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

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

About GCL New Energy

- A renowned privately-owned solar IPP in China. As of 31 December 2018, GNE operates a national portfolio of 215 solar farms across 26 provinces, together with solar farms in the US and Japan, the total installed capacity was 7.3GW
- A constituent of MSCI Global Small Cap Index — MSCI China Index, gaining recognition from international capital market
- Included in the trading list of Shenzhen-Hong Kong Stock Connect and Hang Seng Stock Connect Hong Kong Index, gaining recognition from Chinese capital market
- 2017 Corporate Social Responsibility Report was published and Four-and-Half-Star Rating was given by Chinese Academy of Social Sciences (with Five-Star the highest rating)
- Owned 62.3% by GCL-Poly (3800.HK), a world's leading polysilicon producer and largest wafer supplier

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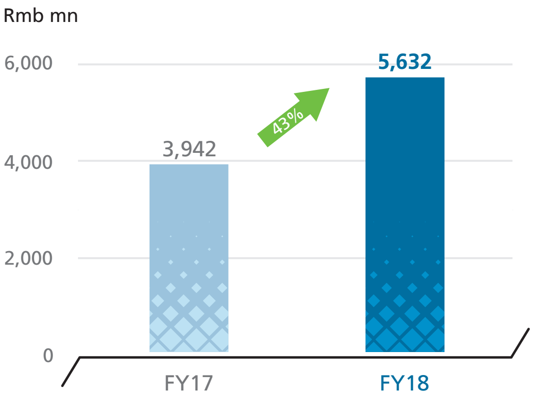
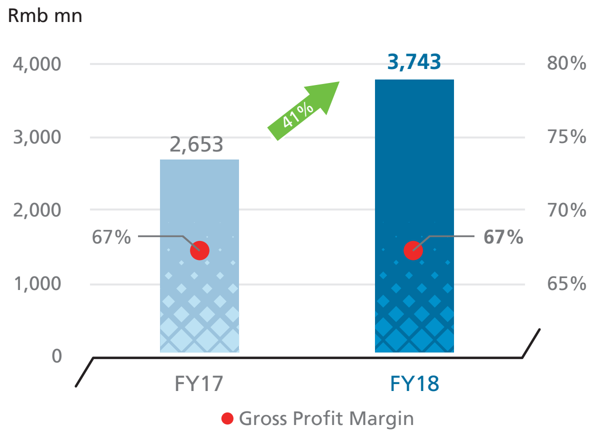
2018 Performance Summary

