been able not only to ensure priority supply of products, but also to conduct internal control and coordination with substantially increased economic efficiency, resulting in greater competitiveness for the Company's products. Meanwhile, to further strengthen our cashflow books and leverage old assets to create new value, we have been actively taking up orders for OEM cutting operations, with a view to increasing utilisation of our cutting capacity without affecting our own operations.

Optimising balance sheet structure to facilitate industry upgrade

Subsidiary GNE will dispose its solar farms to recoup capital and lower its debt, so as to alleviate the pressure of project financing and further increase its rate of return on capital. On 21 January 2020, the Group announced that it had entered into the first batch of share purchase agreements with Huaneng, upon the completion of which more cooperation opportunities could be discussed and further disposals will be actively carried forward. The aforesaid measures have not only allowed the Group overcome cash flow pressure, but have also marked a huge step in GNE's future move towards an asset-light approach. It is also worth noting that relevant national authorities have recently sent out positive signals on the solution of new energy subsidy, and it is hopeful that the issue of overdue new energy subsidies will be effectively alleviated or even settled once and for all in the near future, upon which there will be a radical turnaround in the financial conditions of the Company.

Outlook

Despite the difficulties encountered amidst the epidemic, the PV industry is expected to return to the normal course of development in no time given its unique positioning as a highly flexible operation with incessant supply of resources, and the positive trend of stability and growth for the global PV market should remain unchanged. From a long-term perspective, economic stimulus measures adopted in different parts of the world should play an important role in driving national economic recovery and development, fostering healthy business environments and channeling investments for the solar energy sector, thereby lending a positive outlook on the global PV market. According to the forecasts of a number of international agencies, the installed capacity and power generation volume of the global PV industry will embrace growth to various extents in the coming years with encouraging momentum. According to SolarPower Europe (SPE), the installed capacity of the global PV industry is likely to exceed the TW mark in 2022 and may reach 1.678 TW by 2024 according to optimistic predictions. Based on best-case scenarios, the annual installed capacity of the global PV industry will grow from 138.8 GW in 2020 to 255 GW in 2024.

During the course of the said growth, GCL-Poly will seize every opportunity with its full effort and leverage its existing advantages to focus on its principal business of PV materials. Through the core products of our Solar Materials (polysilicon and wafer) segments, we will continue to enhance our competitiveness, while making flexible adjustments to our product mix in tandem with the requirements and developments of the market. In the meantime, we will drive asset disposal by developing incubative assets through the recycling of existing assets, while enhancing asset value by developing new businesses and optimising existing ones. We are profoundly aware that only through radical internal evolution will we be able to reap success in the future. We also firmly believe that, following technological progress, industrial upgrade, market optimisation and the reshaping of business landscape, GCL-Poly will emerge stronger, healthier and in a more disciplined manner as it embraces the new era of development.

Finally, we would like to express sincere appreciation to the Company's Board of Directors, management team and all staff for their hard work and dedication during the first six months of 2020. We are also deeply grateful to the Company's shareholders and partners for their strong support.

Management Discussion and Analysis

Overview

The first half of 2020, the novel coronavirus ("COVID-19") pandemic has affected the entire world. The tension in the China-US relation has adversely influenced the global economic landscape. During the period under review, the negative market sentiment has deteriorated the solar industry, which affected our performance.

Results of the Group

For the period ended 30 June 2020, the revenue and gross profit of the Group were approximately RMB7,159 million and RMB1,804 million, respectively, representing a decrease of 28.4% and 23.4% respectively as compared with approximately RMB10,002 million and RMB2,354 million in the corresponding period in 2019.

The Group recorded a loss attributable to the owners of the Company of approximately RMB1,996 million as compared to loss attributable to owners of the Company of approximately RMB998 million in 2019.

Placing of new shares

During the period under review, the Company placed 1,300,000,000 shares at a price of HK$0.203 per share. The net proceeds of the placing, after taking into account all related costs, fees, expenses and commission of the placing, is approximately HK$260 million. The net proceeds have been used for repayment of existing borrowings and for general corporate purposes.

Segment Information

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

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

b) Solar Farm business — manages and operates 371 MW Solar Farms, of which 18 MW is located in the United States and 353 MW is located in the PRC. These Solar farms were constructed or acquired by the Group prior to obtaining a controlling stake in GCL New Energy Holdings Limited ("GNE Group" or "GNE").

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

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

	Six months ended 30 June 2020		Six months ended 30 June 2019	
	Revenue RMB million	**Segment (loss) profit RMB million**	Revenue RMB million	Segment (loss) profit RMB million
Solar Material Business	**4,189**	**(2,023)**	6,580	(1,311)
Solar Farm Business	**239**	**41**	249	64
Sub-total	**4,428**	**(1,982)**	6,829	(1,247)
New Energy Business[1]	**2,731**	**172**	3,173	554
Total	**7,159**	**(1,810)**	10,002	(693)

1. The segment profit from operations of the New Energy business includes reported net profit of GNE Group of approximately RMB191 million (six months ended 30 June 2019: RMB571 million) and allocated corporate expenses of approximately RMB19 million (six months ended 30 June 2019: RMB17 million).

Business Structure

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

The Group owns 62.28% equity interest in GNE. GNE is a listed company in Hong Kong (Stock code: 0451). Except for 371MW Solar Farm that were constructed or acquired by the Group prior to obtaining a controlling stake in GNE, the Group primarily develops, constructs, operates and manages downstream Solar Farms through the platform of GNE.

For illustrative purpose, if excluding GNE Group and recognising the cost of investment in GNE and the perpetual notes receivable from GNE as non-current assets, the effect of de-consolidated GNE Group as at 30 June 2020 would be as follows:

	The Group	**GNE Group**	**Deconsolidated adjustment** *(note)*	**The effect of de-consolidated GNE Group**
	RMB million	RMB million	RMB million	RMB million
Total assets	95,262	52,856	(5,005)	47,411
Total liabilities	70,202	42,686	(370)	27,886
Bank balances and cash, pledged and restricted bank and other deposits	7,703	1,815	—	5,888
Pledged deposits at related companies	58	3	—	55
Bank balance and cash classified as held for sale	80	80	—	—
Subtotal	**7,841**	**1,898**	—	**5,943**
Indebtedness				
Bank and other borrowings	43,870	28,729	—	15,141
Lease liabilities	2,110	1,158	—	952
Notes and bonds payables	3,954	3,802	(272)	424
Loans from related companies	1,730	1,295	—	435
Indebtedness for solar farm projects classified as held for sale	1,501	1,501	—	—
Subtotal	**53,165**	**36,485**	**(272)**	**16,952**

Note:

Deconsolidation adjustments mainly included:

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

— The GNE's perpetual notes of RMB1,800,000,000 subscribed by the subsidiaries of the Group and its relevant interest accrual.

— The transaction balances with GNE Group and other eliminations.

Business Review

Solar Material Business

Production

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

Polysilicon

As at 30 June 2020, part of the annual production capacity of rod silicon of the Group's Xuzhou base switched to that of 30,000 MT of granular silicon, resulting in a decrease in production capacity of rod silicon from 70,000 MT to 36,000 MT for the period. As of 30 June 2020, production capacity of granular silicon was 6,000 MT. During the six months ended 30 June 2020, the Group produced approximately 17,881 MT of rod silicon, representing a decrease of 51.1% as compared to 36,592 MT for the corresponding period in 2019. The decrease in production was mainly due to deconsolidation of Xinjiang GCL as a result of disposal of 31.5% of equity interest in the fourth quarter last year. During the six months ended 30 June 2020, production volume of granular silicon was 2,442 MT.

Wafer

As at 30 June 2020, as a result of an enhancement in cutting efficiency and the commissioning of specialised cutting machines, the Group's annual wafer production capacity increased from 35 GW to 40 GW. During the six months ended 30 June 2020, the Group produced 14,328 MW of wafers in aggregate (including 7,288 MW of OEM wafers), representing a decrease of approximately 2.3% from 14,658 MW (including 4,006 MW of OEM wafers) for the corresponding period in 2019, while the production volume of wafers (excluding OEM wafer) recorded a decrease of 33.9%.

Sales Volume and Revenue

During the six months ended 30 June 2020, the Group sold 17,489 MT of rod silicon and 14,419 MW of wafers (including OEM wafer of 7,132 MW), representing a decrease of 15.6% and 2.2%, respectively, as compared with 20,731 MT of rod silicon and 14,737 MW of wafers (including OEM wafer of 4,012 MW) for the corresponding period in 2019, while sales volume of wafers (excluding OEM wafer) recorded a decrease of 32.1%.

The average selling prices (excluding tax) of rod silicon and wafer were approximately RMB53.2 (equivalent to US$7.56) per kilogram and RMB0.353 (equivalent to US$0.050) per W respectively for the six months ended 30 June 2020. The corresponding average selling prices of rod silicon and wafer for the six months ended 30 June 2019 were approximately RMB60.9 (equivalent to US$9.01) per kilogram and RMB0.423 (equivalent to US$0.062) per W respectively.

Revenue from external customers of the Solar Material business amounted to approximately RMB4,189 million for the six months ended 30 June 2020, representing a decrease of 36.3% from approximately RMB6,580 million for the corresponding period in 2019. It was mainly attributable to a decrease in both sales volume and selling price of wafers (excluding OEM wafer).

Cost and Segment Result

The Group's polysilicon and wafer production costs mainly depend on its ability to control raw material costs, lower energy consumption, achieve economies of scale in its operations and streamline production processes. Benefited from the application of new technologies, the decrease in raw and auxiliary material costs, technological advancements and further increase in production volume, the overall manufacturing cost decreased. The Group will continue to push forward cost reduction and control measures.

Despite the continuous decrease in production costs for the Company, gross profit margin for the Solar Material business changed from positive gross profit margin to negative gross profit margin of −4.3% due to the sharp decrease in selling prices of photovoltaic products in the first half of the year. Nevertheless, as the impacts of the global pandemic gradually subside, prices along the full industry chain surged, as demonstrated by the rebound in selling prices of photovoltaic products in early August, while production in the industry has recovered to pre-pandemic levels.

Solar Farm Business

Overseas Solar Farms

As at 30 June 2020, the Solar Farm business includes 18 MW of solar farms in the United States. Besides, 150 MW solar farms in South Africa, which was partnered with CAD Fund, commenced operation in 2014 with the total effective ownership of 9.7% owned by the Group.

PRC Solar Farms

As at 30 June 2020, the Solar Farm business also includes 10 solar farms in the PRC, with installed capacity and attributable installed capacity unchanged at 353.0 MW and 289.3 MW, respectively.

Sales Volume and Revenue

For the six months ended 30 June 2020, the electricity sales volume of Solar Farm business overseas and in the PRC were 14,834 MWh and 238,611 MWh respectively (2019: 14,413 MWh and 246,999 MWh, respectively).

For the six months ended 30 June 2020, revenue for Solar Farm business was approximately RMB239 million (2019: RMB249 million).

New Energy Business

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**

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)
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 GNE 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 farms of the GNE 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 of GNE Group considered that the credit risk of trade receivables was minimal.

Revenue and Gross Profit

During the six months ended 30 June 2020, the revenue of GNE 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 6.6 GW as at 30 June 2019 to 5.5 GW 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%). In line with our prevailing strategy, GNE 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.

GNE 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 cost of sales, with the remaining costs being operation and maintenance costs of solar power plants.

Outlook

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

Financial Review

Revenue

Revenue for the six months ended 30 June 2020 amounted to approximately RMB7,159 million, representing a decrease of 28.4% as compared with approximately RMB10,002 million for the corresponding period in 2019. The decrease was mainly due to the drop in revenue in solar material business as a result of the decrease in sales volume and selling price of wafer (excluding OEM wafer), and decrease in sales of the GNE Group due to disposal of solar power plants during 2019 and 2020.

Gross Profit Margin

The Group's overall gross profit margin for the six month ended 30 June 2020 was 25.2%, as compared with 23.5% for the corresponding period in 2019. Gross profit amounted to approximately RMB1,804 million, representing a decrease of 23.4% as compared with the same period in 2019.

Gross profit margin for the Solar Material business changed from 0.9% for the six months ended 30 June 2019 to negative gross profit margin of −4.3% for the six months ended 30 June 2020. The decrease was mainly attributable to the decrease in the average selling price of photovoltaic products.

Solar Farm business has a gross profit margin of 53.6% for the period ended 30 June 2020, 0.5 percentage points lower than the corresponding period in 2019.

The gross profit margin for the New Energy business was 67.3% for the six months ended 30 June 2020 and 67.5% for the corresponding period in 2019.

Other Income

For the six months ended 30 June 2020, other income mainly comprised bank and other interest income and interest arising from contracts containing significant financing components of approximately RMB248 million (six months ended 30 June 2019: RMB128 million), sales of scrap materials of approximately RMB53 million (six months ended 30 June 2019: RMB78 million), government grants of approximately RMB57 million (six months ended 30 June 2019: RMB69 million), management and consultancy fee income of approximately RMB29 million (six months ended 30 June 2019: RMB53 million), compensation income of approximately RMB44 million (six months ended 30 June 2019: Nil).

Distribution and Selling Expenses

Distribution and selling expenses decreased from approximately RMB70 million for the six months ended 30 June 2019 to approximately RMB41 million for the six months ended 30 June 2020.

Administrative Expenses

Administrative expenses amounted to approximately RMB762 million for the six months ended 30 June 2020, representing a decrease of 33% from approximately RMB1,134 million for the corresponding period in 2019. The decrease in administrative expenses was mainly due to cost cutting measures and drop in business scale of GNE Group.

Impairment losses under expected credit loss model, net of reversal

The Group recognised the amount of approximately RMB222 million impairment losses under expected credit loss model for the six months ended 30 June 2020 (six months ended 30 June 2019: RMB13 million). The increase was mainly due to impairment of consideration receivables from disposal of approximately RMB140 million and impairment of amounts due from related companies of approximately RMB60 million.

Other Expenses, Gains and Losses, Net

The other expenses, gains and losses, net represents net losses of approximately RMB1,469 million for the six months ended 30 June 2020 (six months ended 30 June 2019: RMB458 million). The net losses for the current period mainly comprises of impairment loss on property, plant and equipment of approximately RMB741 million (six months ended 30 June 2019: RMB280 million), research and development costs of approximately RMB232 million (six months ended 30 June 2019: RMB299 million), loss on measurement of assets classified as held for sale to fair value less cost to sell of RMB153 million (six months ended 30 June 2019: Nil), net exchange loss of approximately RMB93 million (six month period ended 30 June 2019: RMB7 million), loss on disposal of subsidiaries with solar farm projects and joint ventures of approximately RMB88 million (six month period ended 30 June 2019: gain of approximately RMB82 million), loss on deemed disposal of an associate of approximately RMB49 million (six month period ended 30 June 2019: Nil), and loss on disposal of subsidiaries of approximately RMB84 million (six month period ended 30 June 2019: Nil).

Finance Costs

Finance costs for the six months ended 30 June 2020 were approximately RMB1,691 million, decreased by 14.7% as compared to approximately RMB1,982 million for the corresponding period in 2019. The decrease was mainly due to the decrease in interest-bearing debts during the period.

Share of Profits of Associates

The Group's share of profits of associates for the six-month period ended 30 June 2020 was approximately RMB121 million, mainly contributed by an associate, Inner Mongolia Zhonghuan — GCL Solar Material Co., Ltd.* ("Mongolia Zhonghuan — GCL") (內蒙古中環協鑫光伏材料有限公司) and share of profits from associates of GNE Group as a result of disposal majority of equity interest of these solar farms in late 2019.