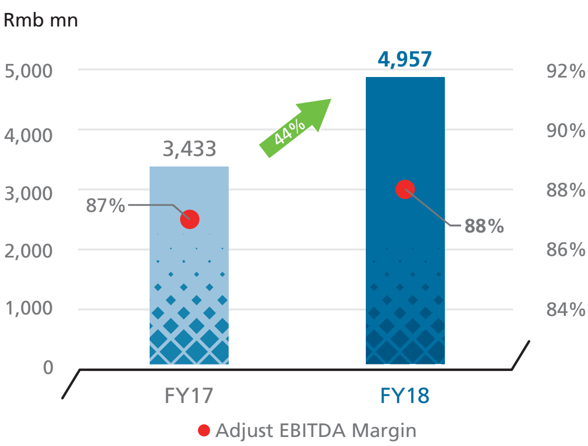
Revenue



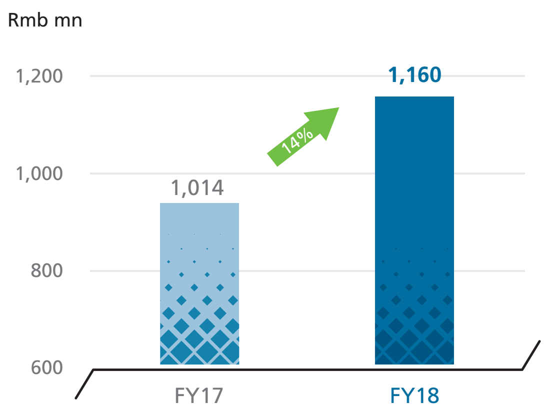
Gross Profit



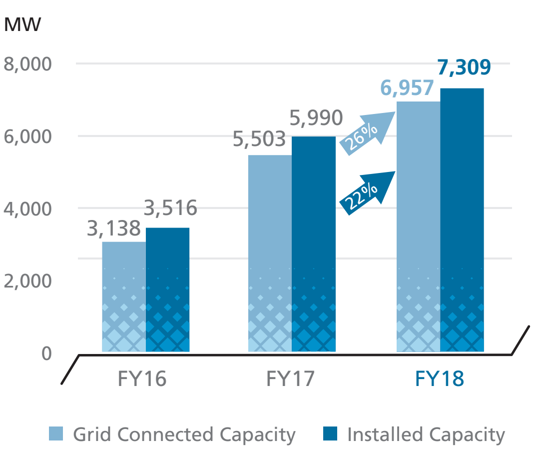
Adjusted EBITDA



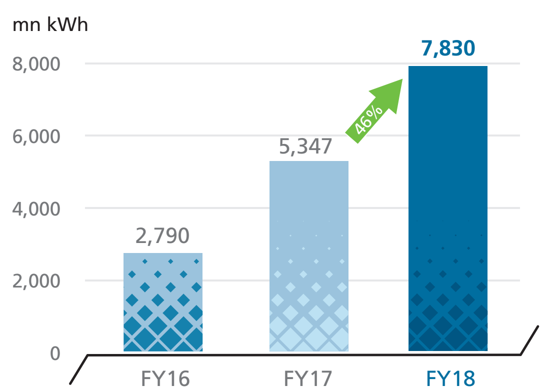
Adjusted Net Profit



Grid Connected & Installed Capacity



Electricity Sales

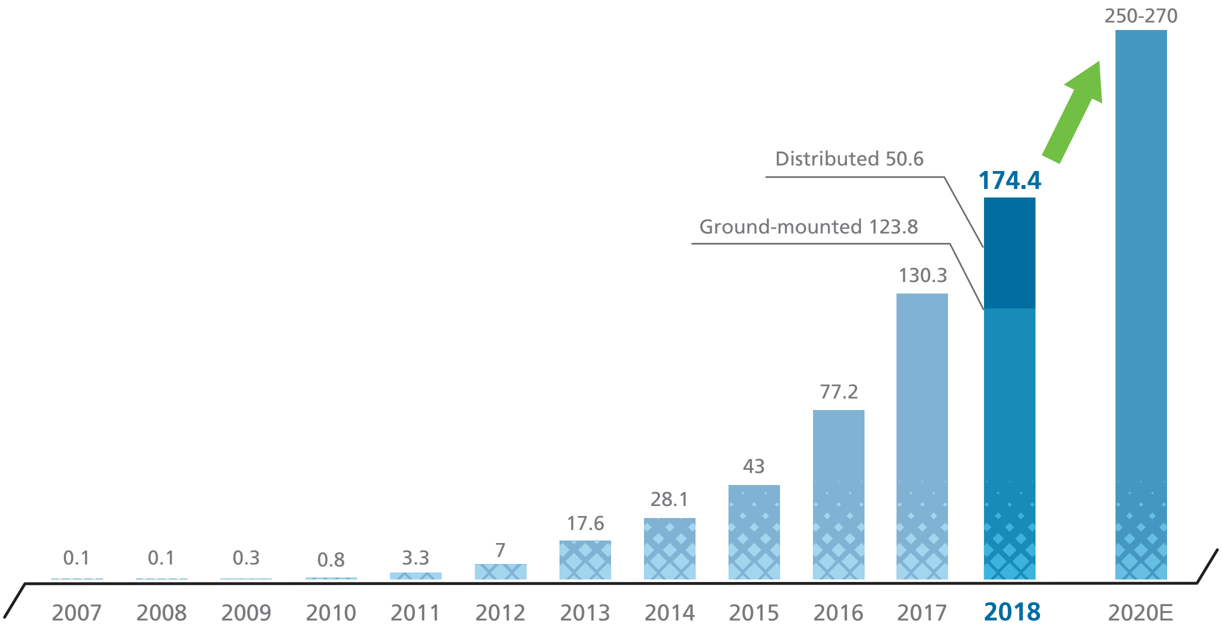


Dear Shareholders and investors,

Driven by the rapid development in the past few years, GCL New Energy had achieved a total installed capacity of approximately 7,309MW as of the end of 2018, maintaining its leading position as the world's second largest solar power company for successive three years. Last year, GCL New Energy has adopted proactive approaches by accelerating the pace of strategic transformation and relentlessly implementing the sustainable development strategies, albeit encountering challenges in various respects.

GCL New Energy has established a solid solar power scale since the inception of its solar power business. In the meantime, the management has put great emphasis on sustaining a stable cash flow to fortify its business for achieving a long-term success. In 2018, our Group decided to make "lowering debt" as its top development goal and accelerate the pace of strategic transformation.

China's Accumulated Installed Capacity (GW)



New solar policies has stepped up the pace for grid parity

In 2018, China's domestic electricity consumption sustained the steady growth rate in 2017, with the total electricity consumption over 6.8 trillion kWh, representing a year-on-year increase of 8.5%. Renewable power generation reached 1.9 trillion kWh, representing a year-on-year increase of approximately 170 billion kWh, which accounted for approximately 27% of total electricity generation. Among them, solar electricity generation accounted for approximately 177.5 billion kWh, a year-on-year increase of approximately 50%, which was substantially higher than the growth of generation from wind power and hydropower. The proportion of solar power generation in total electricity generation continues to increase. However, the substantial expansion in the scale of solar power in the past few years has led to problems such as the increasing shortfall of subsidies and severe solar power curtailment.

In order to promote the development of high quality renewable energy and address such issues, the National Development and Reform Commission (the "NDRC"), the Ministry of Finance (the "MOF") and the National Energy Administration (the "NEA") jointly published a Notice on Matters Relating to Photovoltaic Power Generation in 2018 ("Notice Fa Gai Neng Yuan 〔2018〕 No. 823") on 31th May 2018 to optimize the solar power development policies. The situation of solar power curtailment has been considerably improved since the enforcement of the Notice Fa Gai Neng Yuan 〔2018〕 No. 823, making both the amount of solar energy loss and rate of solar power curtailment to decline in 2018.

As the solar power technology has continued to improve considerably, the cost of development and construction has also been declining and it is believed that solar grid parity can be achieved in the early years of "14th Five-Year Plan" period. In order to improve the competitiveness of solar energy and facilitate the development of grid parity projects without subsidies, the NDRC and NEA jointly published "The Notice on Active Promotion of the Work on Grid Parity of Wind Power and Photovoltaic Power without Subsidies" ("Notice Fa Gai Neng Yuan〔2019〕No. 19") in January 2019, which suggested the relevant requirements and supportive policies for promoting the development of grid parity projects without subsidies.

Notice Fa Gai Neng Yuan 〔2019〕 No. 19 expressly requires the local authorities to consolidate experiences, with reference of resources and consumption condition as well as the application of new technologies, to expedite the development of subsidy-free solar power grid parity pilot projects with feed-in tariffs the same as coal-fired power generation and projects with feed-in tariffs below coal-fired power generation. To ensure the returns of such projects, the policy aims to boost the industry through reducing the non-technical costs for solar power generation, assuring long-term power purchase agreements with power grid companies and promoting the green certificate trading scheme. Meanwhile, to provide support on market-oriented transaction and financing to encourage the development of solar power grid parity and low-price grid projects in various aspects.

China's solar industry is currently in a transitional period to grid parity. This new solar policy has reflected the government's dedication to the overall development of the industry, providing guidance on issues arising from project construction such as financing, approval procedures, curtailment and electricity acquisition to provide resolutions on curtailment, limit power purchase, high non-technical costs and difficulty in financing, hence, assisting the development of solar industry and pave the way for grid parity.

The advent of grid parity is set to adjust the energy structure and refrain the national renewable energy fund shortfall from further widening, which not only can create conditions for solving the historical issue on delayed subsidy payment, speeding up payment process, but also make the business models and rules of the new energy sector to become more mature, lower project risks and gain project return visibility as well as providing a stable expectation to the industry development, hence, room for new project development.

Future Prospects

GCL New Energy is now progressing to a stable operational stage and will response proactively to the new business model and new market environment to cope with the advent of grid parity through speeding up the strategic transformation, especially the asset-light model of "development for transfer, sale of projects, provision of services", introducing strategic partners, closely monitoring the essential factors such as financing costs, development and construction, and operation and maintenance costs while steadily developing its overseas business and adjusting its development appropriately according to the market condition, with a goal of maximizing the return of assets.

At the second session of the 13th National People's Congress held on 5th March, 2019, the Chinese Premier Li Keqiang pointed out in the government work report that more efforts are to make for addressing pollution and protecting environment and pushing forward green development. Green development is essential for establishing a modern economic system and the ultimate solution to pollution. The government is striving to optimize relevant rules in order to create synergy for high-quality development and environment protection.

With the support of the government, we believe clean energy is the direction of future development. As a pillar of clean energy, solar power industry is heading on a healthy and promising development path. GCL New Energy bears the responsibility and mission in the new era, against all odds and strive to bring green power to life. On behalf of the Board, I would like to take this opportunity to express my sincerest gratitude to all the employees of GCL New Energy!

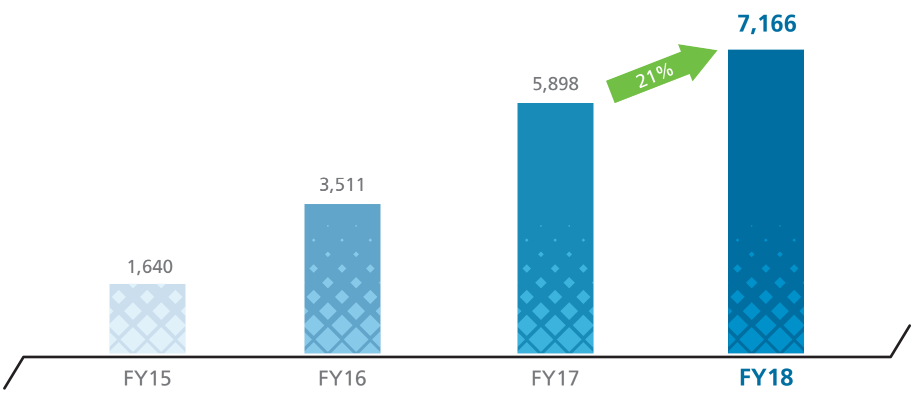
Zhu Yufeng
Chairman

The year of 2018 was an unusual year for GCL New Energy. With various challenges arose from the macro environment and the solar industry, GCL New Energy under the leadership of its management and board actively responded to the changes in the external environment by making "lowering debts" and sustaining cash flow as its top priorities and accelerating the strategic transformation to accomplish sustainable development.

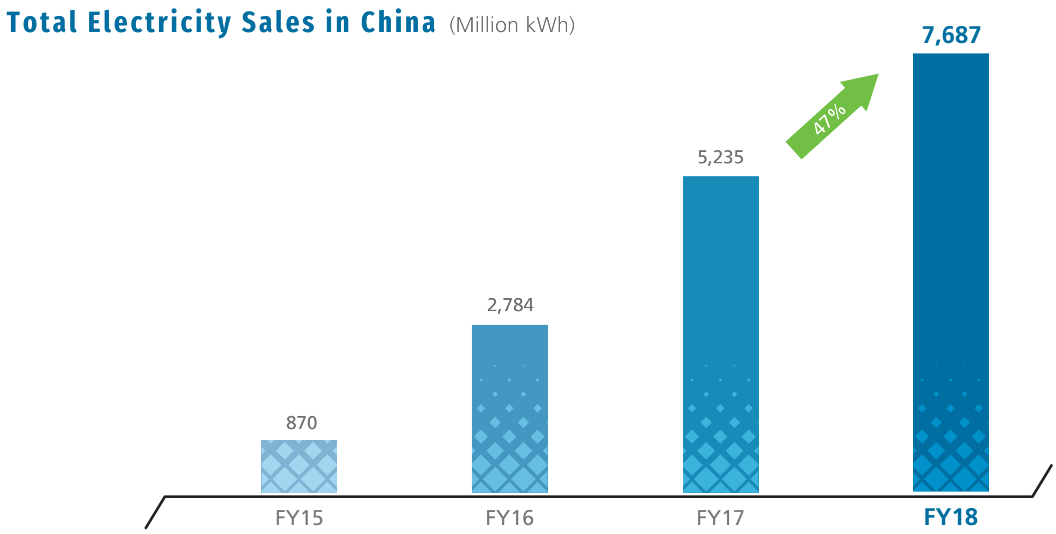
Maintaining as the world's second largest by capacity for three successive years

GCL New Energy has maintained its position as the world's second largest by total installed capacity for three successive years. As of 31 December 2018, the Group's newly added installed capacity in China was approximately 1,268MW, together with the approximately 50MW large-scale ground-mounted solar power plant projects in Oregon, United

Total Installed Capacity in China (MW)



States commenced operation in the first half of 2018, the total installed capacity of the Group increased by approximately 22% from the end of 2017 to approximately 7,309MW. Grid connected capacity has increased by approximately 26% from the end of 2017 to approximately 6,957MW. The sales volume of solar electricity was approximately 7,830 million kWh, with a significant year-on-year increase of approximately 46%. During the year, the Group recorded an increase of approximately 43% and approximately 14% respectively in revenue and adjusted net profit to approximately RMB5.63 billion and RMB1.16 billion, respectively.



Having a respite and developing flexibly to cope with the market condition

With the firm support from the government to the development of renewable energy, the solar power industry has obtained an extraordinary achievement in the past few years. As of the end of 2018, China's cumulative installed capacity reached 174GW, with the most solar installed capacity in the world. As the scale of the installed capacity continued to expand, the shortfall in the National Renewable Energy Funds has grown larger. In order to mitigate effects of delay in subsidies payment, the Group slowed down its development in 2018 and completed the development and construction of most projects in the first half of the year to secure the original tariffs and maintain the returns successfully. In the second half of the year, the Group made "lowering debts" and sustaining cash flow as its main development goals, while focus on strategic transformation, financing expansion, costs control, management enhancement and other improvements to promote the long-term development of the Group.

- **Implementing strategic transformation and recovering subsidies to improve cash flow**

  During the year, the Group made a strategic move towards asset-light transformation and has achieved a major milestone. We successfully introduced strategic partners on project level and facilitated inflow of capital, which could promote the progress of transformation and upgrade developments and further boost the asset-light model transformation from which to receive management service fees after asset disposal.

  In October 2018, the Group disposed of 80% equity interests in approximately 160MW solar power plant projects and the corresponding shareholder's loan to CGN Solar Energy Development Co., Ltd. ("CGN Solar"), a subsidiary of the State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC"). The Group continues to provide operation and maintenance services for those projects after the disposal and generates stable management fee income. Meanwhile, CGN Solar has replaced the related debts to reduce financial cost and enhance the yield of such projects. In addition, in December 2018, the Group sold entire equity interests in approximately 140MW solar power plant projects to China Three Gorges New Energy Co., Ltd. ("Three Gorges New Energy"), a subsidiary of the SASAC.

  After the completion of these two transactions, the Group will receive approximately RMB470 million (after deducting transaction costs) of cash to repay debts. As the debts related to such projects will no longer be consolidated, the scale of debts of the Group will be decreased by approximately RMB1.42 billion.

  In addition, the Group announced on 28 March 2019 the disposal of 55% equity interests in approximately 280MW solar power plant projects to Wuling Power Corporation Ltd. ("Wuling Power"), a subsidiary of the China Power International Development Limited at a consideration of approximately RMB246 million. The proceeds of this transaction will be used for debts repayment. As debts related to the projects will no longer be consolidated, the scale of debts and gearing ratio will be lessened, reducing the financial risk. Moreover, the Group will continue to provide operation and maintenance services for the disposed solar power plants to generate stable management fee income.

  As of 31 December 2018, the total capacity of the Group's solar power plants included in the National Renewable Energy Tariff Surcharge Subsidy Catalogue (the "Subsidy Catalogue") was 1,857MW. During the year, the Group has received subsidies of approximately RMB1.47 billion. The Group expects that with the capacity of the Group's solar power plants to be included in the Subsidy Catalogue and settlements of the related receivables continue to increase, thereby the liquidity is expected to improve.

  The Group's gearing level remained at the level of approximately 84.1% as of 31 December 2018. The Group's liquidity will be improved aftering receiving proceeds from the solar power plant projects disposal and subsidies.