Share of Losses of Joint Ventures

The Group's share of loss of joint ventures for the six-month period ended 30 June 2020 was approximately RMB66 million, mainly due to the share of loss from Jiangsu Xinhua Semiconductor Material Technology Co., Ltd.* ("江蘇鑫華半導體材料科技有限公司"), partly offset by the contribution of joint venture in South Africa.

Income Tax Expense

Income tax expense for the six-month period ended 30 June 2020 was approximately RMB59 million, representing an increase of 811% as compared with approximately RMB6 million for the corresponding period in 2019. There is an increase in income tax expenses mainly because some of the solar farms in GNE Group had passed the three year's exemption period for the PRC income tax, partially offset by the income tax credit from Solar Material Business recorded during the period.

Loss attributable to Owners of the Company

As a result of the above factors, loss attributable to owners of the Company amounted to approximately RMB1,996 million for the six-month period ended 30 June 2020 as compared with a loss of approximately RMB998 million for the corresponding period in 2019.

Property, Plant and Equipment

Property, plant and equipment decreased from approximately RMB52,413 million as at 31 December 2019 to approximately RMB47,460 million as at 30 June 2020. Decrease in property, plant and equipment was mainly attributable to disposal of subsidiaries, depreciation and impairment during the period.

Deposits, Prepayments and Other Non-current Assets

Non-current portion for deposits, prepayments and other non-current assets decreased from approximately RMB2,396 million as at 31 December 2019 to approximately RMB1,939 million as at 30 June 2020. It was due to decrease in refundable value-added tax.

Contract Assets

Contract assets primarily relate to the portion of tariff adjustments for the electricity sold to the local state grid companies in the PRC in which the relevant on-grid solar farms are still pending for registration to the 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 approximately RMB5,640 million as at 31 December 2019 to approximately RMB5,058 million as at 30 June 2020, because some solar power plants entered into the eighth batches of Subsidy Catalogue.

Interests in Associates

Interests in associates mainly represent our interest in Xinjiang GCL, Zhongping GCL and Mongolia Zhonghuan-GCL. The slight increase of balance from approximately RMB7,539 million as at 31 December 2019 to approximately RMB7,608 million as at 30 June 2020 was mainly due to share of profit from Mongolia Zhonghuan-GCL, partly offset by loss on deemed disposal of interest in Mongolia Zhonghuan-GCL.

Trade and Other Receivables

Trade and other receivables decreased from approximately RMB13,857 million as at 31 December 2019 to approximately RMB13,845 million as at 30 June 2020. The decrease was mainly due to decrease in bills received held by the Group for further settlement of trade receivables from Solar Material Business, but partly offset by increase in unbilled trade receivables of GNE Group.

Trade and Other Payables

Trade and other payables decreased from approximately RMB15,019 million as at 31 December 2019 to approximately RMB13,346 million as at 30 June 2020. The decrease was mainly due to decrease in trade payables during the period.

Loans from Related Companies

Loans from related companies decreased from approximately RMB1,776 million as at 31 December 2019 to approximately RMB1,730 million as at 30 June 2020. The slight decrease was mainly due to repayment of loans during the period.

Liquidity and Financial Resources

As at 30 June 2020, the total assets of the Group were about RMB95.3 billion, of which the aggregate pledged and restricted bank and other deposits and bank balances and cash amounted to approximately RMB7.8 billion (including pledged bank deposits and bank balances and cash classified as assets held for sale).

For the period ended 30 June 2020, the Group's main source of funding was cash generated from operating activities and financing activities.

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately RMB16,742 million as at 30 June 2020 and the Group had cash and cash equivalents of approximately RMB1,126 million against the Group's total borrowings (comprising bank and other borrowings, lease liabilities, notes and bonds payables, loans from related companies and indebtedness associated with solar farm projects classified as held for sale) amounted to approximately RMB53,165 million. For the remaining balance of the Group's total borrowings, approximately RMB29,335 million will be due in the coming twelve months.

In order to improve liquidity, the Group continues to pay close attention in managing the Group's cash position and conducts on-going negotiations with banks to ensure that the existing facilities will be successfully renewed and additional banking facilities are obtained when necessary. The Directors are of the opinion that, taking into account undrawn banking, renewal of existing banking facilities, the Group's cash flow projection for the coming year, and the successful implementation of measures of the GNE Group as described in Note 1 "Basis of Preparation" to the unaudited condensed interim consolidated financial statements, the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months. The Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

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

Indebtedness

	As at 30 June 2020 RMB million	As at 31 December 2019 RMB million
Current liabilities		
Bank and other borrowings — due within one year	**24,302**	26,977
Lease liabilities — due within one year	**414**	531
Notes and bonds payables — due within one year	**3,954**	422
Loans from related parties — due within one year	**665**	744
	29,335	28,674
Non-current liabilities		
Bank and other borrowings — due after one year	**19,568**	20,286
Lease liabilities — due after one year	**1,696**	1,911
Notes and bonds payables — due after one year	**—**	3,470
Loans from related parties — due after one year	**1,065**	1,032
	22,329	26,699
Indebtedness associated with assets classified as held for sale	**1,501**	—
	23,830	26,699
Total indebtedness	**53,165**	55,373
Less: Pledged and restricted bank and other deposits and bank balances and cash (including bank balances and cash classified as held for sale)	**(7,841)**	(8,515)
Net indebtedness	**45,324**	46,858

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

	As at 30 June 2020 RMB million	As at 31 December 2019 RMB million
Secured	**39,613**	40,668
Unsecured	**4,257**	6,595
	43,870	47,263

As at 30 June 2020, RMB bank and other borrowings carried floating interest rates with reference to the Benchmark Borrowing Rate of The People's Bank of China. USD bank and other borrowings carried interest rates with reference to the London Interbank Offer Rate.

Key Financial Ratios of the Group

	As at 30 June 2020	As at 31 December 2019
Current ratio	**0.64**	0.53
Quick ratio	**0.63**	0.51
Net debt to equity attributable to owners of the Company	**220.9%**	210.6%

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

Policy Risk

Policies made by the Government have a pivotal role in the solar power industry. Any alternation such as 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 Group will follow rules set out by the government strictly, and will pay close attention to policy makers in order to foresee any disadvantageous movements.

Credit Risk

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

Credit risk on sales of polysilicon and wafer products is not significant as the major customers are listed entities with good repayment history. In order to minimize the credit risk, the Group reviews the recoverable amount of each individual trade receivables periodically to ensure that adequate expected credit losses are made. Credit risk of sales of electricity is also not significant as most of the revenue is obtained from the subsidiaries of State Grid Corporation of China (the "State Grid"). The State Grid is a state-owned enterprise in China, which possesses low default risk.

Grid Curtailment Risk

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

Risk Associated with Tariff

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

Risk related to High Gearing Ratio

The New Energy business under the Group is a capital intensive industry, which highly relies on external financing in order to fund for the construction of Solar Farm while the recovery of capital investment takes a long period of time. To cope with the gearing risk, GNE Group and the Group 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 the finance structure and lower its gearing ratio.

Risk related to Interest Rate

Interest risk may result from fluctuations in bank loan rates. Given the Group highly relies on external financing in order to obtain investment capital for new solar power project development, any interest rate changes will have impact on the capital expenditure and finance expenses of the Group, hence, affecting our operating results.

Foreign Currency Risk

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

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

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.

Pledge of or Restrictions on Assets

As at 30 June 2020, the following assets were pledged for certain bank and other borrowings, loans from a related company, lease liabilities or restrictions on assets, issuance of bills, short-term letters of credit for trade and other payables granted to the Group and bank and other borrowings of an associate and a joint venture:

— Property, plant and equipment of RMB28.1 billion (31 December 2019: RMB29.0 billion)

— Right-of-use assets of approximately RMB0.8 billion (31 December 2019: RMB0.6 billion)

— Investment properties of approximately RMB0.06 billion (31 December 2019: RMB0.07 billion)

— Trade receivables and contract assets of approximately RMB11.2 billion (31 December 2019: RMB7.8 billion)

— Pledged and restricted bank and other deposits of approximately RMB6.7 billion (31 December 2019: RMB6.9 billion)

— Deposit paid to a related company of approximately RMB0.06 billion (31 December 2019: RMB0.04 billion)

— Equity instruments at fair value through other comprehensive income of approximately RMB0.02 billion (31 December 2019: RMB: Nil)

In addition, lease liabilities of approximately RMB2.1 billion are recognised with related right-of-use assets of approximately RMB2.8 billion as at 30 June 2020 (31 December 2019: lease liabilities of approximately RMB2.4 billion are recognised with related right-of-use assets of approximately RMB3.4 billion).

Capital Commitments

As at 30 June 2020, the Group's capital commitments in respect of purchase of property, plant and equipment contracted for but not provided amounted to approximately RMB909 million (31 December 2019: RMB663 million).

Contingencies

Financial guarantees contracts

As at 30 June 2020 and 31 December 2019, the Company and certain of its subsidiaries guaranteed bank and other borrowings of certain subsidiaries of GNE amounted to RMB2,448 million and RMB2,770 million, respectively.

As at 30 June 2020, the Group provided a total guarantee with maximum amount of approximately RMB4,818 million and RMB900 million (31 December 2019: RMB4,578 million and RMB900 million) to several banks and financial institutions in respect of banking and other facilities of Xinjiang GCL, an associate of the Group and Jiangsu Xinhua, a joint venture of the Group respectively.

As at 30 June 2020, GNE Group provided guarantee to its associates for certain of their bank and other borrowings with maximum amount of RMB5,369 million (31 December 2019: RMB5,369 million), out of which a joint guarantee of RMB520 million (31 December 2019: RMB520 million) was provided by the Group with GNE Group to two associates of GNE Group for their bank borrowings.

In addition to those financial guarantees provided to related parties as above, GNE Group also provided financial guarantees to certain third parties for certain of their bank and other borrowings amounting to approximately RMB110 million (31 December 2019: RMB540 million) as at 30 June 2020.

Contingent liability

As at 30 June 2020 and 31 December 2019, the Group and the Company did not have any significant contingent liabilities.

Material Disposals

GNE Group

In January 2020, the GNE 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 GNE 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 expected to be completed in the second half of 2020.

In June 2020, the GNE 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

The Group did not have any significant events since the end of the reporting period (i.e. 30 June 2020) and up to the date of this report.

Employees

We consider our employees to be our most important resource. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits including but not limited to discretionary bonuses, with share options granted to eligible employees.

Dividend

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

* English name for identification only.

Report on Review of Unaudited Condensed Interim Consolidated Financial Statements

Deloitte. 德勤

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

Introduction

We have reviewed the unaudited condensed interim consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 90, 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 1 to the unaudited condensed interim consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB1,925 million during the six-month period ended 30 June 2020, and as of that date, the Group's current liabilities exceeded its current assets by approximately RMB16,742 million, a portion of which is contributed by its non-wholly owned subsidiary, GCL New Energy Holdings Limited, whose shares are listed on The Stock Exchange of Hong Kong Limited, and its subsidiaries, and whose current liabilities exceeded its current assets by approximately RMB6,510 million, and the Group has entered into agreements which will involve capital commitments and provided financial guarantees to several banks and financial institutions in respect of banking and other facilities of a joint venture, associates and third parties. In addition, at 30 June 2020, the Group was not able to meet a financial covenant in respect of a bank borrowing in the amount of approximately RMB212 million as stipulated in the loan agreement. Further, the inability to respect the covenant requirement has triggered the cross default clauses in several other bank borrowings of the Group totalling approximately RMB5,033 million. Subsequent to the end of the reporting period, such bank borrowing amounting to approximately RMB212 million has been fully repaid by the Group. Notwithstanding this, reclassification of long-term borrowings of approximately RMB2,662 million as current liabilities is still required at 30 June 2020 under applicable accounting standard.

The Company is undertaking a number of financing plans and other measures as described in note 1 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 as set forth in note 1 to the unaudited condensed interim consolidated financial statements 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 on-going compliance with its borrowing covenants, and along with other matters as set forth in note 1 to the unaudited condensed interim consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company'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	**7,159,240**	10,001,835
Cost of sales		**(5,355,199)**	(7,647,662)
Gross profit		**1,804,041**	2,354,173
Other income	4	**459,275**	441,325
Distribution and selling expenses		**(40,946)**	(70,263)
Administrative expenses		**(762,379)**	(1,133,581)
Finance costs	5	**(1,690,543)**	(1,982,234)
Impairment losses under expected credit loss model, net of reversal	18	**(221,880)**	(12,574)
Other expenses, gains and losses, net	6	**(1,469,175)**	(457,720)
Share of profits of associates		**121,327**	140,625
Share of losses of joint ventures		**(65,773)**	(24,665)
Loss before tax		**(1,866,053)**	(744,914)
Income tax expense	7	**(58,760)**	(6,448)
Loss for the period	8	**(1,924,813)**	(751,362)
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income		**(12,618)**	(17,738)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**13,455**	(1,242)
Cumulative loss reclassified to profit or loss on sale of investments in debt instruments measured at fair value through other comprehensive income upon disposal		**—**	3,540
		13,455	2,298
Other comprehensive income (expense) for the period		**837**	(15,440)
Total comprehensive expense for the period		**(1,923,976)**	(766,802)

For the six months ended 30 June 2020

	NOTE	Six months ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Loss for the period attributable to:			
Owners of the Company		**(1,995,988)**	(997,530)
Non-controlling interests		**71,175**	246,168
		(1,924,813)	(751,362)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(1,998,700)**	(1,012,953)
Non-controlling interests		**74,724**	246,151
		(1,923,976)	(766,802)
		RMB cents (Unaudited)	RMB cents (Unaudited)
Loss per share	*11*		
— Basic		**(10.20)**	(5.51)
— Diluted		**(10.20)**	(5.51)

Unaudited Condensed Consolidated Statement of Financial Position

At 30 June 2020

	NOTES	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**47,459,510**	52,412,895
Right-of-use assets	*12*	**3,919,071**	4,529,359
Investment properties		**63,477**	65,804
Other intangible assets		**230,068**	247,723
Interests in associates	*13*	**7,608,403**	7,539,323
Interests in joint ventures	*14*	**642,174**	706,200
Other financial assets at fair value through profit or loss	*15*	**271,306**	357,542
Equity instruments at fair value through other comprehensive income		**29,239**	41,857
Convertible bonds receivable	*16*	**—**	101,097
Deferred tax assets		**283,735**	291,711
Deposits, prepayments and other non-current assets	*17A*	**1,938,983**	2,396,446
Contract assets	*17B*	**735,076**	5,639,898
Amounts due from related companies	*19*	**846,951**	826,951
Pledged and restricted bank and other deposits		**884,844**	1,132,156
		64,912,837	76,288,962
CURRENT ASSETS			
Inventories	*20*	**653,084**	751,188
Convertible bonds receivable	*16*	**96,364**	—
Trade and other receivables	*17A*	**13,845,091**	13,857,141
Contract assets	*17B*	**4,323,281**	—
Amounts due from related companies	*19*	**981,481**	1,706,133
Other financial assets at fair value through profit or loss	*15*	**781,682**	477,256
Held for trading investments		**4,265**	4,339
Tax recoverable		**3,272**	6,651
Pledged and restricted bank and other deposits		**5,761,663**	5,797,270
Bank balances and cash		**1,056,665**	1,548,019
		27,506,848	24,147,997
Assets classified as held for sale	*10*	**2,842,334**	—
		30,349,182	24,147,997