- **Expanding financing channels to cope with future financial demands**

  The financial market in 2018 was full of challenges. Confront with the complex and severe financial environment, GCL New Energy has been persistently explored to further innovate its financing models, expand financing channels, and continuously optimize its financial structures to increase the long-term facilities replacement, which effectively replaced short-term financing with higher costs by long-term financing with lower interests, with an aim to reducing the negative effects to a minimum degree through adopting effective measures.

  The Group issued its first 3-year US$500 million senior notes on 23 January 2018 with the net proceeds amounted to approximately US$493 million. The issuance of notes was subscribed by many large-scale well-known global investment institutions, and was oversubscribed substantially by about 7 times. In addition, the Group adopted 5 to 10 years long-term finance leases to replace short-term construction funds for securing not only lower interest expenses but also longer use of funds. The Group further entered into finance lease agreements to obtain long-term finance leases with several financial institutions and increased the proportion of long-term loans to minimize the liquidity risk resulting from using short-term financing for long-term investment by reducing the proportion of less than 1 year borrowings from approximately 26% in 2017 to approximately 18%.

  During the year, the Group was approved to issue medium term notes with an aggregate principal amount of not exceeding RMB3 billion and a maturity of three years to institutional investors of the national bond market, and to issue small public offering bonds with an aggregate principal amount of not exceeding RMB3 billion and a maturity of three years to qualified investors, which sourced capitals for the future development, and the Group is actively considering the issuance.

- **Effectively controlling the development and O&M costs and further expanding O&M business**

  In terms of development and construction, by leveraging on its competitiveness in technologies, while through the application of new technologies to strengthen its in-house development capabilities, the Group effectively controlled the development costs and improved the efficiency of its project systems. The development and construction of most projects was completed in the first half of 2018. The proportion of in-house developed projects to the newly added installed capacity increased from 79% in 2017 to 83% in 2018. The average construction cost per watt for the solar power plants reduced by approximately 10% to approximately RMB5.7 from approximately RMB6.3 in 2017.

  In terms of operation and maintenance, the Group currently has five provincial monitoring centres to monitor regional O&M centres in each province, thus to provide real-time management services with central monitoring and intelligent inter-connection to solar power plants, which not only greatly reduced electricity loss and operation and maintenance costs caused by equipment failure, but also improved the reliability and profitability of the entire life cycle of the solar power plants. The operation and maintenance costs decreased by approximately 5% from approximately RMB4.2 cents per kWh (excluding land costs) in 2017 to approximately RMB4.0 cents per kWh (excluding land costs). During the year, the Group further, expanded its operation and maintenance services for external parties, providing operation and maintenance services for the approximately 1GW of solar power plant projects of the parent company, GCL-Poly Energy Holdings Limited and other domestic solar power companies to generate a stable source of recurring income.

Prospects

Enhancing the inner strength to embrace the grid parity era

China's solar power industry as the country's strategic foundation of energy transformation, is world-renowned and holds a leading position in the world. In order to promote a sustainable, healthy and orderly development of the solar industry, with an aim to manage the industry issues such as increasing shortfall in subsidy, self-grid integration, high land costs, solar power curtailment and difficulty in financing the government published Notice Fa Gai Neng Yuan 〔2018〕 No. 823, Notice Fa Gai Neng Yuan 〔2019〕 No. 19 and other relevant new policies and plans during the year to gradually optimize the landscape of solar power industry.

The industry expected that a series of new policies will effectively promote industry competitiveness, encourage technology progress, improve business environment, which can not only modify the solar power FITs mechanism and industry practices, but also promote the implementation of supportive policies for the solar power industry development by local governments, reduce non-technical costs for solar companies, thus allowing the entire solar power industry to become more market-oriented and developing in an orderly manner, paving the way for the solar power industry to a new stage of high-quality development through shifting the development focus on quantity to improving quality and efficiency. Grid parity is expected to be further advanced, broadening the scale of solar power market in the future.

The NEA expressly stated that solar power plant projects are entitled to receive subsidy before 2022. However, it is expected that the competitive bidding mechanism of solar projects will accelerate the progress of grid parity. Not only will grid parity change the energy structure, but also facilitate the business models and rules of the energy sector to become more mature, lowering project risks and gaining project return visibility. In order to make better preparation for the advent of grid parity, the Group will put more efforts to promote its strategic transformation, expanding financing channels, reducing the development and construction as well as O&M costs, improving development quality, increasing technology research and development investment, implementing intelligent and refined management, improving efficiency, and exploring the development of new technology and business model to strengthen its distinctive competitive advantages.

The Group will continuously strengthen its strategic cooperation with large enterprises to form strong alliances. As domestic centralized management enterprises (the "Central Enterprises") and local state-owned enterprises (the "State-owned Enterprises") have competitive advantages in different aspects such as financing, the Group will extend its strategic cooperation with the Central Enterprises and the State-owned Enterprises at the level of domestic holding companies, and at the project level of provincial companies to introduce strategic cooperation partners and leverage on competitive advantages of each other to accelerate the introduction of capital, optimize the shareholding structure and fasten the development of co-developed solar projects, thereby enhancing profitability of projects.

Meanwhile, the Group will further accelerate the asset-light transformation model of "Development-Construction-Cooperation-O&M" with the provision of management services while creating strategic cooperation to complement competitive advantages of each other. It is expected that, in 2019, by transferring the controlling interests of solar power plant projects, the Group will be able to recycle capital, reduce its debts and mitigate the pressure on project financing, while further improve the return on capital and receive stable fees annually by providing project management services.

Besides, the Group will proactively extend its financing resources, applying diversified and innovative financing models, issuing medium-term notes and small public offering bonds when appropriate to optimize the financing structure and increase the long-term facilities replacement. The Group expected that through introducing strategic investors, firmly promoting asset-light transformation, expanding financing channels and adopting a series of measures to reduce debt, the gearing ratio of the Group will be lowered.