At 30 June 2020

	NOTES	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	*21*	**13,346,339**	15,018,649
Amounts due to related companies	*19*	**2,296,259**	1,816,308
Loans from related companies	*19*	**664,734**	743,922
Contract liabilities		**123,172**	224,939
Bank and other borrowings			
— due within one year	*22*	**24,302,240**	26,976,972
Lease liabilities			
— due within one year		**413,849**	530,655
Notes and bonds payables			
— due within one year	*23*	**3,954,175**	422,175
Derivative financial instruments	*24*	**162,000**	133,400
Deferred income		**42,806**	41,885
Tax payables		**189,107**	144,922
		45,494,681	46,053,827
Liabilities associated with assets classified as held for sale	*10*	**1,596,622**	—
		47,091,303	46,053,827
NET CURRENT LIABILITIES		**(16,742,121)**	(21,905,830)
TOTAL ASSETS LESS CURRENT LIABILITIES		**48,170,716**	54,383,132
NON-CURRENT LIABILITIES			
Contract liabilities		**83,703**	147,740
Loans from related companies	*19*	**1,065,649**	1,031,639
Bank and other borrowings			
— due after one year	*22*	**19,567,860**	20,285,750
Lease liabilities			
— due after one year		**1,696,124**	1,910,864
Notes and bonds payables			
— due after one year	*23*	**—**	3,470,542
Deferred income		**573,756**	628,441
Deferred tax liabilities		**123,542**	186,748
		23,110,634	27,661,724
NET ASSETS		**25,060,082**	26,721,408

At 30 June 2020

	NOTE	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
CAPITAL AND RESERVES			
Share capital	25	**1,862,437**	1,742,850
Reserves		**18,655,271**	20,507,309
Equity attributable to owners of the Company		**20,517,708**	22,250,159
Non-controlling interests		**4,542,374**	4,471,249
TOTAL EQUITY		**25,060,082**	26,721,408

The unaudited condensed interim consolidated financial statements on pages 29 to 90 were approved and authorised for issue by the board of directors on 28 August 2020 and are signed on its behalf by:

Zhu Gongshan
DIRECTOR

Yeung Man Chung, Charles
DIRECTOR

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company														
	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000 *(Note i)*	Capital redemption reserve RMB'000	Investments revaluation reserve RMB'000	Other reserve RMB'000	Capital reserve RMB'000	Statutory reserve funds RMB'000	Special reserves RMB'000 *(Note ii)*	Share options reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2019 (Audited)	1,610,009	9,802,168	(236,629)	22,202	(38,212)	(619,157)	67,251	3,328,374	(2,074,777)	171,642	(24,007)	9,856,692	21,865,556	4,966,951	26,832,507
Exchange differences arising from translation of financial statements of foreign operations	–	–	–	–	–	–	–	–	–	–	(1,225)	–	(1,225)	(17)	(1,242)
Cumulative loss reclassified to profit or loss on sales of investments in debt instruments measured at fair value through other comprehensive income ("FVTOCI") upon disposal	–	–	–	–	3,540	–	–	–	–	–	–	–	3,540	–	3,540
Fair value loss on investments in equity instruments at FVTOCI	–	–	–	–	(17,738)	–	–	–	–	–	–	–	(17,738)	–	(17,738)
(Loss) profit for the period	–	–	–	–	–	–	–	–	–	–	–	(997,530)	(997,530)	246,168	(751,362)
Total comprehensive (expense) income for the period	–	–	–	–	(14,198)	–	–	–	–	–	(1,225)	(997,530)	(1,012,953)	246,151	(766,802)
Recognition of share-based payment expenses in respect of share options *(note 27)*	–	–	–	–	–	–	–	–	–	1,045	–	–	1,045	1,593	2,638
Exercise of share options	9	60	–	–	–	–	–	–	–	(18)	–	–	51	–	51
Forfeitures of share options	–	–	–	–	–	–	–	–	–	(1,892)	–	3,384	1,492	(1,492)	–
Issues of new shares *(note 25)*	132,832	464,912	–	–	–	–	–	–	–	–	–	–	597,744	–	597,744
Transaction costs attributable to the issue of new shares	–	(9,953)	–	–	–	–	–	–	–	–	–	–	(9,953)	–	(9,953)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	66,000	66,000
Dividend declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(84,557)	(84,557)
Transfer to reserves	–	–	–	–	–	–	–	205,363	–	–	–	(205,363)	–	–	–
At 30 June 2019 (Unaudited)	1,742,850	10,257,187	(236,629)	22,202	(52,410)	(619,157)	67,251	3,533,737	(2,074,777)	170,777	(25,232)	8,657,183	21,442,982	5,194,646	26,637,628

For the six months ended 30 June 2020

	Attributable to owners of the Company														
	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000 *(Note i)*	Capital redemption reserve RMB'000	Investments revaluation reserve RMB'000	Other reserve RMB'000	Capital reserve RMB'000	Statutory reserve funds RMB'000	Special reserves RMB'000 *(Note ii)*	Share options reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2020 (Audited)	1,742,850	10,257,187	(236,629)	22,202	(84,363)	(619,157)	67,251	3,967,760	(2,075,257)	158,965	5,837	9,043,513	22,250,159	4,471,249	26,721,408
Exchange differences arising from translation of financial statements of foreign operations	—	—	—	—	—	—	—	—	—	—	9,906	—	9,906	3,549	13,455
Fair value loss on investments in equity instruments at FVTOCI	—	—	—	—	(12,618)	—	—	—	—	—	—	—	(12,618)	—	(12,618)
(Loss) profit for the period	—	—	—	—	—	—	—	—	—	—	—	(1,995,988)	(1,995,988)	71,175	(1,924,813)
Total comprehensive (expense) income for the period	—	—	—	—	(12,618)	—	—	—	—	—	9,906	(1,995,988)	(1,998,700)	74,724	(1,923,976)
Forfeitures of share options	—	—	—	—	—	—	—	—	—	(10,889)	—	20,671	9,782	(9,782)	—
Issues of new shares *(note 25)*	119,587	123,174	—	—	—	—	—	—	—	—	—	—	242,761	—	242,761
Transaction costs attributable to the issue of new shares	—	(3,954)	—	—	—	—	—	—	—	—	—	—	(3,954)	—	(3,954)
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	5,817	—	—	—	5,817	6,183	12,000
Disposal of subsidiaries *(note 29)*	—	—	—	—	—	—	—	(5,779)	11,843	—	—	5,779	11,843	—	11,843
Transfer to reserves	—	—	—	—	—	—	—	11,091	—	—	—	(11,091)	—	—	—
At 30 June 2020 (Unaudited)	1,862,437	10,376,407	(236,629)	22,202	(96,981)	(619,157)	67,251	3,973,072	(2,057,597)	148,076	15,743	7,062,884	20,517,708	4,542,374	25,060,082

For the six months ended 30 June 2020

Notes:

(i) In 2018, the Company paid in total of RMB66,532,000 to a trustee ("Trustee") to purchase 100,000,000 shares of the Company in the market pursuant to the Share Award Scheme (the "Scheme") established on 16 January 2017 by the board of directors of the Company (the "Directors"). As at 30 June 2020, all the shares were held by the Trustee.

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

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**1,492,543**	4,253,587
NET CASH USED IN INVESTING ACTIVITIES		
Interest received	**77,523**	82,730
Proceeds from disposal of property, plant and equipment	**85,746**	—
Payments for construction and purchase of property, plant and equipment	**(1,128,820)**	(2,843,115)
Payments for right-of-use assets	**(1,917)**	(12,967)
Investments in associates	**—**	(5,000)
Investments in joint ventures	**—**	(89,222)
Dividend received from a joint venture	**—**	9,689
Proceeds from disposal of joint ventures	**—**	53,780
Addition of other financial assets at fair value through profit or loss ("FVTPL")	**(310,597)**	(15,000)
Proceeds from disposal of debt instruments at FVTOCI	**—**	68,142
Withdrawal of pledged and restricted bank and other deposits	**6,110,004**	4,423,945
Placement of pledged and restricted bank and other deposits	**(5,838,691)**	(6,110,108)
Advances to related companies	**(72,564)**	(38,268)
Repayment from related companies	**453,859**	180,741
Repayment from third parties	**26,530**	4,540
Settlement of consideration payables for acquisition of subsidiaries with solar farms	**—**	(110,299)
Settlement of consideration receivables from disposal of subsidiaries with solar farm projects	**28,700**	5,192
Net cash inflow from acquisition of subsidiaries	**—**	29,669
Net cash inflow from disposal of subsidiaries	**30,484**	242,990
	(539,743)	(4,122,561)

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH USED IN FINANCING ACTIVITIES		
Interest paid	**(1,193,385)**	(1,729,612)
New bank and other borrowings raised	**6,779,418**	7,171,138
Repayment of bank and other borrowings	**(7,328,371)**	(6,835,448)
Repayment of lease liabilities	**(359,661)**	(248,007)
Proceeds from re-sell of notes and bonds issued	**—**	299,900
Repayment of notes and bonds payables	**—**	(188,832)
Repurchase of notes and bonds issued	**—**	(280,493)
Proceeds of loans from related companies	**246,719**	896,392
Repayment to loans from related companies	**(201,646)**	(400,553)
Advances from related companies	**480,374**	58,339
Repayment to related companies	**(11,637)**	(42,261)
Contribution from non-controlling interests	**12,000**	66,000
Dividends paid to non-controlling interests	**(45,385)**	(79,523)
Proceeds from exercise of share options	**—**	51
Proceeds from issue of new shares	**242,761**	597,744
Transaction costs attributable to issue of new shares	**(3,954)**	(9,953)
	(1,382,767)	(725,118)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(429,967)**	(594,092)
CASH AND CASH EQUIVALENTS AT 1 JANUARY, represented by		
Bank balances and cash	**1,548,019**	4,075,791
Bank balances and cash classified as held for sale	**—**	44,873
	1,548,019	4,120,664
Effect of exchange rate changes on the balance of bank balances and cash held in foreign currencies	**8,122**	12,706
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by		
Bank balances and cash	**1,056,665**	3,539,278
Bank balances and cash classified as held for sale	**69,509**	—
	1,126,174	3,539,278

1. Basis of Preparation

The unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "IASB") as well as with 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 Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately RMB16,742 million as at 30 June 2020 and it has incurred a net loss of approximately RMB1,925 million for the six-month period then ended. The Group had cash and cash equivalents of approximately RMB1,126 million (including bank balances and cash classified as held for sale of approximately RMB70 million) against the Group's total borrowings (comprising loans from related companies, bank and other borrowings, lease liabilities and notes and bonds payables) amounted to approximately RMB53,165 million. The amounts included loans from a related company, bank and other borrowings and lease liabilities classified as liabilities associated with assets held for sale totalling approximately RMB1,501 million. For the remaining balance of the Group's total borrowings, approximately RMB29,335 million will be due in the coming twelve months from the end of the reporting period. In addition, the Group has entered into agreements which will involve capital commitments and provided financial guarantees to several banks and financial institutions in respect of banking and other facilities of a joint venture, associates and third parties as at 30 June 2020.

Included in the Group's bank borrowings is a loan of approximately RMB212 million that the Group has not been able to meet a financial covenant as stipulated in the relevant loan agreement. The relevant bank borrowing is due within one year in accordance with the original repayment term. In addition, the inability to respect the covenant requirement has triggered the cross default clauses in several other bank borrowings of approximately RMB5,033 million. Among this, approximately RMB2,662 million of the bank borrowings are repayable after one year in accordance with the original repayment terms. Subsequent to the end of the reporting period, such bank borrowing amounting to approximately RMB212 million has been fully repaid by the Group. In light of this, reclassification of long-term borrowings of approximately RMB2,662 million as current liabilities is still required at 30 June 2020 under applicable accounting standard. As a result, in the Group's unaudited condensed consolidated statement of financial position as at 30 June 2020, net current liabilities of approximately RMB16,742 million were recorded.

GCL New Energy Holdings Limited ("GNE"), whose shares are listed on the Stock Exchange, is a subsidiary of the Company. As at 30 June 2020, the Company and certain subsidiaries of the Company guaranteed bank and other borrowings of GNE and its subsidiaries (collectively referred to as "GNE Group") amounted to approximately RMB2,448 million. The Directors have noted the going concern status of GNE Group in preparing these unaudited condensed interim consolidated financial statements, in light of the fact that, GNE Group's current liabilities exceeded its current assets by approximately RMB6,510 million. In addition, as at 30 June 2020, GNE Group has entered into agreements which will involve capital commitments of approximately RMB669 million to construct solar farms and provided financial guarantees to its associates and third parties for their bank and other borrowings.

1. Basis of Preparation (continued)

As at 30 June 2020, GNE Group's total borrowings comprising bank and other borrowings, lease liabilities, bonds and notes payables, loans from the Company and related companies amounted to approximately RMB36,485 million. The amounts included bank and other borrowings, loans from a related company and lease liabilities classified as liabilities associated with assets classified as held for sale totalling of approximately RMB1,501 million. For the remaining balance of GNE Group's total borrowings, approximately 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 RMB1,345 million, which will 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 the covenant requirement by the Company, the guarantor of certain bank borrowings of GNE Group and thereby triggered the cross default clauses of these bank borrowings. GNE Group's pledged bank and other deposits and bank balances and cash amounted to approximately RMB1,161 million (including pledged deposit of approximately RMB5 million placed at an associate of the Company for its loans advanced to GNE Group, in which RMB2 million are classified as assets held for sale, and pledged deposits classified as assets held for sale of approximately RMB8 million) and RMB737 million (including bank balances and cash classified as assets held for sale of approximately RMB70 million) as at 30 June 2020, respectively. The financial resources available to GNE 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. GNE Group is actively pursuing additional financing including, but not limited to, debt financing and bank borrowings.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Directors 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 committed capital expenditures and other commitments, that will be due in the coming twelve months from 30 June 2020.

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

1. Basis of Preparation (continued)

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

(i) GNE 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 solar farm projects in exchange for cash proceeds and to improve GNE Group's indebtedness position; and (ii) striving for providing solar farm operation and maintenance services to those divested solar farms for additional operating cash flow to GNE Group.

On 18 November 2019, GNE 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 farms of GNE Group in the People's Republic of China (the "PRC") (the"Power Plants") or (ii) certain project companies of GNE Group which operate the Power Plants (the "Framework Disposal").

On 21 January 2020, GNE 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 GNE Group agreed to sell 60% and 40% of the equity interest in six wholly-owned subsidiaries of GNE Group to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, respectively, of which these subsidiaries own 7 solar farms 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 GNE, the Disposal has been approved by the shareholders of GNE in the special general meeting as well as the shareholders of the Company in an extraordinary general meeting on 21 May 2020.

GNE Group and China Huaneng are actively working together under the Cooperation Framework Agreement to explore other solar farm 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, GNE Group also entered into a share transfer agreement 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 farm project with installed capacity of approximately 100MW in operation. The Divestment is completed in July 2020; and

* English name for identification only

1. Basis of Preparation (continued)

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

Taking into account the undrawn banking facilities, renewal of existing banking facilities, the Group's cash flow projections for the coming twelve months, and the successful implementation of measures of GNE Group as described above, the Directors are of the opinion that the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months. 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 and GNE Group can achieve the plans and measures described above to generate adequate cash inflow as scheduled. 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 operating cash flows and financing cash flows through successful renewal of its bank borrowings upon expiries, 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 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, as well as the successful implementation of measures of GNE Group as described above. 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 realisable 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.