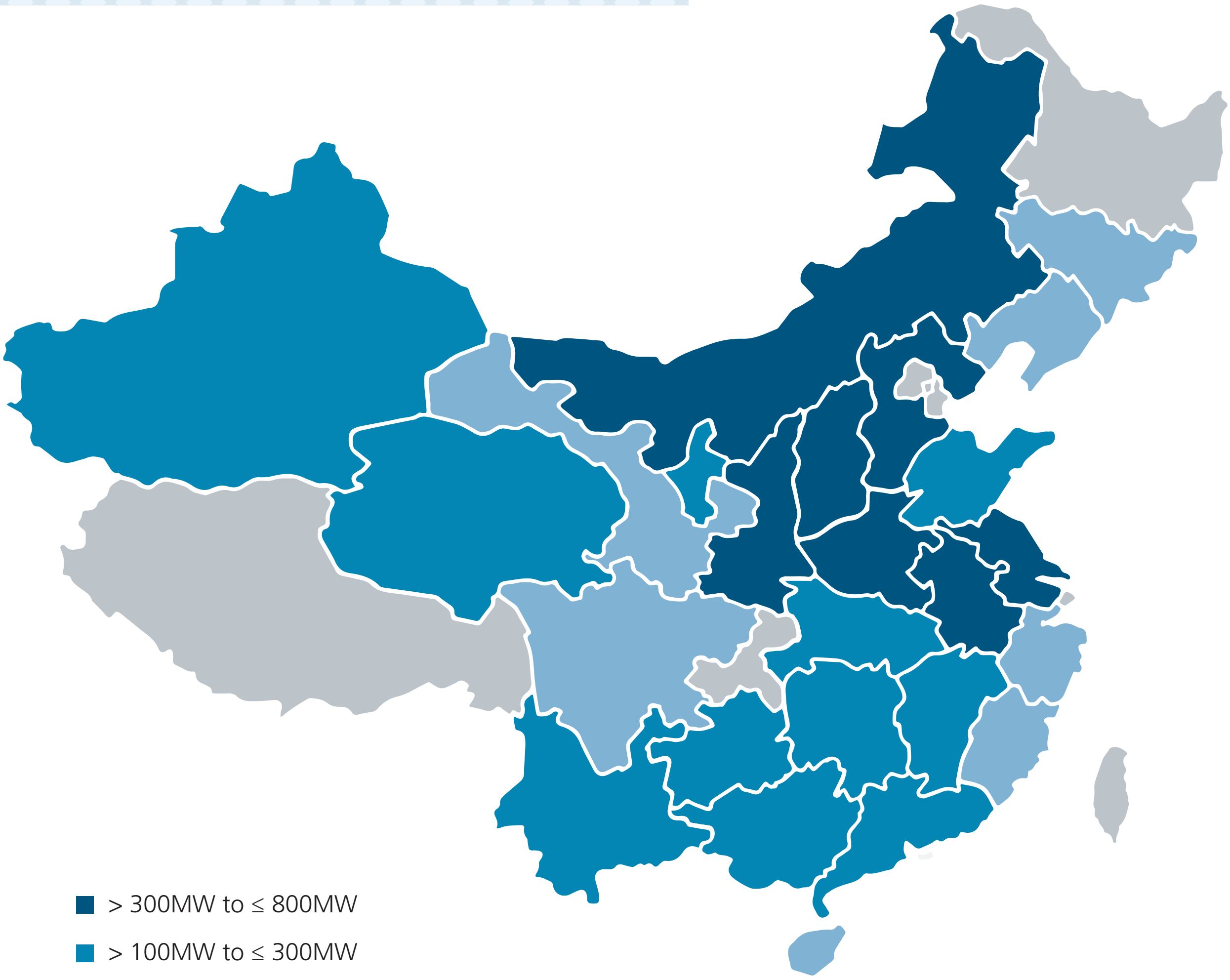
GCL New Energy believes that the government pays great attention on new energy development and will persistently promote the development of clean energy. In November 2018, at the Seminar of Private Entrepreneurs, President Xi Jinping expressly announced that the Chinese government will deepen its energy reform to fulfill its solemn commitment to the world in Paris Climate Conference. With its clean renewable nature, solar power is set to be the best alternative of traditional energy in the energy reform. And as a representative of the new energy industry, solar power is believed to be the green pioneer.

GCL New Energy is now progressing to a stable operational stage and will response proactively to the new business model and new market environment, through implementing effective strategies to adjust its structure and lower gearing with an aim to achieving grid parity while steadily developing its overseas business. The Group will optimize its scale management and maintain a reasonable development pace, meanwhile closely monitor the market condition to make the most assessment for its development, with a goal of maximizing the return on assets.

SUN Xingping
President

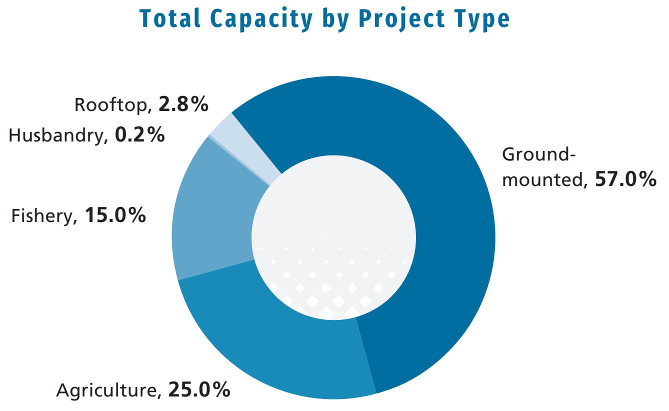
Projects Overview in China

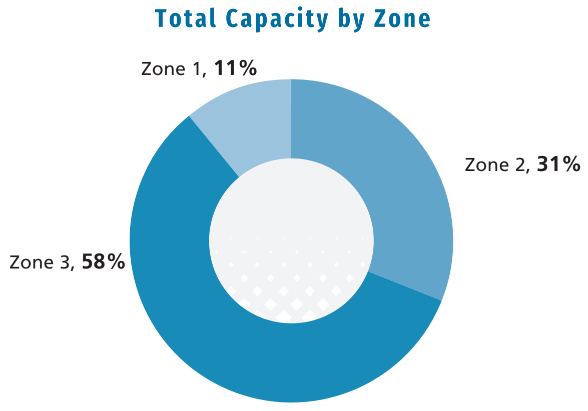
GCL New Energy operates 215 solar power plants accross 26 provinces in China with aggregate installed capacity of 7,166 MW as of 31 December 2018.



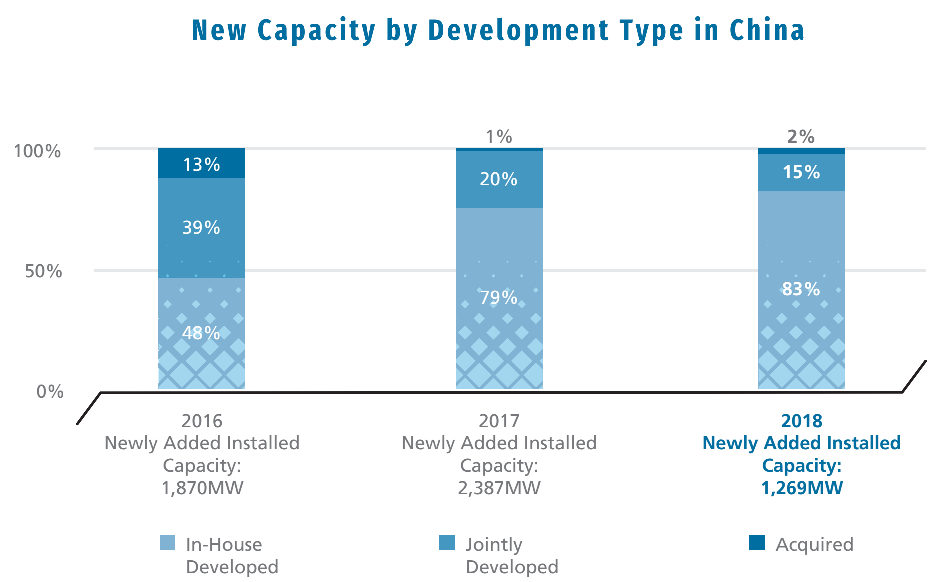
- > 300MW to ≤ 800MW
- > 100MW to ≤ 300MW
- ≤ 100MW
- 0MW

Projects Overview in China





Total Installed Capacity in China: 7,166MW



Overview

For the year ended 31 December 2018, the revenue of the Group amounted to RMB5,632 million, representing an increase of 43% as compared to RMB3,942 million for the last year. Profit attributable to owners of the Company from continuing operations, solar energy business, amounted to RMB470 million (Year ended 31 December 2017: RMB764 million). The profit attributable to owners of the Company during the years ended 31 December 2018 and 31 December 2017 was as follows:

	2018 **RMB million**	2017 RMB million
Continuing operations ("Solar Energy Business")	**470**	764
Discontinued operations ("PCB Business")	**—**	77
Profit for the year attributable to owners of the Company	**470**	841

The decrease in profit attributable to owners of the Company by 38% in the Solar Energy Business during the year was mainly attributable to combined effect of the following:

1. the increase in the sales volume of electricity of the solar power plants by 45% from approximately 5,243 million kWh in 2017 to approximately 7,611 million kWh in 2018. The total installed capacity for the Group was increased by 21% from 5,812MW as at 31 December 2017 to 7,043MW in as at 31 December 2018;

2. the increase in other administrative expenses from RMB460 million to RMB615 million due to business expansion;

3. the percentage increase in finance costs of 59%, from RMB1,432 million to RMB2,277 million due to increase in interest bearing debts to fund business expansion from RMB35,430 million as at 31 December 2017 to RMB40,688 million as at 31 December 2018;

4. the exchange loss to RMB405 million for the year ended 31 December 2018 (2017: exchange gain of RMB9 million) mainly due to the appreciation of USD and HKD denominated indebtedness against RMB; and

5. the increase in profits shared by other non-controlling interests of RMB135 million, from RMB9 million for the year ended 31 December 2017 to RMB144 million for the year ended 31 December 2018 due to full year impact of the results of operation of various non-wholly owned solar power plants shared by the non-controlling interest.

Business Review

Capacity and Electricity Generation

As at 31 December 2018, the aggregated installed capacity of the 221 grid-connected solar power plants of the Group (31 December 2017: 162) increased by 22% to 7,309MW (31 December 2017: 5,990MW). Details of capacity, electricity sales volume and revenue for the year ended 31 December 2018 are set out below.

Places	Tariff Zones	Number of solar power plant	Aggregate Installed Capacity(1) (MW)	Grid-connected Capacity(1) (MW)	Electricity Sales Volume (million kWh)	Average Tariff (Net of Tax) (RMB/kWh)	Revenue (RMB million)
Inner Mongolia	1	12	380	380	637	0.74	469
Ningxia	1	6	233	229	313	0.71	222
Qinghai	1	3	107	107	165	0.83	137
Xinjiang	1	2	81	81	114	0.68	77
	Zone 1	23	801	797	1,229	0.74	905
Shaanxi	2	18	1,018	1,018	1,092	0.69	756
Yunnan	2	8	284	233	177	0.60	107
Hebei	2	5	255	251	309	0.84	261
Qinghai	2	6	176	168	218	0.70	153
Inner Mongolia	2	3	121	121	85	0.65	55
Shanxi	2	1	107	107	125	0.86	108
Sichuan	2	2	85	85	126	0.75	95
Jilin	2	4	51	51	62	0.77	48
Liaoning	2	3	47	47	59	0.70	42
Xinjiang	2	2	47	47	35	0.69	24
Gansu	2	2	39	39	31	0.73	23
	Zone 2	54	2,230	2,167	2,319	0.72	1,672
Henan	3	17	827	733	712	0.72	515
Jiangsu	3	40	455	446	432	0.84	362
Anhui	3	12	410	410	476	0.78	370
Shanxi	3	9	405	405	490	0.69	337
Hubei	3	5	268	268	311	0.78	241
Guizhou	3	6	234	209	196	0.81	159
Hebei	3	9	230	230	296	0.91	270
Guangdong	3	7	202	107	114	0.80	91
Jiangxi	3	5	192	192	199	1.07	214
Shandong	3	6	182	182	217	0.83	179
Guangxi	3	3	159	137	90	0.83	74
Hunan	3	5	101	101	222	0.82	182
Hainan	3	3	80	66	68	0.86	58
Zhejiang	3	3	62	62	64	1.01	65
Fujian	3	3	54	28	27	0.79	21
Shanghai	3	1	7	7	7	0.94	7
Shaanxi	3	1	6	6	5	0.65	3
	Zone 3	135	3,874	3,589	3,926	0.80	3,148
Total of PRC subsidiaries		212	6,905	6,553	7,474	0.77	5,725
Japan		1	4	4	4	2.16	8
US		2	134	134	133	0.39	51
Total of Subsidiaries		215	7,043	6,691	7,611	0.76	5,784
Joint ventures and associates(2)							
PRC		3	261	261	213	0.84	179
Japan		3	5	5	6	2.13	12
Total		**221**	**7,309**	**6,957**	**7,830**	**0.76**	**5,975**

	Revenue (RMB million)
Representing:	
Electricity sales	2,223
Tariff adjustment — government subsidies received and receivable	3,561
Total of subsidiaries	5,784
Less: effect of discounting tariff adjustment to present value(3)	(152)
Total revenue of the Group	**5,632**

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

(2) 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 portion 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 2.90% to 2.98% per annum.

Most of the solar power plants of the Group are located in China and almost all of the revenue is contributed by the subsidiaries of State Grid. The State Grid is a State-owned enterprise in China, which possesses low default risk. Therefore, the Directors considered that the credit risk was minimal and no provision for impairment was considered necessary for the years ended 31 December 2018 and 31 December 2017.

Financial Review

After completion of the disposal of Printed Circuit Board ("PCB") Business on 2 August 2017, the Group retained one single reportable segment i.e. the Solar Energy Business. PCB Business is classified as discontinued operations. The following table sets forth the financial highlights of the Group's profit from continuing operations — Solar Energy Business:

	2018 RMB million	2017 RMB million	**% of changes**
Revenue	**5,784**	4,117	40%
Effect of discounting tariff adjustment (government subsidies)	**(152)**	(175)	−13%
Revenue, after discounting	**5,632**	3,942	43%
Gross profit	**3,743**	2,653	41%
Adjusted EBITDA*	**4,957**	3,433	44%
Profit for the year from continuing operations attributable to:			
Owners of the Company	**470**	764	−38%
Non-controlling interests			
— Owners of perpetual notes	**135**	131	3%
— Other non-controlling interests	**144**	9	1,500%
	749	904	−17%

* Adjusted EBITDA is defined as earnings before finance costs, taxation, depreciation, amortisation and non-operating items.