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

1A. Significant Events and Transactions in the Current Interim Period

The outbreak of COVID-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly or indirectly affect the operations of the Group. With the economic downturn induced by the outbreak of COVID-19, demand of solar materials is affected due to the delay in solar project commissioning and the uncertainty faced by the customers. 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. As such, the financial positions and performance of the Group were affected in different aspects, including reduction in revenue, impairment loss on property, plant and equipment and government grants in respect of COVID-19-related subsidies as disclosed in the relevant notes.

During the current interim period, the Group made certain disposals with net losses of approximately RMB172 million and the details are set out in note 29. Besides, GNE Group entered into several share transfer agreements for disposing of six subsidiaries, of which one of the six wholly-owned subsidiaries has been completed, and loss on measurement of assets classified as held for sale of approximately RMB153 million was recognised during the current interim period and the details are set out in note 10.

In addition, the Group recognised impairment loss on property, plant and equipment of approximately RMB741 million (note 12) and impairment losses under expected credit loss ("ECL") model, net of reversal of approximately RMB222 million (note 18) during the current interim period.

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 additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRS Standards") and application of certain accounting policies which became relevant to the Group, 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.

2. Principal Accounting Policies (continued)

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 mandatorily 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 International Accounting Standard ("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 IAS 1 and IAS 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 the 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)

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 unaudited condensed interim consolidated financial statements of the Group.

2.3 Accounting policies newly applied by the Group

In addition, the Group has applied the following accounting policy which became relevant to the Group in the current interim period.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants relate to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income", except for grants relating to compensation of expenses which are deducted from the related expenses.

3. Revenue and Segment Information

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

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

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

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

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

Segment revenue and results

Six months ended 30 June 2020

	Solar material business RMB'000 (Unaudited)	Solar farm business RMB'000 (Unaudited)	New energy business RMB'000 (Unaudited) *(Note)*	Total RMB'000 (Unaudited)
Segment revenue	4,189,055	239,045	2,731,140	7,159,240
Segment (loss) profit	(2,023,124)	41,070	172,133	(1,809,921)
Elimination of inter-segment profit				(81,900)
Unallocated income				5,144
Unallocated expenses				(50,157)
Loss on fair value change of convertible bonds receivable *(note 16)*				(403)
Gain on fair value change of financial assets at FVTPL				1,756
Loss on fair value change of held for trading investments *(note 6)*				(148)
Share of profit of an associate				10,191
Share of profits of joint ventures				625
Loss for the period				(1,924,813)

3. Revenue and Segment Information (continued)

Segment revenue and results (continued)

Six months ended 30 June 2019

	Solar material business RMB'000 (Unaudited)	Solar farm business RMB'000 (Unaudited)	New energy business RMB'000 (Unaudited) *(Note)*	Total RMB'000 (Unaudited)
Segment revenue	6,580,334	248,517	3,172,984	10,001,835
Segment (loss) profit	(1,311,006)	63,551	554,096	(693,359)
Elimination of inter-segment profit				(81,450)
Unallocated income				26,164
Unallocated expenses				(22,369)
Gain on fair value change of convertible bonds receivable *(note 16)*				9,599
Gain on fair value change of financial assets at FVTPL *(note 6)*				14,292
Loss on fair value change of held for trading investments *(note 6)*				(17,197)
Share of profit of an associate				10,536
Share of profits of joint ventures				2,422
Loss for the period				(751,362)

Note: The operating results of new energy business included allocated corporate expenses.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) profit of each respective segment excluding unallocated income, unallocated expenses (including certain exchange losses and unallocated tax expense), change in fair value of convertible bonds receivable, change in fair value of certain financial assets at FVTPL, change in fair value of held for trading investments, share of profits of certain interests in associates and joint ventures. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

3. Revenue and Segment Information (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Segment assets		
Solar material business	**37,569,766**	41,155,374
Solar farm business	**3,491,717**	3,541,357
New energy business	**52,767,501**	54,343,458
Total segment assets	**93,828,984**	99,040,189
Other financial assets at FVTPL	**456,666**	427,543
Equity instrument at FVTOCI	**29,239**	41,857
Held for trading investments	**4,265**	4,339
Convertible bonds receivable	**96,364**	101,097
Interests in associates	**393,302**	384,611
Interests in joint ventures	**199,220**	198,594
Unallocated bank balances and cash	**114,941**	138,275
Unallocated corporate assets	**139,038**	100,454
Consolidated assets	**95,262,019**	100,436,959
Segment liabilities		
Solar material business	**25,693,755**	27,477,455
Solar farm business	**1,927,473**	1,915,576
New energy business	**42,316,491**	44,094,269
Total segment liabilities	**69,937,719**	73,487,300
Unallocated corporate liabilities	**264,218**	228,251
Consolidated liabilities	**70,201,937**	73,715,551

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments, other than unallocated corporate assets, corporate bank balances and cash and other assets (including certain other financial assets at FVTPL, equity instruments at FVTOCI, held for trading investments, convertible bonds receivable and certain interests in associates and joint ventures) of the management companies and investment holding companies; and

- All liabilities are allocated to operating segments, other than unallocated corporate liabilities of the management companies and investment holding companies.

3. Revenue and Segment Information (continued)

Disaggregation of revenue

Six months ended 30 June 2020

Segments	Solar material business RMB'000 (Unaudited)	Solar farm business RMB'000 (Unaudited)	New energy business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services				
Sales of wafer	2,572,834	—	—	2,572,834
Sales of electricity *(Note)*	—	239,045	2,731,140	2,970,185
Sales of polysilicon	1,015,188	—	—	1,015,188
Processing fees	357,390	—	—	357,390
Others (comprising the sales of ingots)	243,643	—	—	243,643
Total	4,189,055	239,045	2,731,140	7,159,240
Geographic markets				
The PRC	3,741,375	219,491	2,691,744	6,652,610
Others	447,680	19,554	39,396	506,630
Total	4,189,055	239,045	2,731,140	7,159,240
Timing of revenue recognition				
A point in time	3,831,665	239,045	2,731,140	6,801,850
Over time	357,390	—	—	357,390
Total	4,189,055	239,045	2,731,140	7,159,240

3. Revenue and Segment Information (continued)

Disaggregation of revenue (continued)

Six months ended 30 June 2019

Segments	Solar material business RMB'000 (Unaudited)	Solar farm business RMB'000 (Unaudited)	New energy business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services				
Sales of wafer	4,535,386	—	—	4,535,386
Sales of electricity *(Note)*	—	248,517	3,172,984	3,421,501
Sales of polysilicon	1,289,009	—	—	1,289,009
Processing fees	310,133	—	—	310,133
Others (comprising the sales of silicon rods and ingots)	445,806	—	—	445,806
Total	6,580,334	248,517	3,172,984	10,001,835
Geographic markets				
The PRC	6,008,040	229,439	3,129,553	9,367,032
Others	572,294	19,078	43,431	634,803
Total	6,580,334	248,517	3,172,984	10,001,835
Timing of revenue recognition				
A point in time	6,270,201	248,517	3,172,984	9,691,702
Over time	310,133	—	—	310,133
Total	6,580,334	248,517	3,172,984	10,001,835

Note: Sales of electricity included approximately RMB1,814,474,000 (six months ended 30 June 2019: RMB2,081,860,000) tariff adjustments received and receivable from the local grid companies in the PRC based on the prevailing nationwide government policies on renewable energy for solar farms. Details of settlement arrangement of tariff are disclosed in note 17B.

4. Other Income

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income		
— bank and other interest income	**87,253**	46,120
— debt instruments at FVTOCI	**—**	393
Interest arising from contracts containing significant financing component *(Note a)*	**160,840**	81,492
Government grants *(Note b)*	**57,210**	68,868
Sales of scrap materials	**52,529**	77,977
Compensation income *(Note c)*	**44,050**	—
Management and consultancy fee income	**28,878**	52,561
Rental income	**16,539**	24,968
Forfeitures of deposits from customers	**2,880**	72,613
Others	**9,096**	16,333
	459,275	441,325

Notes:

(a) Since certain of the tariff adjustments are yet to obtain approval for registration in the Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單) (the "List") (2019: Renewable Energy Tariff Subsidy Catalogue (the "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% (six months ended 30 June 2019: 2.48% to 2.98%) per annum and the adjustment in relation to the revision of expected timing of tariff collection. As such, the 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) was recognised.

(b) Government grants include (i) subsidies received from the relevant PRC government for improvement of working capital and incentive subsidies received in relation to activities carried out by the Group. There were no specific conditions/assets attached to the grants and therefore, the Group recognised the grants upon receipt. The subsidies were granted on a discretionary basis to the Group during the periods. Government grants related to depreciable assets have been deferred and released over the estimated useful lives of the relevant assets; and (ii) investment tax credit ("ITC") recognised in relation to an inverted lease arrangement or other financing arrangement for its qualified solar farm projects in the USA and details are set out in notes to the Group's consolidated financial statements for the year ended 31 December 2019. Approximately RMB7.2 million (six months ended 30 June 2019: RMB7.0 million) 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.

(c) Amount mainly represents the insurance claim received during the six months ended 30 June 2020 for the compensation on the suspension of operation in a production plant of the solar material business segment from power outage. The relevant production plant has resumed its operation subsequent to the power outage. The Group has insurance policies in place to cover the damage incidental to power outage and the related compensation will be recognised only when the compensation becomes receivable. The Group received approximately RMB42,596,000 from insurance claim as of 30 June 2020 which was recognised as compensation income.

5. 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	**1,415,272**	1,610,661
— notes and bonds payables and senior notes	**152,409**	182,925
— loans from related companies	**76,643**	135,100
Interest on lease liabilities	**61,734**	85,420
Total borrowing costs	**1,706,058**	2,014,106
Less: interest capitalised	**(15,515)**	(31,872)
	1,690,543	1,982,234

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

6. Other Expenses, Gains and Losses, Net

	Six months ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Research and development costs	**231,780**	298,878
Exchange losses, net	**92,654**	6,997
Loss (gain) on fair value change of convertible bonds receivable *(note 16)*	**403**	(9,599)
Gain on fair value change of other financial assets at FVTPL	**(14,783)**	(14,292)
Loss on fair value change of held for trading investments	**148**	17,197
Loss on fair value change of derivative financial instruments *(note 24)*	**28,600**	6,457
Loss on measurement of assets classified as held for sale to fair value less cost to sell *(note 10)*	**153,339**	—
Impairment loss on property, plant and equipment *(note 12)*	**740,596**	280,000
Loss on disposal of property, plant and equipment	**15,074**	27,466
Bargaining purchase from business combination	**—**	(73,858)
Loss on disposal of subsidiaries *(note 29)*	**84,225**	—
Loss (gain) on disposal of subsidiaries with solar farm projects *(note 29)*	**87,738**	(46,263)
Gain on disposal of joint ventures	**—**	(35,263)
Loss on deemed disposal of an associate *(note 13)*	**49,408**	—
Gain on early termination of a lease	**(7)**	—
	1,469,175	457,720

7. Income Tax Expense

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("EIT")		
Current tax	**95,397**	80,005
Under(over) provision in prior periods	**1,107**	(39,642)
PRC dividend withholding tax	**7,158**	4,150
	103,662	44,513
USA Federal and State Income Tax		
Current tax	**27**	20
Underprovision in prior periods	**5**	2
	32	22
Deferred tax	**(44,934)**	(38,087)
	58,760	6,448

The PRC EIT for the period represents income tax in the PRC which is calculated at the prevailing tax rate on the taxable income of subsidiaries in the PRC.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25%, except for those subsidiaries described below. The under(over)provision of EIT in prior periods arose mainly as a result of completion of tax clearance procedures by certain PRC subsidiaries with the respective tax authorities.

Certain subsidiaries operating in the PRC have been accredited as a "High and New Technology Enterprise" for a term of three years, and have been registered with the local tax authorities for enjoying the reduced 15% EIT rate. Accordingly, the profits derived by these subsidiaries are subject to 15% EIT rate for both periods. The qualification as a High and New Technology Enterprise will be subject to annual review by the relevant tax authorities in the PRC.

Certain subsidiaries of GNE Group, being enterprises 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 GNE engaged in the solar photovoltaic projects are in the 3-year 50% exemption period. Certain of such subsidiaries of GNE Group have completed the 3-year full exemption period or 3-year 50% exemption period in current period.

7. Income Tax Expense (continued)

Federal and State tax rate in the USA are calculated at 21% and 8.84%, respectively, for both periods.

Under the two-tiered profits tax rates regime introduced by The Inland Revenue (Amendment) (No. 7) Bill 2017, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

The Group's subsidiaries, associates and joint ventures that are tax residents in the PRC are subject to the PRC dividend withholding tax of 5% or 10% for those non-PRC resident immediate holding companies registered in Hong Kong and the British Virgin Islands, respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008. Net reversal for deferred taxation of approximately RMB47,617,000 (six months ended 30 June 2019: RMB58,785,000) in respect of withholding tax on undistributed profits has been credited to profit or loss during the current interim period.

8. Loss for the Period

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging the following items:		
Depreciation of property, plant and equipment	**1,702,885**	2,186,081
Depreciation of right-of-use assets	**163,318**	149,105
Depreciation of investment properties	**2,327**	2,327
Amortisation of other intangible assets	**16,745**	50,751
Total depreciation and amortisation	**1,885,275**	2,388,264
Less: amounts absorbed in opening and closing inventories, net	**(5,082)**	(44,496)
	1,880,193	2,343,768
Less: amounts absorbed in inventories sold, including opening inventories	**(708,707)**	(1,016,681)
	1,171,486	1,327,087

9. Dividends

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

10. Assets Classified as Held for Sale/Liabilities Associated with Assets Classified as Held for Sale

Disposal of solar farms

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

As mentioned in note 1, GNE 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 farm projects with in aggregate capacity of 220MW in Ningxia, Xinjiang and Jiangxi, the PRC (the "Projects").

GNE Group has granted a put option to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, pursuant to which GNE Group has agreed that if the Projects fail to fully receive the balance of the tariff adjustment receivables ("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, GNE 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 of GNE, it is highly likely that the balance of the Tariff Adjustment Receivables will be collected within four years after the Disposal Date.

(b) Jinhu

On 29 June 2020, GNE Group entered into share transfer agreements with CDB New Energy, an independent third party, pursuant to which GNE 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 operates a solar farm project with capacity of 100MW in Jiangsu, the PRC.

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

10. Assets Classified as Held for Sale/Liabilities Associated with Assets Classified as Held for Sale (continued)

Disposal of solar farms (continued)

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 *(Note a)*	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 sale *(note 6)*	(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 *(Note c)*	(12,139)
Bank and other borrowings — due within one year *(Note b)*	(742,800)
Loan from a related company — due after one year *(Note c)*	(74,549)
Bank and other borrowings — due after one year *(Note b)*	(649,150)
Lease liabilities	(22,096)
Deferred tax liabilities	(11,486)
Total liabilities associated with assets classified as held for sale	(1,596,622)
Net assets of solar farm projects classified as held for sale	1,245,712
Intragroup balances	(349,651)
Net assets of solar farm projects	896,061
Remaining net assets of Jinhu held by GNE Group	(45,541)
Net assets to be disposed of	850,520

10. Assets Classified as Held for Sale/Liabilities Associated with Assets Classified as Held for Sale (continued)

Disposal of solar farms (continued)

Notes:

(a) 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, GNE 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 GNE Group and the respective local grid companies.

10. Assets Classified as Held for Sale/Liabilities Associated with Assets Classified as Held for Sale (continued)

Disposal of solar farms (continued)

Notes: (continued)

(b) 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.

(c) Loan from a related company represents the loan from 芯鑫融資租賃有限責任公司 Xinxin Finance Leasing Company Limited* ("Xinxin"), an associate of the Company, 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 GNE 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 only

11. Loss per Share

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

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the period attributable to owners of the Company)	**(1,995,988)**	(997,530)

	Six months ended 30 June	
	2020	2019
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**19,568,050**	18,115,551

For the six months ended 30 June 2020 and 2019, the weighted average number of ordinary shares for the purpose of calculation of basic and diluted loss per share has been adjusted for the effect of the 322,998,888 ordinary shares purchased by the Trustee from the market pursuant to the Scheme.

Diluted loss per share for the six months ended 30 June 2020 and 2019 did not assume the exercise of share options granted by the Company since the exercise would decrease the loss per share for the respective period.

Diluted loss per share for the six months ended 30 June 2020 and 2019 did not assume the exercise of share options granted by GNE since the exercise price of the relevant share options is higher than the share price of the respective entities for the respective period.

12. Movements in Property, Plant and Equipment and Right-of-use Assets

During the six months ended 30 June 2020, the Group spent approximately RMB15 million (six months ended 30 June 2019: RMB346 million) on construction of solar farms and related facilities in the PRC in order to enlarge its power generation capacities. Furthermore, the Group spent approximately RMB73 million (six months ended 30 June 2019: RMB37 million) on technological improvement and other production facilities to enhance the wafer and polysilicon production efficiency. As at 30 June 2020, the constructions are still in progress.

In addition, during the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB149 million (six months ended 30 June 2019: RMB36 million) for proceeds received and receivable of approximately RMB86 million and RMB48 million (six months ended 30 June 2019: nil and RMB9 million), respectively, resulting in a loss of approximately RMB15 million (six months ended 30 June 2019: RMB27 million).

Leases are negotiated and rentals are fixed for terms ranging from 1 to 34 years (31 December 2019: 1 to 34 years) for parcels of land and ranging from 1 to 10 years (31 December 2019: 1 to 5 years) for the office premises and staff quarters. Certain 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 with lease terms ranged from 2 to 20 years. The Group is required to make fixed annually payments, except for full payment of approximately RMB1,917,000 was paid for certain leases. On lease commencement, the Group recognised right-of-use assets of approximately RMB41,809,000 (six months ended 30 June 2019: RMB32,753,000) and lease liabilities of approximately RMB39,892,000 (six months ended 30 June 2019: RMB19,786,000).

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 *Revenue from Contracts with Customers* to be accounted for as a sale of the solar farms. During the six months ended 30 June 2020, the Group has raised borrowing of approximately RMB192,610,000 (year ended 31 December 2019: RMB2,389,424,000) in respect of such arrangements which are accounted as collateralised borrowings.

Impairment loss on CGUs in solar material business segment

Due to the continuing unfavourable market conditions and poor economic condition induced by the outbreak of COVID-19 during the current interim period, the polysilicon and wafer faced a stronger than expected price pressure with decrease in demand, and the solar material business segment recognised a segment loss of approximately RMB2,023 million during the six months ended 30 June 2020. With the impairment indicators identified, the Directors conducted a review of the recoverable amounts of several cash-generating units ("CGUs") in the solar material business segment to which the property, plant and equipment and intangible assets belonged to as at 30 June 2020.

12. Movements in Property, Plant and Equipment and Right-of-use Assets (continued)

Impairment loss on CGUs in solar material business segment (continued)

The recoverable amounts of the relevant CGUs are determined based on a value in use calculations by the Directors on the production plants in relation to the production of polysilicon and wafer of the CGUs in the solar material business segment as at 30 June 2020. The calculation uses cash flow projections covering the useful lives of those property, plant and equipment and intangible assets in relation to the production of polysilicon and wafer based on financial budgets approved by management including replacement of assets with shorter useful lives within the relevant CGUs. Key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows include discount rate, budgeted sales and gross margin. Such estimation is based on past performance and management's expectations for the market. The fair value less costs to sell of the CGUs is lower than the value in use. The impairment amount has been allocated to each category of property, plant and equipment. Such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. As a result, an impairment loss of approximately RMB698,000,000 is recognised on property, plant and equipment during the six months ended 30 June 2020. During the six months ended 30 June 2019, an impairment loss of approximately RMB280,000,000 was recognised on property, plant and equipment in relation to the production of polysilicon.

Impairment loss on CGUs in new energy business segment

There is an impairment loss of approximately RMB42,596,000 arose from the termination of constructing certain in-progress solar farm projects during the six months ended 30 June 2020. In current period, having considered the financial resources of GNE Group, and considered that the equipment costs related to certain solar farms, which are still in preliminary stage, will not generate future economic returns to GNE Group, and therefore the management determined to suspend these projects and the relevant equipment costs in these projects are fully impaired.

13. Interests in Associates

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

In March 2020, one of the existing shareholders of 內蒙古中環協鑫光伏材料有限公司 Inner Mongolia Zhonghuan-GCL Solar Material Co., Ltd* ("Mongolia Zhonghuan-GCL") has further injected RMB480,000,000 in total into Mongolia Zhonghuan-GCL for the increase of its registered capital, which resulted in diluting the Group's equity interest in Mongolia Zhonghuan-GCL diluted by approximately 1%. Since the Group is given the right to appoint two out of seven directors on the board of Mongolia Zhonghuan-GCL, the Directors considered that the Group can exercise significant influence over Mongolia Zhonghuan-GCL and it is therefore continued to be classified as an associate of the Group. This deemed disposal has resulted in the Group recognising a loss of approximately RMB49,408,000 in profit or loss during the current interim period.

* English name for identification only

14. Interests in Joint Ventures

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

15. Other Financial Assets at Fair Value through Profit or Loss

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Current assets		
Other financial assets at FVTPL:		
Unlisted investments *(Note a)*	**781,682**	477,256
Non-current assets		
Other financial assets at FVTPL:		
Unlisted investments *(Note b)*	**226,985**	213,221
Asset management plans *(Note c)*	**—**	100,000
Unlisted equity investments *(Note d)*	**44,321**	44,321
	271,306	357,542

Notes:

(a) The unlisted investments represent the financial products issued by financial institutions and banks in Hong Kong and the PRC. The Directors consider the fair values of the unlisted investments, which are based on the prices provided by the financial institutions and banks, i.e. the prices they would pay to redeem the financial products at the end of the reporting period, approximate to their carrying value.

(b) The Group invested in the form of interests as limited partners, which hold a portfolio of unlisted investments. The primary objective of the investments is to earn income and capital gain. Pursuant to investment agreements, the beneficial interests held by the Group in these unlisted investments are in the form of participating shares or interests which primarily provide the Group with the share of returns from the unlisted investments but not any decision making power nor any voting right to involve in and control the daily operation. The unlisted investments mainly made up of private entities incorporated in the PRC and liquid financial assets (including cash and cash equivalents).

(c) GNE 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 interim period, GNE Group entered into an asset transfer agreement with the financial institution to offset such investment with the other borrowings from it with a gain of approximately RMB13,027,000 recognised in profit or loss.

(d) The amount mainly represents the investments in unlisted equity instruments issued by private entities established in the PRC, Hong Kong and the USA.

16. Convertible Bonds Receivable

In 2018, the Group subscribed for the convertible bonds issued by Asia Energy Logistics Group Limited, whose shares are listed on the Stock Exchange, with principal amount of HK$100,000,000 (equivalent to approximately RMB80,334,000). The convertible bonds carry interest at 5.5% per annum payable semi-annually and mature on 2 March 2021. The convertible bonds have been subsequently fully redeemed on 14 July 2020 and therefore, the fair value of the convertible bonds receivable as at 30 June 2020 was determined with reference to the redemption value as the fair value of the option is deeply out of money. There is a loss on fair value change of approximately RMB403,000 (six months ended 30 June 2019: gain on fair value change of approximately RMB9,599,000) recognised in profit or loss in the current interim period.

17A. Deposits, Prepayments and Other Non-current Assets/Trade and Other Receivables

Deposits, prepayments and other non-current assets

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Deposits for acquisitions of property, plant and equipment	**536,576**	530,525
Consideration receivable *(note 29(ii))*	**56,000**	92,795
Refundable value-added tax	**1,288,220**	1,716,249
Others	**58,187**	56,877
	1,938,983	2,396,446

Trade and other receivables

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Trade receivables *(Note a)*	**10,945,672**	10,891,170
Other receivables	**955,048**	738,958
Refundable value-added tax	**754,222**	860,714
Consideration receivables *(note 29(ii))*	**546,920**	532,909
Receivables for modules procurement	**229,284**	287,044
Other loan receivables *(Note b)*	**1,250**	14,250
Advance to Borrowers (as defined in *Note b*)	**—**	13,530
Prepayments	**412,695**	518,566
	13,845,091	13,857,141

17A. Deposits, Prepayments and Other Non-current Assets/Trade and Other Receivables (continued)

Trade and other receivables (continued)

Notes:

(a) The Group allows a credit period of approximately one month from the invoice date for trade receivables (excluding sales of electricity) and may further extend 3 to 6 months for settlement through bills issued by banks and financial institutions obtained from trade customers.

The following is an aged analysis of trade receivables (excluding sales of electricity and bills held by the Group for future settlement), net of allowances for credit losses, presented based on the invoice date at the end of the reporting period:

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Within 3 months	**344,738**	559,711
3 to 6 months	**95,427**	29,048
Over 6 months	**163,894**	76,740
	604,059	665,499

For sales of electricity, the Group generally grants credit period of approximately one month to 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 grid companies.

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Unbilled *(Note)*	**4,156,250**	2,524,359
Within 3 months	**271,506**	280,503
3 to 6 months	**68,346**	147,892
Over 6 months	**706,981**	504,380
	5,203,083	3,457,134

17A. Deposits, Prepayments and Other Non-current Assets/Trade and Other Receivables (continued)

Trade and other receivables (continued)

Notes: (continued)

(a) (continued)

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

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 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, trade receivables include bills received amounting to approximately RMB5,138,530,000 (31 December 2019: RMB6,768,537,000) held by the Group for future settlement of trade receivables, of which certain bills issued by third parties of approximately RMB2,355,082,000 and RMB1,763,529,000 (31 December 2019: RMB3,210,854,000 and RMB2,743,769,000) are further endorsed by the Group with recourse for settlement of payables for purchase of plant and machinery, construction costs and trade payables and discounted to banks for financing with recourse, respectively. The Group continues to recognise their full carrying amount at the end of the reporting periods and details are disclosed in notes 21 and 22. All bills received by the Group are with a maturity period of less than one year.

The Directors closely monitor the credit quality of trade and other receivables and consider the trade and other receivables, which are neither past due nor impaired, are of a good credit quality in view of the good historical repayment record.

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

Advance to Borrowers is 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

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 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 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 farms. All solar farms already registered in the Catalogue will be enlisted in the List automatically. For those on-grid solar farm projects which have already started operation but yet to register into the previous Catalogue and now, the List, these on-grid solar farm 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").

* English name for identification only

17B. Contract Assets (continued)

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 farms 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. Pursuant to the 2020 Measures, for those on-grid solar farms 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 farms that are enlisted in the List. The contract assets are transferred to trade receivables when the Group's respective on-grid solar farms 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 million for the six months ended 30 June 2020 (six months ended 30 June 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 farm projects are enlisted on the List. During the six months ended 30 June 2020, there are 22 solar farms being admitted to the List and according to the related contract assets amounting to approximately RMB1,684,786,000 are reclassified to trade receivables. Besides, 43 solar farms are eligible to the List and expected to admit to the List in the second half of 2020. Balances of approximately 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. Impairment Assessment on Financial Assets and Other Items subject to Expected Credit Loss ("ECL") Model

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment losses recognised (reversed), net in respect of		
— trade receivables — goods and services	**16,482**	(25,184)
— contract assets	**5,398**	—
— consideration receivables	**140,000**	—
— amounts due from related companies	**60,000**	37,758
	221,880	12,574

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 for assessment of ECL are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

The Group reversed the impairment allowance for trade receivables of approximately RMB2,524,000 (six months ended 30 June 2019: RMB27,720,000) resulting from subsequent settlement during the current interim period.

The Directors considered the consideration receivables from the disposal of 蘇州客准光伏科技有限公司 Suzhou Kezhun Photovoltaic Technology Co. Ltd.* with gross carrying amount of approximately RMB506,308,000 as at 30 June 2020 were credit-impaired because there were defaults of payments from the counterparty since 2019. Such consideration receivables were assessed for ECL individually. A further impairment loss of approximately RMB140,000,000 was recognised in the current interim period and which was mainly attributable to the increase in loss given default of the counterparty.

For amounts due from related companies (trade related), receivables with gross carrying amounts of approximately RMB403,692,000 from a related company as at 30 June 2020 were credit-impaired because there were defaults of payments from the counterparty since 2019. Such balance was assessed for ECL individually. A further impairment loss of approximately RMB60,000,000 was recognised in the current interim period and which was mainly attributable to the increase in loss given default of the counterparty.

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

* English name for identification only

19. Balances with Related Companies

The related companies included associates and joint ventures of the Group and companies controlled by Mr. Zhu Gongshan, the chairman of the Group, and his family members which hold in aggregate approximately 30% (31 December 2019: 32%) of the Company's share capital as at 30 June 2020 and exercises significant influence over the Company.

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Amounts due from related companies		
— Trade related *(Note a)*	**62,100**	129,563
— Non-trade related *(Note b)*	**35,022**	19,686
	97,122	149,249
Amounts due from associates		
— Trade related *(Note a)*	**52,720**	101,719
— Non-trade related *(Note c)*	**1,640,887**	2,273,114
	1,693,607	2,374,833
Amounts due from joint ventures		
— Trade related *(Note a)*	**29,183**	705
— Non-trade related *(Note b)*	**8,520**	8,297
	37,703	9,002
	1,828,432	2,533,084
Analysed for reporting purposes as:		
— Current assets	**981,481**	1,706,133
— Non-current assets	**846,951**	826,951
	1,828,432	2,533,084

19. Balances with Related Companies (continued)

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Amounts due to related companies		
— Trade related *(Note d)*	**6,327**	7,638
— Non-trade related *(Note e)*	**175,236**	137,824
	181,563	145,462
Amounts due to associates		
— Trade related *(Note d)*	**1,226,154**	1,174,645
— Non-trade related *(Note e)*	**830,602**	417,103
	2,056,756	1,591,748
Amount due to a joint venture		
— Trade related *(Note d)*	**57,940**	79,098
Current liabilities	**2,296,259**	1,816,308
Loans from:		
— an associate *(Note f)*	**722,936**	601,918
— companies controlled by Mr. Zhu Gongshan and his family *(Note g)*	**1,007,447**	1,173,643
	1,730,383	1,775,561
Analysed for reporting purposes as:		
— Current liabilities	**664,734**	743,922
— Non-current liabilities	**1,065,649**	1,031,639
	1,730,383	1,775,561

19. Balances with Related Companies (continued)

Notes:

(a) The amounts are unsecured, non-interest bearing and the credit period is normally within 30 days (31 December 2019: 30 days).

The following is an aged analysis of amounts due from related companies, associates and joint ventures (trade related), net of allowance for credit losses, at the end of the reporting period, presented based on the invoice date which approximated the respective revenue recognition dates:

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Within 3 months	61,444	103,108
3 to 6 months	19,873	17,306
More than 6 months	62,686	111,573
	144,003	231,987

(b) The amounts are unsecured, non-interest bearing and with no fixed repayment term.