Revenue

During the year ended 31 December 2018, the revenue of the Group mainly comprised sales of electricity and related tariff adjustment (i.e. government subsidies) amounting to approximately RMB5,632 million (2017: RMB3,942 million), net of effect of discounting the tariff adjustment to its present value of approximately RMB152 million (2017: RMB175 million). The significant increase in revenue was mainly attributable to the increase in sales of electricity of the solar power plants by 45% as a result of intensive developments of solar power plants in 2017 and 2018. The average tariff (net of tax) for the PRC was approximately RMB0.76/kWh (2017: RMB0.79/kWh). The decrease in average tariff was mainly due to the tariff cut adopted from 1 July 2017 and competitive bidding tariff for some of our projects.

In terms of revenue generated by tariff zone from the PRC for the year ended 31 December 2018, approximately 16%, 29% and 55% of revenue were generated from zone 1, zone 2 and zone 3 respectively (2017: 20% for zone 1, 25% for zone 2 and 55% for zone 3). In consistent with our prevailing strategy, the Group focused more on developing solar power plants in well-developed areas with strong domestic power demand (ie zone 2 and zone 3) to minimize the grid curtailment risk in zone 1 area.

Gross Profit

The Group's gross margin for the year ended 31 December 2018 was 66.5%, as compared to 67.3% for the year ended 31 December 2017. The slight decrease in gross margin was mainly due to tariff cut for the projects connected to the grid after 30 June 2017.

The cost of sales mainly consisted of depreciation, which accounted for 79.2% (2017: 78.5%) of cost of sales, with the remaining costs being operation and maintenance costs of solar power plants.

Other Income

During the year ended 31 December 2018, other income mainly included imputed interest on discounting effect on tariff adjustment of RMB111 million (2017: RMB72 million), management services income for managing and operating solar power plants of related companies, of RMB59 million (2017: RMB37 million) and bank interest income of RMB20 million (2017: RMB28 million).

Other Administrative Expenses

The other administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses increased by 34% to RMB615 million for the year ended 31 December 2018 (2017: RMB460 million). The increase in administrative expenses was mainly due to the increase in salaries expenses driven by the expansion of Solar Energy Business, but thanks to achieving economies of scale the percentage increase in administrative expenses was lower than the surge in revenue of 43%.

Loss on change in fair value of convertible bonds

During the year ended 31 December 2018, the Group recognised a fair value loss of approximately RMB6 million (2017: RMB119 million) as a result of subsequent re-measurement of the fair value of the convertible bond of a nominal value of HK$775 million (equivalent to approximately RMB648 million) and HK$200 million (equivalent to approximately RMB167 million) issued on 27 May 2015 and 20 July 2015 respectively. All the convertible bonds has been fully redeemed upon maturity in 2018.

Other expenses, gains and losses, net

During the year ended 31 December 2018, net loss amounted to RMB353 million (2017: net gain amounted to RMB30 million). The loss in 2018 was contributed by the exchange loss of RMB405 million, mainly arising from the appreciation of HKD and USD denominated indebtedness against the reporting currency in RMB, which was partly offset by gain on disposal of solar power plant projects of RMB35 million.

Finance Costs

	2018 RMB million	2017 RMB million
Total borrowing costs	**2,435**	1,763
Less: Interest expenses capitalised	**(158)**	(331)
	2,277	1,432

Total borrowing costs amounted to RMB2,435 million for the year ended 31 December 2018 (2017: RMB1,763 million) representing an increase of 38% as compared with the year ended 31 December 2017. The increase was mainly due to the significant increase in average borrowing balance as a result of the capital expenditure for expansion of solar power plants. The operation of solar power plants is capital intensive and high gearing in nature. The interest rates were ranging from 2.5% to 13% for the year ended 31 December 2018 (2017: 2.5% to 11.4%).

The capitalised interest expenses for the ended 31 December 2018 amounted to RMB158 million (2017: RMB331 million), which represented interest capitalised during construction period of solar power plants. The amount of capitalised interest expenses did not increase in line with the increase in average borrowings balance because the borrowing costs ceased to be capitalised when the solar power plants commenced operations. As a result of ceased capitalisation of interest costs for completed projects, the increase in finance costs is proportionately higher than the increase in average borrowing balance for the year.

Although the total finance costs increased, the average borrowing interest rate for new and existing borrowings was gradually decreasing from 6.6% in 2017 to 6.5% in 2018. The decrease was mainly due to the drawn down of a large quantity of low-cost long term project loans and long term finance leases to replace high cost short-term bridge loans.

Income Tax (Expenses)/Credit

Income tax expenses for the year ended 31 December 2018 was RMB7 million, as compared to income tax credit of RMB40 million for 2017. The income tax expenses mainly represents tax expenses arising from several solar power plants, which had passed the three year's exemption period for the PRC income tax. Most of our solar power plants are exempted from the PRC income tax for three years starting from the first year when the solar power plants operate and generate taxable income, followed by 50% reduction for the next three years. The income tax credit for the previous period was mainly attributable to deferred tax asset recognized as a result of unrealized profit of intercompany modules sales transactions caused by our expansion.

Profit Attributable to Owners of the Company and Other Non-controlling Interests

The Group recorded a profit attributable to the owners of the Company from continuing operations of RMB470 million for the year ended 31 December 2018 (2017: RMB764 million).

Profit attributable to other non-controlling interests increased significantly from RMB9 million for the period ended 31 December 2017 to RMB144 million for the period ended 31 December 2018, mainly because of the full year effect of the capital injection from a strategic investor to 蘇州協鑫新能源投資有限公司 ("Suzhou GCL New Energy"), a major subsidiary of the Company holding majority of solar power plants in China for 7.18% interest in Suzhou GCL New Energy.

	For the year ended	
	31 December 2018 RMB million	31 December 2017 RMB million
Adjusted Net Profit and Adjusted EBITDA margin		
Profit for the year from continuing operations	**749**	904
Add: Non-operating items:		
Changes in fair value on convertible bonds	**6**	119
Foreign exchange loss/(gain)	**405**	(9)
Adjusted net profit	**1,160**	1,014
Add: Finance costs	**2,277**	1,432
Income tax expenses (credit)	**7**	(40)
Depreciation and amortization	**1,513**	1,027
Adjusted EBITDA	**4,957**	3,433
Adjusted EBITDA margin	**88.0%**	87.1%

For the purpose of results analysis, several items were excluded in the calculation of earnings before finance costs, tax, depreciation, amortisation and non-operating items ("EBITDA"). The adjusted net profit and adjusted EBITDA above are non-IFRS measures, which may be defined differently from similar terms used by other companies.

Dividend

The Board does not recommend the payment of a dividend for the year ended 31 December 2018 (2017: Nil).

Property, Plant and Equipment

Property, plant and equipment increased significantly from RMB38,104 million as at 31 December 2017 to RMB42,970 million as at 31 December 2018. This was mainly attributable to the increase in the total installed capacity of solar power plants (excluding joint ventures) from 5,812MW as at 31 December 2017 to 7,043MW as at 31 December 2018.