(c) The amounts are unsecured, non-interest bearing and with no fixed repayment term, except for (i) a deposit of approximately RMB58,000,000 (31 December 2019: RMB38,000,000) pledged for the loans from Xinxin, an associate of the Group, with repayment terms of 3 to 8 years (31 December 2019: 3 to 8 years) and are therefore classified as non-current assets; (ii) loans to 新疆協鑫新能源材料科技有限公司 Xinjiang GCL New Energy Materials Technology Co., Limited* ("Xinjiang GCL") of approximately RMB790,833,000 (31 December 2019: RMB1,243,469,000) which are unsecured, interest bearing at fixed rates of 5.22% to 5.655% (31 December 2019: 5.22% to 5.655%) per annum, in which an amount of RMB700,000,000 (31 December 2019: RMB700,000,000) is agreed to be repaid after one year and are therefore classified as non-current assets. The remaining balance of the loans to Xinjiang GCL are repayable within twelve months and are therefore classified as current assets; and (iii) an amount of approximately RMB88,951,000 (31 December 2019: RMB88,951,000) which, in the opinion of the directors of GNE, is expected to be received after twelve months from the end of the reporting period and is classified as non-current assets.

(d) The amounts are unsecured, non-interest bearing and the credit period is normally within 30 days (31 December 2019: 30 days).

The following is an aged analysis of amounts due to related companies, associates and a joint venture (trade related) at the end of the reporting period, presented based on the invoice date:

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Within 3 months	36,848	1,151,455
3 to 6 months	593,571	38,711
More than 6 months	660,002	71,215
	1,290,421	1,261,381

(e) The amounts are unsecured, non-interest bearing and repayable on demand.

19. Balances with Related Companies (continued)

Notes: (continued)

(f) The amounts represent the advances from Xinxin arising from several financing arrangements. Advances of approximately RMB279,894,000 (31 December 2019: RMB146,679,000) are secured, interest bearing and repayable within one year, and are therefore classified as current liabilities. The remaining advances of approximately RMB443,042,000 (31 December 2019: RMB455,239,000) are secured and interest bearing with repayment terms of 3 to 8 years (31 December 2019: 3 to 8 years), and are therefore classified as non-current liabilities. Balance of approximately RMB515,912,000 (31 December 2019: RMB392,507,000) is secured by cash deposits of approximately RMB58,000,000 (31 December 2019: RMB38,000,000) and certain property, plant and equipment and carries interest ranging from 6% to 8.58% (31 December 2019: 6% to 8.58%) per annum. 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 carries interest at 7.81% (31 December 2019: 7.81%) per annum.

(g) 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)*, 江蘇協鑫建設管理有限公司 Jiangsu GCL Construction Management Co., Ltd.* and 江蘇協鑫房地產有限公司 Jiangsu GCL Real Estate Limited* in total amounted to approximately RMB1,007,447,000 (31 December 2019: RMB1,173,643,000). These loans are unsecured, interest bearing ranged from 8% to 12% (31 December 2019: 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.

* English name for identification only

20. Inventories

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Raw materials	**205,170**	185,036
Work in progress	**77,907**	111,605
Semi-finished goods *(Note)*	**146,521**	206,114
Finished goods	**222,671**	247,631
Solar modules	**815**	802
	653,084	751,188

Note: Semi-finished goods mainly represented polysilicon.

During the six months ended 30 June 2020, cost of inventories of approximately RMB4,368,578,000 (six months ended 30 June 2019: RMB6,519,046,000) recognised as cost of sales included write-down of inventories of approximately RMB19,573,000 (six months ended 30 June 2019: RMB19,711,000) because the cost of certain inventories were higher than their net realisable values.

21. Trade and Other Payables

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Trade payables *(Note a)*	**6,305,246**	6,856,052
Construction payables *(Note a)*	**4,564,809**	5,631,628
Payables to vendors of solar farms	**92,673**	92,873
Other payables	**944,000**	949,779
Salaries and bonus payable	**137,632**	281,052
Dividend payables to non-controlling shareholders of subsidiaries	**191,068**	236,453
Other tax payables	**70,632**	139,441
Interest payables	**754,386**	395,339
Advance from engineering, procurement and construction ("EPC") contractors *(Note b)*	**63,923**	123,030
Accruals	**221,970**	313,002
	13,346,339	15,018,649

Notes:

(a) Included in the trade payables and construction payables are approximately RMB3,023,845,000 (31 December 2019: RMB2,596,413,000) and RMB250,117,000 (31 December 2019: RMB780,505,000), respectively, in which the Group issued bills to relevant creditors for settlement and remained outstanding at the end of the reporting period, and endorsed bills with recourse with an aggregate amount of approximately RMB2,355,082,000 (31 December 2019: RMB3,210,854,000). All these bills are with a maturity period of less than one year.

(b) The advance presents the amounts received from EPC contractors for modules procurement, in which the modules will be used in the construction of GNE Group's solar farms.

The credit period for trade payables is within 3 to 6 months (31 December 2019: 3 to 6 months).

The following is an aged analysis of trade payables (excluding bills presented by the Group for settlement and endorsed to bank with recourse) presented based on the invoice date at the end of the reporting period:

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Within 3 months	**1,152,360**	2,005,385
3 to 6 months	**1,850,386**	2,046,535
More than 6 months	**278,655**	207,719
	3,281,401	4,259,639

22. Bank and Other Borrowings

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Bank loans	**25,679,732**	29,622,759
Other loans	**18,190,368**	17,639,963
	43,870,100	47,262,722
Representing:		
Secured	**39,612,511**	40,668,330
Unsecured	**4,257,589**	6,594,392
	43,870,100	47,262,722
The carrying amount of bank loans that are payable on demand due to inability to respect loan covenants *(Note)*	**5,245,491**	5,729,457
The carrying amount of remaining bank loans and other loans	**38,624,609**	41,533,265
	43,870,100	47,262,722
Less: amounts due within one year or repayable on demand due to inability to respect loan covenants (shown under current liabilities)	**(24,302,240)**	(26,976,972)
Amounts due after one year	**19,567,860**	20,285,750

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

22. Bank and Other Borrowings (continued)

As at 30 June 2020, in respect of a bank borrowing with carrying amount of approximately RMB212 million, the Group was not able to meet a financial covenant requirement, and thereby triggered the cross default clauses in several other bank borrowings of approximately RMB5,033 million. Such bank borrowing of approximately RMB212 million has been fully repaid subsequent to the end of the reporting period. Notwithstanding this, the bank borrowings have been classified as current liabilities as at 30 June 2020 as required by applicable accounting standard, and in which approximately RMB2,662 million of the bank borrowings will be due and repayable after June 2021 in accordance with the original repayment terms.

As at 31 December 2019, in respect of a bank borrowing with carrying amount of approximately RMB557 million, the Group was not able to meet a covenant requirement related to the financial ratio of the Group, and thereby triggered the cross default clauses in several other bank borrowings of approximately RMB5,172 million, and in which approximately RMB2,896 million of the bank borrowings will be due and repayable after 2020 in accordance with the original repayment terms. In respect of the relevant borrowing which breached the financial covenant requirement, approximately RMB488.3 million and RMB68.7 million was required to be repaid in February 2020 and August 2020, respectively, in accordance with the original repayment term. On discovery of the breach, the Directors informed the lenders and commenced renegotiation of the terms of the bank borrowing with the relevant bankers which waiver on strict compliance on the financial ratio have been obtained subsequent to the end of the reporting period. As at 31 December 2019, negotiation had not been concluded. Since the lenders have not agreed to waive their right to demand immediate payment as at the end of the reporting period, the bank borrowings have been classified as current liabilities as at 31 December 2019 as required by applicable accounting standard, despite the fact that waiver has been granted by the relevant banks and revised the repayment of approximately RMB348.8 million out of RMB488.3 million from February 2020 to June 2020. The Company has repaid approximately RMB139.5 million on 28 February 2020 as agreed with the banks. Subsequent to the end of the reporting period, the remaining balance of the bank borrowing has been fully repaid.

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Within one year	**2,583,034**	2,832,945
More than one year, but not exceeding two years	**695,118**	660,861
More than two years, but not exceeding five years	**1,630,024**	2,151,750
More than five years	**337,315**	83,901
	5,245,491	5,729,457

23. Notes and Bonds Payables

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Principal amount of notes and bonds payables	**424,629**	424,425
Less: unamortised issuance costs	**(750)**	(2,250)
Net carrying amount	**423,879**	422,175
Senior notes	**3,530,296**	3,470,542
	3,954,175	3,892,717
Less: amount due within one year shown under current liabilities	**(3,954,175)**	(422,175)
Amount due for settlement after one year shown under non-current liabilities	**—**	3,470,542

Senior notes are classified as current liabilities as at 30 June 2020 as it will be matured on 30 January 2021. As at 30 June 2020, the notes and non-public green bonds issued by GNE Group amounting to approximately RMB286,195,000 and RMB350,000,000 (31 December 2019: RMB286,399,000 and RMB350,000,000), respectively, are repurchased and held by the group entities. In July 2020, the first tranche of the non-public green bonds of RMB100,000,000 was matured.

24. Derivative Financial Instruments

In April 2016, the Group entered into a joint venture investment agreement with an independent investor ("JV Partner") of Jiangsu Xinhua Semiconductor Material Technology Co. Ltd. ("Jiangsu Xinhua"), a joint venture which is 50.98% held by the Group, pursuant to which the JV Partner is given a right to request the Group to repurchase its 49.02% equity interest in Jiangsu Xinhua at a premium under certain circumstances and details are set out in notes to the Group's consolidated financial statements for the year ended 31 December 2019.

The Directors had recognised the put option of interests in Jiangsu Xinhua as derivative financial instruments and initially recognised at fair value with subsequent changes in fair value recognised in profit or loss. During the six months ended 30 June 2020, the Company remeasured the fair value with a loss on fair value change of the derivative financial instruments of approximately RMB28,600,000 (six months ended 30 June 2019: RMB6,457,000) recognised to profit or loss.

Details of the inputs and assumption adopted in the valuation are described in note 30.

25. Share Capital

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised		
At 1 January 2019 (Audited), 30 June 2019 (Unaudited), 1 January 2020 (Audited) and 30 June 2020 (Unaudited)	30,000,000	3,000,000
Issued and fully paid		
At 1 January 2019 (Audited)	18,329,949	1,832,995
Exercise of share options *(Note a)*	100	10
Issue of shares on placement *(Note b)*	1,511,000	151,100
At 1 January 2020 (Audited)	19,841,049	1,984,105
Issue of shares on placement *(Note c)*	1,300,000	130,000
At 30 June 2020 (Unaudited)	21,141,049	2,114,105

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Shown in the financial statements as	**1,862,437**	1,742,850

Notes:

(a) During the year ended 31 December 2019, share option holders exercised their rights to subscribe for 100,000 ordinary shares in the Company at HK$0.586 per share with the net proceeds of approximately RMB51,000.

(b) On 10 June 2019, the Company entered in a placing agreement with UBS AG Hong Kong Branch as placing agent, which is independent and not connected to the Company. Pursuant to the placing agreement, the placing agent agreed to place up to 1,511,000,000 placing shares to third parties independent of the Company and connected persons of the Company at HK$0.45 per placing share. The placing was completed on 18 June 2019, with net proceeds of approximately HK$669,104,000 (equivalent to approximately RMB587,791,000).

(c) On 16 June 2020, the Company entered in a placing agreement with CCB International Capital Limited as placing agent, which is independent and not connected to the Company. Pursuant to the placing agreement, the placing agent agreed to place up to 1,300,000,000 placing shares to third parties independent of the Company and connected persons of the Company at HK$0.203 per placing share. The placing was completed on 24 June 2020, with net proceeds of approximately HK$260,000,000 (equivalent to approximately RMB238,807,000).

All shares issued rank pari passu in all respects with the then existing shares of the Company.

26. Pledge of or Restrictions on Assets

Pledge of assets

At the end of the reporting period, the Group has pledged the following assets to secure credit facilities of the Group:

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Bank and other borrowings secured by:		
Pledged and restricted bank and other deposits	**1,361,513**	1,894,370
Right-of-use assets	**645,050**	468,804
Investment properties	**63,477**	65,804
Property, plant and equipment	**26,887,020**	27,870,791
Trade receivables and contract assets	**10,637,403**	7,275,637
Equity instruments at FVTOCI	**19,697**	—
	39,614,160	37,575,406
Lease liabilities secured by:		
Pledged and restricted bank and other deposits	**80,120**	240,402
Total	**39,694,280**	37,815,808

Certain subsidiaries pledged their fee collection rights in relation to the sales of electricity, and as at 30 June 2020, trade receivables and contract assets in respect of such fee collection rights pledged amounted to approximately RMB8,881,856,000 (31 December 2019: RMB4,722,846,000).

As at 30 June 2020, the Group has pledged property, plant and equipment and right-of-use assets of approximately RMB154,500,000 and RMB148,828,000 (31 December 2019: RMB160,588,000 and RMB150,781,000), respectively, to secure bank and other borrowings of an associate and a joint venture of the Group.

As at 30 June 2020, the Group has pledged property, plant and equipment and right-of-use assets of approximately RMB53,225,000 and nil (31 December 2019: RMB101,056,000 and RMB14,134,000), respectively, to secure issuance of bills and short-term letters of credit for trade and other payables.

26. Pledge of or Restrictions on Assets (continued)

Restriction on assets

In addition, lease liabilities of approximately RMB2,109,973,000 (31 December 2019: RMB2,441,519,000) are recognised with related right-of-use assets of approximately RMB2,815,520,000 (31 December 2019: RMB3,416,173,000) 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 the lessor. Leased assets may not be used as security for borrowing purposes.

In addition to the pledged assets above, there are restricted bank deposits of approximately RMB5,213,362,000 (31 December 2019: RMB4,794,654,000) and trade receivables of approximately RMB591,304,000 (31 December 2019: RMB499,672,000) which have been restricted to secure issuance of bills and short-term letters of credit for trade and other payables. As at 30 June 2020, the loans from a related company were secured by property, plant and equipment amounted to approximately RMB981,309,000 (31 December 2019: RMB912,365,000) and pledged other deposits amounted to approximately RMB59,520,000 (31 December 2019: RMB38,000,000).

27. Share-based Payment Transactions

There is no material change relating to the share-based payment transactions for the six months ended 30 June 2020, except for the following:

(I) Equity-settled share option scheme

(i) Share option scheme of the Company

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

				Number of share options		
	Exercise price	Date of grant	Exercise period	Outstanding at 1 January 2020	Forfeited during the period	Outstanding at 30 June 2020
Directors	HK$1.16	19.02.2016	15.03.2016 to 18.02.2026	5,942,302	–	5,942,302
	HK$1.324	29.03.2016	18.04.2016 to 28.03.2026	7,944,454	–	7,944,454
Employees and others	HK$3.296	12.01.2011	01.03.2011 to 11.01.2021	5,035,850	–	5,035,850
	HK$4.071	15.07.2011	01.09.2011 to 14.07.2021	4,834,415	–	4,834,415
	HK$1.630	05.07.2013	16.09.2013 to 04.07.2023	15,354,308	(1,122,995)	14,231,313
	HK$2.867	24.03.2014	26.05.2014 to 23.03.2024	21,352,004	–	21,352,004
	HK$1.16	19.02.2016	15.03.2016 to 18.02.2026	73,054,277	(7,201,265)	65,853,012
	HK$1.324	29.03.2016	18.04.2016 to 28.03.2026	4,028,680	–	4,028,680
				137,546,290	(8,324,260)	129,222,030

27. Share-based Payment Transactions (continued)

(I) Equity-settled share option scheme (continued)

(ii) Share option scheme of GNE

	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 to 22.10.2024	58,382,800	–	58,382,800
	HK$0.606	24.07.2015	24.07.2015 to 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 to 22.10.2024	214,929,232	(16,105,600)	198,823,632
	HK$0.606	24.07.2015	24.07.2015 to 23.07.2025	194,183,206	(10,871,280)	183,311,926
				508,061,218	(43,082,480)	464,978,738

During the six months ended 30 June 2020, share-based payment expenses of nil (six months ended 30 June 2019: RMB2,638,000) have been recognised in profit or loss in respect of equity-settled share option scheme. In addition, certain share options granted have been forfeited after the vesting period, and respective share options reserve of approximately RMB20,671,000 (six months ended 30 June 2019: RMB3,384,000) are transferred to the Group's accumulated profits from share options reserve and non-controlling interests.

(II) Cash-settled share award scheme

US Equity Incentive Plan granted by GCL Solar Materials US II, LLC ("GCL US II")

On 31 March 2017 ("Plan Date"), GCL US II issued Class B Units ("Class B Units") to the grantees of the US Equity Incentive Plan (the "Grantees") which will be vested in full in three years with one-third to be vested on each of the first, the second and the third anniversary of the Plan Date, respectively.

Movement of Class B Units granted during the period is as follows:

	Number of Class B Units
Outstanding at 1 January 2020 (Audited)	3,118,513
Exercised during the period	(3,074,265)
Forfeited during the period	(44,248)
Outstanding at 30 June 2020 (Unaudited)	–

27. Share-based Payment Transactions (continued)

(II) Cash-settled share award scheme (continued)

US Equity Incentive Plan granted by GCL Solar Materials US II, LLC ("GCL US II") (continued)

The Group has recorded liabilities of nil (31 December 2019: RMB23,593,000) in its unaudited condensed consolidated statement of financial position as at 30 June 2020 in respect of the cash-settled share award. During the current interim period, certain US Grantees exercised their rights to sell the Class B units to GCL US II at US$1 per unit, resulting a payment of RMB21,412,000 (six months ended 30 June 2019: RMB11,011,000).

28. Commitments and Contingent Liabilities

(i) Commitments

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Capital commitments		
Capital expenditure in respect of acquisitions of property, plant and equipment contracted for but not provided	**908,502**	662,725
Other commitments		
Commitment to contribute share capital to investments in joint ventures, associates and/or other investments contracted for but not provided	**1,710,000**	2,190,000
Commitment to contribute share capital to financial assets at FVTPL contracted for but not provided	**60,000**	80,000
	2,678,502	2,932,725

(ii) Financial guarantees provided to third parties

In addition to those financial guarantees provided to related parties as set out in note 31, GNE Group also provided financial guarantees to certain third parties, former wholly-owned subsidiaries, for certain of their bank and other borrowings amounting to approximately 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 rights in relation to sales of electricity, in the opinion of the directors of GNE, the fair value of the guarantees is considered insignificant at initial recognition, and the ECL as at 30 June 2020 and 31 December 2019 is insignificant.

29. Disposal of Subsidiaries

(i) Disposal of subsidiaries by GNE Group

(a) 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, GNE 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 farms with approximately 40MW installed capacity in aggregate in the PRC. The disposals are completed in March and June 2020, respectively.

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

On 21 January 2020, GNE 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 farm with approximately 30MW installed capacity (the "Hami Project") in the PRC. The disposal is completed in June 2020.

GNE Group has granted a put option to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, pursuant to which GNE 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, GNE 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 of GNE Group, 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.

29. Disposal of Subsidiaries (continued)

(i) Disposal of subsidiaries by GNE Group (continued)

	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

29. Disposal of Subsidiaries (continued)

(ii) In May 2020, the Group has entered into an agreement with an independent third party to dispose of its 100% equity interest in 四川協鑫硅業科技有限公司 Sichuan GCL Silicon Technology Co., Ltd.* and the intragroup payable to the Group for a consideration of RMB90,000,000. The disposal was completed in May 2020 and a loss on disposal of approximately RMB85,025,000 was recognised in profit or loss during the current interim period.

Pursuant to the sale and purchase agreement, the cash consideration of RMB20,000,000 has been settled during the current interim period and the outstanding consideration receivables of RMB70,000,000 will be settled in ten instalments by November 2024 and carry interest at 8% per annum. Such consideration receivables are recorded on the unaudited condensed consolidated statement of financial position of the Group at 30 June 2020 as follows:

	RMB'000
Consideration receivables *(note 17A)*:	
— Current	14,000
— Non-current	56,000
	70,000

* English name for identification only

30. Fair Value Measurements of Financial Instruments

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group performed discounted cash flow to derive the present value of other investments or engages third party qualified valuers to perform the valuation of convertible bonds receivable, the put option of interests in Jiangsu Xinhua classified as derivative financial instruments, unlisted investments measured at financial assets at FVTPL, unlisted equity investments measured at financial assets at FVTPL and asset management plans investments held by GNE measured at financial assets at FVTPL. The Directors work closely with the qualified valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports the findings to the Directors every half year to explain the cause of fluctuations in the fair value of the assets and liabilities.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;

30. Fair Value Measurements of Financial Instruments (continued)

Fair value measurements and valuation processes (continued)

- Level 2 fair value measurements are those derived from inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Financial assets/ financial liabilities	Fair value as at 30.06.2020 RMB'000 (Unaudited)	Fair value as at 31.12.2019 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
1) Convertible bonds receivable *(Note a)*	96,364	101,097	Level 2 (31 December 2019: Level 3)	Redemption value (31 December 2019: Binomial Option Pricing Model, the key inputs are: underlying share price, exercise price, risk free interest rate, share price volatility and dividend yield.)	N/A (31 December 2019: Share price volatility of 36.40% and discount rate of 28.40%.)	N/A (31 December 2019: The higher the volatility, the higher the fair value.)
						N/A (31 December 2019: The higher the discount rate, the lower the fair value.)
					N/A (31 December 2019: Dividend yield of 0%, taking into account management's experience and knowledge of the dividend to be paid.)	N/A (31 December 2019: The higher the dividend yield, the lower the fair value.)
2) Put option of interest in Jiangsu Xinhua classified as derivative financial instruments *(Note b)*	162,000	133,400	Level 3	Income approach — in this approach, the discounted cash flow method was used to capture the present value of future expected cash flows to be derived from Jiangsu Xinhua.	Revenue growth rate, taking into account management's experience and knowledge of market conditions of the specific industries.	The higher the revenue growth rate, the lower the fair value.
					Discount rate of 16% (31 December 2019: 16%).	The higher the discount rate, the higher the fair value.
				Scenario analysis, the key inputs are: estimated probability of success or failure in IPO, risk-free rate and credit spread.	Estimated probability of success in IPO, failure in IPO due to external factors and unsatisfactory performance of Jiangsu Xinhua of 70%, 10% and 20%, respectively (31 December 2019: 70%, 10% and 20%, respectively), taking into account the best estimate of the Directors.	The higher the estimated probability of failure in IPO, the higher the fair value.
3) Asset management plans investments held by GNE classified as financial assets at FVTPL *(Note c)*	–	100,000	Level 3	N/A (31 December 2019: Income approach — in this approach, the discounted cash flow method was used to capture the present value of future expected cash flows to be derived from the underlying assets.)	N/A (31 December 2019: discount rate of 7.5%.)	N/A (31 December 2019: The higher the estimated discount rate, the lower the fair value.)

30. Fair Value Measurements of Financial Instruments (continued)

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

Financial assets/ financial liabilities	Fair value as at 30.06.2020 RMB'000 (Unaudited)	Fair value as at 31.12.2019 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
4) Listed equity securities classified as held for trading investments	4,265	4,339	Level 1	Quoted bid price in an active market.	N/A	N/A
5) Unlisted equity investments measured at financial assets at FVTPL	44,321	44,321	Level 3	Market comparison approach — in this approach, fair value was determined with reference to recent transaction price.	Adjusted market price between comparables and the underlying property held by the unlisted equity investments.	An increase in the price per square meter used would result in an increase in fair value measurement of the property, and vice versa.
6) Listed equity investments measured at equity instruments at FVTOCI	29,239	41,857	Level 1	Quoted bid price in an active market.	N/A	N/A
7) Unlisted investments measured at financial assets at FVTPL	226,985	213,221	Level 3	Market comparison approach — in this approach, fair value was determined with reference to P/S ratio or P/E ratio or recent transaction price.	P/S ratio of 2.3x — 22.07x (31 December 2019: 2.3x — 22.07x) or P/E ratio of 72.73x (31 December 2019: 72.73x).	The higher the P/S or P/E ratio, the higher the fair value.
	781,682	477,256	Level 2	Quoted price from third party financial institutions and banks which determined with reference to the value of underlying investments which mainly comprised of listed share.	N/A	N/A

Notes:

(a) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the convertible bonds receivable would increase by approximately RMB753,000/decrease by approximately RMB753,000 for the year ended 31 December 2019.

If the discount rate used was multiplied by 95% or 105% while all the other variables were held constant, the gain on change in fair value of the convertible bonds receivable would increase by approximately RMB83,000/decrease by approximately RMB82,000 for the year ended 31 December 2019.

(b) If the discount rate was multiplied by 95% or 105% while all the other variables were held constant, the change in fair value of the derivative financial instruments would decrease by approximately RMB10,600,000 (31 December 2019: RMB11,300,000)/increase by approximately RMB9,400,000 (31 December 2019: RMB10,100,000).

(c) If the estimated discount rate was multiplied by 95% or 105% while all the other variables were held constant, the fair value of the investments would increase by approximately RMB507,000/decrease by approximately RMB503,000 for the year ended 31 December 2019.

30. Fair Value Measurements of Financial Instruments (continued)

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

There is no transfer among the different levels of the fair value hierarchy for both periods, except for the convertible bonds receivable. The fair value of the convertible bonds receivable as at 30 June 2020 amounted to RMB96,364,000 (31 December 2019: RMB101,097,000). The fair value of the convertible bonds receivable as at 31 December 2019 was measured using a valuation technique with significant unobservable inputs and hence was classified as Level 3 of the fair value hierarchy. On 14 July 2020, the bond issuer redeemed the convertible bonds in full with a cash settlement amounted to HK$107,544,000 (equivalent to approximately RMB96,364,000). The fair value of the convertible bonds receivable as at 30 June 2020 was determined with reference to the redemption value only and was classified as Level 2 of the fair value hierarchy.

Reconciliation of Level 3 fair value measurements

30 June 2020

	Convertible bonds receivable RMB'000	Put option of interest in Jiangsu Xinhua classified as derivative financial instruments RMB'000	Asset management plans investments held by GNE measured at financial assets at FVTPL RMB'000	Unlisted investments/ equity investments measured at financial assets at FVTPL RMB'000	Total RMB'000
At 1 January 2020 (Audited)	101,097	(133,400)	100,000	257,542	325,239
Transfer out of Level 3	(96,767)	—	—	—	(96,767)
Capital contribution	—	—	—	20,000	20,000
Disposal	—	—	(113,027)	—	(113,027)
(Loss) gain in profit or loss	—	(28,600)	13,027	(6,236)	(21,809)
Receipt of interests	(4,330)	—	—	—	(4,330)
At 30 June 2020 (Unaudited)	—	(162,000)	—	271,306	109,306

30. Fair Value Measurements of Financial Instruments (continued)

Reconciliation of Level 3 fair value measurements (continued)

31 December 2019

	Convertible bonds receivable RMB'000	Put option of interest in Jiangsu Xinhua classified as derivative financial instruments RMB'000	Asset management plans investments held by GNE measured at financial assets at FVTPL RMB'000	Unlisted investments/ equity investments measured at financial assets at FVTPL RMB'000	Total RMB'000
At 1 January 2019 (Audited)	76,001	(26,011)	100,000	215,918	365,908
Capital contribution	—	—	—	15,000	15,000
Gain (loss) in profit or loss	29,820	(107,389)	—	26,624	(50,945)
Receipt of interests	(4,724)	—	—	—	(4,724)
At 31 December 2019 (Audited)	101,097	(133,400)	100,000	257,542	325,239

Fair value measurements and valuation processes

Of the total losses for the period included in profit or loss, RMB21,809,000 (31 December 2019: RMB50,945,000) related to put option of interest in Jiangsu Xinhua, convertible bonds receivable, unlisted investments/equity instruments measured at financial assets at FVTPL and asset management plans investments measured at financial assets at FVTPL held by GNE at the end of the reporting period and those fair value gains or losses are included in other expenses, gains and losses, net.

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

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

31. Related Party Transactions

Other than those disclosed elsewhere in the unaudited condensed interim consolidated financial statements, the Group has also entered into the following material transactions with related parties during the period:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Transactions with companies in which Mr. Zhu Gongshan and his family have control:		
Interest expense	**(55,392)**	(85,082)
Consulting service fee expense	**—**	(2,608)
Management fee income	**4,654**	666
Management fee expense	**—**	(7,759)
Purchase of steam	**(2,844)**	(37,386)
Purchase of coal	**—**	(13,662)
Purchase of raw water and desalted water	**—**	(924)
Purchase of energy service	**(709)**	(16,631)
Rental income	**12,997**	14,975
Transactions with joint ventures and associates:		
Interest expense	**(21,251)**	(50,018)
Management fee income	**36,896**	2,583
Purchase of silicon rods	**(1,074,880)**	(1,079,421)
Purchase of polysilicon	**(169,509)**	(1,601)
Sales of raw materials	**102,701**	5,059

As at 30 June 2020, the Group provided a total guarantee with maximum amount of approximately RMB4,817,603,000 and RMB900,000,000 (31 December 2019: RMB4,578,397,000 and RMB900,000,000) to several banks and financial institutions in respect of banking and other facilities of Xinjiang GCL and Jiangsu Xinhua, respectively. The Directors consider that the fair value of the guarantee at the date of inception, and the ECL as at 30 June 2020 and 31 December 2019 is insignificant.

As at 30 June 2020, GNE Group provided guarantee to its associates for certain of their bank and other borrowings with maximum amount of approximately RMB5,369,119,000 (31 December 2019: RMB5,369,119,000), out of which a joint guarantee of RMB520,000,000 (31 December 2019: RMB520,000,000) was provided by the Group with GNE Group to two associates of GNE Group (31 December 2019: two associates of GNE Group) for their bank borrowings. Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment, (ii) trade receivables, contract assets and fee collection rights in relation to sales of electricity, in the opinion of the directors of GNE, 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.

32. Major Non-cash Transactions

During the six months ended 30 June 2020, GNE Group entered into a offsetting agreement with its 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 GNE 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.

* English name for identification only

33. Events after the End of the Interim Period

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

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2020, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register required to be kept by the Company pursuant to Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") adopted by the Company:

I) Long Position in the Shares and Underlying Shares of the Company

	Number of ordinary shares held					
Name of director/ chief executive	**Beneficiary of a trust**	**Corporate interests**	**Personal interests**	**Number of underlying shares**	**Total**	**Approximate percentage of issued share capital** ***(note 3)***
Zhu Gongshan	6,370,388,156 *(note 1)*	–	–	–	6,370,388,156	30.13%
Zhu Zhanjun	–	–	3,400,000	2,719,359 *(note 2)*	6,119,359	0.03%
Zhu Yufeng	6,370,388,156 *(note 1)*	–	–	1,510,755 *(note 2)*	6,371,898,911	30.14%
Sun Wei	–	–	5,723,000	1,712,189 *(note 2)*	7,435,189	0.04%
Yeung Man Chung, Charles	–	–	–	1,700,000 *(note 2)*	1,700,000	0.01%
Jiang Wenwu	–	–	9,600,000	1,712,189 *(note 2)*	11,312,189	0.05%
Zheng Xiongjiu	–	–	250,000	2,517,924 *(note 2)*	2,767,924	0.01%
Ho Chung Tai, Raymond	–	–	–	1,007,170 *(note 2)*	1,007,170	0.01%
Yip Tai Him	–	–	–	1,007,170 *(note 2)*	1,007,170	0.01%

Notes:

1 An aggregate of 6,370,388,156 shares of the Company are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan) as beneficiaries.

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

3 The total number of ordinary shares of the Company in issue as at 30 June 2020 is 21,141,049,207.

II) Long Position in the Shares and Underlying Shares of the Associated Corporation of the Company

GCL New Energy Holdings Limited ("GNE"), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 451), in which the Company indirectly owned 62.28% issued shares as at 30 June 2020, is a subsidiary of the Company.

	Number of ordinary shares of GNE held					
Name of director/ chief executive	**Beneficiary of a trust**	**Corporate interests**	**Personal interests**	**Number of underlying shares**	**Total**	**Approximate percentage of issued share capital of GNE *(note 3)***
Zhu Gongshan	1,905,978,301 *(note 1)*	–	–	–	1,905,978,301	9.99%
Zhu Yufeng	1,905,978,301 *(note 1)*	–	–	3,523,100 *(note 2)*	1,909,501,401	10.01%
Sun Wei	–	–	–	27,178,200 *(note 2)*	27,178,200	0.14%
Yeung Man Chung, Charles	–	–	–	15,099,000 *(note 2)*	15,099,000	0.08%

Notes:

1. 1,905,978,301 shares in GNE are beneficially owned by Dongsheng Photovoltaic Technology (Hong Kong) Limited ("Dongsheng PV"). Dongsheng PV is indirectly wholly-owned by GCL System Integration Technology Co., Ltd. and an aggregate of over 40% of the issued shares in GCL System Integration, is indirectly held by the Zhu Family Trust and Mr. Zhu Yufeng, an executive director of the Company and GNE and son of Mr. Zhu Gongshan.

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

3. The total number of ordinary shares of GNE in issue as at 30 June 2020 is 19,073,715,441.

Save as disclosed above, as at 30 June 2020, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept under Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Option Schemes

I) Share Option Scheme of the Company

The Company adopted a share option scheme (the "Share Option Scheme") on 22 October 2007 which became effective on 13 November 2007. The purpose of the Share Option Scheme is to motivate personnel to optimize their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such personnel who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives of the Company, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. The Share Option Scheme shall be valid and effective for a period of 10 years from 22 October 2007, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

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

During the Period, a total of 8,324,260 option shares were lapsed and there were 129,222,030 option shares outstanding as at 30 June 2020.

Details of the share options outstanding and movements under the Share Option Scheme of the Company during the period from 1 January 2020 to 30 June 2020 (the "Period") are as follows:

Name or category of participant	Date of grant *(note)*	Exercise period	Exercise Price per share (HK$)	Outstanding as at 1.1.2020	Granted during the period from 1.1.2020 to 30.6.2020	Lapsed or forfeited during the period from 1.1.2020 to 30.6.2020	Cancelled during the period from 1.1.2020 to 30.6.2020	Exercised during the period 1.1.2020 to 30.6.2020	Outstanding during the period from 1.1.2020 to 30.6.2020
Directors/chief executive and their associates									
Zhu Yufeng	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,510,755	–	–	–	–	1,510,755
Sun Wei	19.2.2016	15.3.2016 to 18.2.2026	1.16	1,712,189	–	–	–	–	1,712,189
Zhu Zhanjun	29.3.2016	18.4.2016 to 28.3.2026	1.324	2,719,359	–	–	–	–	2,719,359
Yeung Man Chung, Charles	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,700,000	–	–	–	–	1,700,000
Jiang Wenwu	19.2.2016	15.3.2016 to 18.2.2026	1.16	1,712,189	–	–	–	–	1.712,189
Zheng Xiongjiu	19.2.2016	15.3.2016 to 18.2.2026	1.16	2,517,924	–	–	–	–	2,517,924
Yip Tai Him	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,007,170	–	–	–	–	1,007,170
Ho Chung Tai, Raymond	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,007,170	–	–	–	–	1,007,170
Zhu Qingsong (associate of Mr. Zhu Gongshan and an employee of the Group)	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,007,170	–	–	–	–	1,007,170
Non-director employees (in aggregate)	12.1.2011	1.3.2011 to 11.1.2021	3.296	5,035,850	–	–	–	–	5,035,850
	15.7.2011	1.9.2011 to 14.7.2021	4.071	4,834,415	–	–	–	–	4,834,415
	5.7.2013	16.9.2013 to 4.7.2023	1.630	15,354,308	–	(1,122,995)	–	–	14,231,313
	24.3.2014	26.5.2014 to 23.3.2024	2.867	21,352,004	–	–	–	–	21,352,004
	19.2.2016	15.3.2016 to 18.2.2026	1.16	73,054,277	–	(7,201,265)	–	–	65,853,012
	29.3.2016	18.4.2016 to 28.3.2026	1.324	3,021,510	–	–	–	–	3,021,510
Total				**137,546,290**		**(8,324,260)**			**129,222,030**

Note:

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

II) Share Option Scheme of a Subsidiary

GCL New Energy Holdings Limited ("GNE"), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 451), in which the Company indirectly owned 62.28% issued shares as at 30 June 2020, is a subsidiary of the Company.

GNE adopted a share option scheme on 15 October 2014 (the"GNE 2014 Share Option Scheme").

During the Period, no option was granted, exercised nor cancelled. 43,082,480 option shares were lapsed during the Period.

Name or category of participant	Date of grant	Exercise period	Exercise Price per share (HK$)	Outstanding as at 1.1.2020	Granted during the period from 1.1.2020 to 30.6.2020	Lapsed or forfeited during the period from 1.1.2020 to 30.6.2020	Exercised during the period from 1.1.2020 to 30.6.2020	Outstanding as at 30.6.2020
Directors/chief executive								
Zhu Yufeng	24.7.2015	24.7.2015 to 23.7.2025	0.606	3,523,100	–	–	–	3,523,100
Sun Wei	23.10.2014	24.11.2014 to 22.10.2024	1.1798	24,158,400	–	–	–	24,158,400
	24.7.2015	24.7.2015 to 23.7.2025	0.606	3,019,800	–	–	–	3,019,800
Yeung Man Chung, Charles	23.10.2014	24.11.2014 to 22.10.2024	1.1798	12,079,200	–	–	–	12,079,200
	24.7.2015	24.7.2015 to 23.7.2025	0.606	3,019,800	–	–	–	3,019,800
Directors and eligible persons of GNE	23.10.2014	24.11.2014 to 22.10.2024	1.1798	237,074,432	–	(16,105,600)	–	220,968,832
	24.7.2015	24.7.2015 to 23.7.2025	0.606	225,186,486	–	(26,976,880)	–	198,209,606
Total				**508,061,218**		**(43,082,480)**		**464,978,738**

Please refer to the section "Share Option Scheme" of the 2020 interim report of GNE for the details of the GNE 2014 Share Option Scheme and the movements of options during the Period.

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

Interests and Short Positions of Substantial Shareholders

As at 30 June 2020, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as record in the register kept pursuant to Section 336 of the SFO:

Long Position in the Shares and Underlying Shares of the Company

Name	Capacity/nature of interest	Number of shares/ underlying shares	Approximate percentage of issued share capital of the Company
Asia Pacific Energy Fund Limited	Interest in a controlled corporation *(note 1)*	6,370,388,156	30.13% *(note 2)*

Notes:

1. An aggregate of 6,370,388,156 Shares are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan) as beneficiaries.

2. The total number of ordinary shares of the Company in issue as at 30 June 2020 is 21,141,049,207.

Save as disclosed aforesaid, so far as is known to any Directors or chief executive of the Company, as at 30 June 2020, no other persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO.

Corporate Governance and Other Information

Corporate Governance Code

The corporate governance report of the Company has been set out in the Company's 2019 Annual Report. During the six months ended 30 June 2020, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules with the exception of the following area:

Code provision E.1.2

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Mr. Zhu Gongshan, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 17 June 2020 due to the novel coronavirus ("COVID-19") pandemic. Mr. Zhu had invited Mr. Yeung Man Chung, Charles, an executive Director, Chief Financial Officer and Company Secretary of the Company to attend and act as the chairman of such meeting.

Risk Management and Internal Control

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

- Efficiency and effectiveness of operation
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Effectiveness of risk management

Members of the Board and the management of the Company actively engage in the risks assessment of the Company and the review of its response measures and conduct discussion with respect to major issues.

The Company has established an internal control department which is responsible for the implementation of risk management and internal control policies. In performing its responsibilities, the internal control department must organize and assist the management to identify and assess the Company's risk exposures for the Board's consideration and procure the design, implementation and supervision of a suitable internal control and risk management system by the management to facilitate execution of policies adopted by the Board. In addition to the internal control department, all employees are responsible for risk management and internal control within their respective scopes of responsibilities.

The Audit Committee held one meeting during the first half of the year, at which matters relating primarily to the risk control reports, tracking of corporate governance and external audit were discussed, and the internal control reports in relation to corporate governance and scope of risk management were reviewed.

It is the responsibility of the management of the Company to implement risk management and internal control systems on an ongoing basis and report the status of implementation at least semi-annually to the Audit Committee and the Board. Major initiatives implemented by the management in relation to risk management and internal control during the first half of the year are set out as follows:

- The Company has established a unified risk framework and a comprehensive risk pool, and has carried out internal risk examination and risk assessments on a regular basis;
- The Company has launched initiatives to counter material risks, such as analyses and responses to the recent changes in the policies of the PV industry in mainland China from strategic, operational, financial, and technical perspectives;
- The Company has carried out quantitative risk management regularly with the aim of optimising quantitative risk measurement indicators to support the risk assessment and risk monitoring procedures;
- The Company has commenced internal control assessment through the combination of quantitative self-inspection by business units and qualitative evaluation by the internal control department in ongoing supervision of the operation of the internal control system;
- The Company has established risk-oriented internal audit, whereby the interim audit was effectively performed in accordance with the annual audit plan, and regular communication with and reporting to the management and the Audit Committee was conducted in respect of material audit findings.

The Company identified risk updates and performed an overall risk assessment at mid-year to review risk changes and highlight material risks requiring ongoing attention. Selected measures adopted by the Company against material risks during the first half of the year are set forth below:

- To cope with the risk of product competition in the photovoltaic market, the Company was engaged in an ongoing effort of strategic transformation to adjust its industry mix and operational strategy;
- To cope with the outbreak of COVID-19 in China and elsewhere, sales risks arising from fluctuations in market demand and product prices, the Company adjusted its sales strategy in a timely manner underpinned by continuous enhancements in marketing and technical upgrades in relation to core products and the full introduction of contract-based operations aimed at providing positive motivation for the teams; and
- To cope with international risks in relation to issues such as the foreign trade landscape for the photovoltaic industry and policies on customs and tariffs, the Company continued to carry out transformation and upgrade of backward production capacity and procure steady development with an asset-light approach through strategic cooperation, with a view to enhancing its cost reduction measures and facilitating competition by differentiation.

In view of the efforts of the Group, external reviews conducted by the external advisor and the auditor's report furnished by Deloitte, the Audit Committee and the management have concluded that there are no irregularities or areas requiring special concern that would have a material adverse impact on the Company's financial position or results of operations, and that the risk management and internal control systems are adequate and effective and the Company's allocation of manpower and resources to the accounting, internal audit and financial reporting functions is adequate. The above conclusion has been reported and confirmed to the Board, and the Board is of the view that the risk management and internal control systems of the Group are effective.

Model Code for Securities Transactions

The Board has adopted the model code for securities transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2020.

Share Award Scheme

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

The Share Award Scheme shall be subject to the administration of the Board, a committee (comprising Executive Director, Independent Non-executive Directors and senior executive) and the Trustee in accordance with the Share Award Scheme rules and the trust deed.

The maximum number of Shares that can be held by the Trustee under the Scheme is limited to 2% of the total number of issued Shares from time to time.

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

No shares are granted to the eligible persons since the Adoption Date.

Further details of the Share Award Scheme are set out in the announcement of the Company dated 16 January 2017 and note 27 to the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2020.

US Subsidiary's Equity Incentive Plan

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

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

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

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

Further details of the US Equity Incentive Plan are set out in note 27 to the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2020.

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

On 16 June 2020, the Company and the placing agent entered into the placing agreement to place out 1,300,000,000 placing shares at a placing price of HK$0.203 per placing share to no fewer than six independent placees. The net proceeds of the placing, after taking into account all related costs, fees, expenses and commission of the placing, is approximately HK$260 million. The placing was completed on 24 June 2020. Upon completion, the placing shares represent approximately 6.55% of the Company's issued share capital as enlarged by the placing.

Other than disclosed above, during the six months ended 30 June 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Auditor's and Audit Committee's Review

The financial information set out in this report represents the unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2020, which have been reviewed by the Group's external auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee of the Company which consists of four independent non-executive Directors, namely Mr. Yip Tai Him, Ir. Dr. Raymond Ho Chung Tai, Dr. Shen Wenzhong and Mr. Wong Man Chung, Francis. The Audit Committee expressed no disagreement with the accounting policies and principles adopted by the Group.

Changes in Information on Directors

Changes in information since the date of publication of the 2019 Annual Report which are required to be disclosed by the Directors of the Company pursuant to Rule 13.51(B) of the Listing Rules are set out as below:

Directors' Updated Biographical Details

Name of Director	Details of Change	Effective Date
Mr. Yip Tai Him	Appointed as an independent non-executive director of Zhongchang International Holdings Group Limited	14 May 2020
Ir. Dr. Ho Chung Tai, Raymond	Resigned as an independent non-executive director of SCUD Group Limited	16 June 2020
	Appointed as an independent non-executive director of Superland Group Holdings Limited	16 July 2020

As at the date of this report, other than those disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

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

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

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

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

Chairman

Zhu Gongshan

Executive Directors

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

Independent Non-executive Directors

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

Composition of Board Committees

Audit Committee

Yip Tai Him *(Chairman)*
Ho Chung Tai, Raymond
Shen Wenzhong
Wong Man Chung, Francis

Remuneration Committee

Ho Chung Tai, Raymond *(Chairman)*
Yip Tai Him
Zhu Yufeng

Nomination Committee

Yip Tai Him *(Chairman)*
Ho Chung Tai, Raymond
Yeung Man Chung, Charles

Corporate Governance Committee

Ho Chung Tai, Raymond *(Chairman)*
Yip Tai Him
Yeung Man Chung, Charles

Strategy & Investment Committee

Ho Chung Tai, Raymond *(Chairman)*
Zhu Gongshan
Yip Tai Him
Shen Wenzhong
Wong Man Chung, Francis
Zhu Zhanjun
Yeung Man Chung, Charles

Company Secretary

Yeung Man Chung, Charles

Authorized Representatives

Zhu Zhanjun
Yeung Man Chung, Charles

Auditor

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

Registered Office

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Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

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International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

SMP Partners (Cayman) Limited
3rd Floor, Royal Bank House
24 Shedden Road
P.O. Box 1586, Grand Cayman
KY1-1110, Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Legal Advisers to the Company

As to Hong Kong law

Freshfields Bruckhaus Deringer
55th Floor
One Island East
Taikoo Place, Quarry Bay
Hong Kong

As to Cayman Islands law

Conyers Dill & Pearman
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