Deposits, Prepayment and Other Non-current Assets

As at 31 December 2018, non-current portion for deposits, prepayments and other non-current assets mainly included approximately RMB2,160 million (31 December 2017: RMB2,716 million) for refundable value-added tax, approximately RMB671 million (31 December 2017: RMB543 million) deposits paid for EPC contracts and constructions and approximately RMB4,236 million (31 December 2017: RMB1,836 million) of tariff adjustments receivables (i.e. tariff adjustments related to solar power plants yet to obtain approval for registration on the Renewable Energy Tariff Subsidy Catalogue), which was classified as contract assets under International Financial Reporting Standard 15 – Revenue from Contracts with Customers ("IFRS 15"), expected to be received after twelve months. There is a substantial increase in tariff receivables expected to be received after twelve months because some solar power plants were waiting for registration into the coming 8th batch or after of Subsidy Catalogue which is not yet open for registration.

Contract assets

Contract assets represent tariff adjustment receivables (government subsidies) for solar power plants yet to obtain approval for registration in the Subsidy Catalogue. This item was included in "Deposits, prepayments and other non-current assets" in 2017.

Trade and Other Receivables

As at 31 December 2018, trade and other receivables of RMB4,930 million (31 December 2017: RMB4,228 million) mainly included trade receivables of RMB2,981 million (31 December 2017: RMB2,794 million), refundable value-added tax of RMB1,194 million (31 December 2017: RMB712 million) and prepayment of deposits of RMB254 million (31 December 2017: RMB209 million).

Breakdown of tariff adjustment (government subsidies) receivables is as follows:

Tariff receivables (government subsidies)	**Batch of subsidies**	**Capacity (MW)**	**31 December 2018 RMB million**	31 December 2017 RMB million
— Current	6th batch or before	441	**679**	409
— Current	7th batch	1,226	**1,772**	1,999
— Current	Poverty alleviation project	190	**93**	—
		1,857	**2,544**	2,408
— Non-current	To be registered for the 8th batch or after	5,048	**4,236**	1,836
Total		6,905	**6,780**	4,244

Other Payables and Deferred Income

Other payables and deferred income decreased from RMB10,851 million as of 31 December 2017 to RMB10,134 million as of 31 December 2018. Other payables and deferred income mainly consisted of payables for purchase of plant and machinery and construction of RMB8,755 million (31 December 2017: RMB9,736 million) and receipt in advance of RMB196 million (31 December 2017: RMB47 million) from certain EPC contractors in relation to the modules procurement by the Group.

Liquidity and Financial Resources

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

	For the year ended 31 December	
	2018	2017
	RMB million	RMB million
Net cash generated from operating activities	**2,462**	1,854
Net cash used in investing activities	**(7,729)**	(13,354)
Net cash generated from financing activities	**2,452**	11,888

The net cash from operating activities during the year ended 31 December 2018 was RMB2,462 million, representing a 33% increase from RMB1,854 million of the same period last year. The substantial increase in net cash from operating activities was mainly due to the cash received from sale of electricity and tariff adjustments for solar power plants registered to the 7th batch of subsidy catalogue as well as the expansion of grid-connected capacity from 5,503MW as at 31 December 2017 to 6,957MW as at 31 December 2018.

The net cash used in investing activities during the year ended 31 December 2018 primarily arose from payments and deposit paid for the acquisition and development of solar power plant projects.

For the year ended 31 December 2018, the Group's main source of funding was cash generated from financing activities amounting to RMB2,452 million, which mainly included the net effect of (1) newly raised bank and other borrowings of RMB9,266 million, (2) proceeds from loans from related parties of RMB2,885 million, (3) proceeds from issue of senior notes of RMB3,167 million, (4) repayment of bank and other borrowings of RMB8,038 million, (5) repayment of loans from related parties of RMB1,440 million, (6) redemption of bonds payable and convertible bonds of RMB1,240 million and (7) interest payment of RMB2,199 million.

Indebtedness and gearing ratio

Solar Energy Business is a capital intensive industry. The business requires substantial capital investments for developing and constructing solar power plants. Thus, the average gearing ratio for the solar energy industry is relatively high. The Group normally get the long term bank loans or long term finance leases after grid connection.

Because of the nature of the solar energy industry in the PRC, the Group was in net current liabilities position of approximately RMB11,241 million as at 31 December 2018. To address the net current liabilities position, the Group has taken several measures to generate sufficient cash inflow to the Group, which were set out in Note 2 to the consolidated financial statements.

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

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

During the year ended 31 December 2018, GCL-Poly, being the guarantor of certain bank borrowings of the Group, breached restrictive financial covenants of certain borrowings, which led to event of default for such borrowings. This in turn triggered cross default of certain of the Group's bank borrowings as set out in the respective loan agreements between the Company and several banks. Accordingly, bank borrowings amounting to RMB1,936 million is reclassified from non-current liabilities to current liabilities as of 31 December 2018. Subsequent to year end, GCL-Poly has obtained the waiver from the relevant banks for meeting the relevant financial covenant requirements. Therefore, the Directors consider that such event of default did not have any material adverse impact to the Group.

The condensed consolidated statement of financial position presented below illustrated the situation without the reclassification mentioned above for analysis purpose.

	Balance per audited financial statements RMB'000	**Adjustments upon obtained waiver RMB'000**	**Adjusted balance RMB'000**
As at 31 December 2018			
NON-CURRENT ASSETS			
Pledged bank and other deposits	751,858	6,000	757,858
Other non-current assets	51,094,813		51,094,813
	51,846,671		51,852,671
CURRENT ASSETS			
Pledged bank and other deposits	1,279,425	(6,000)	1,273,425
Bank balances and cash	1,361,978		1,361,978
Other current assets	6,691,787		6,691,787
	9,333,190		9,327,190
CURRENT LIABILITIES			
Loans from related companies	1,030,590		1,030,590
Bank and other borrowings	8,323,115	(1,936,168)	6,386,947
Other current liabilities	11,220,801		11,220,801
	20,574,506		18,638,338
NET CURRENT LIABILITIES	(11,241,316)		(9,311,148)
TOTAL ASSETS LESS CURRENT LIABILITIES	40,605,355		42,541,523
NON-CURRENT LIABILITIES			
Loans from related companies	2,186,433		2,186,433
Bank and other borrowings	24,340,160	1,936,168	26,276,328
Other non-current liabilities	4,377,222		4,377,222
	30,903,815		32,839,983
NET ASSETS	9,701,540		9,701,540

The Group monitors capital on the basis of two gearing ratios. The first ratio is calculated as net debts divided by total equity and the second ratio is calculated as total liabilities divided by total assets. The gearing ratio as at 31 December 2018 and 31 December 2017 were as follows:

	31 December 2018 RMB million	31 December 2017 RMB million
Non-current indebtedness		
Bank and other borrowings	24,340	25,482
Bonds and senior notes	3,935	883
Loan from related companies	2,186	—
	30,461	26,365
Current indebtedness		
Loans from related companies	1,031	1,072
Bank and other borrowings	8,323	7,068
Convertible bonds	—	925
	9,354	9,065
Indebtedness for solar power plants projects classified as held for sale		
Bank and borrowings — due within one year	36	—
Bank and borrowings — due after one year	837	—
	873	—
Total indebtedness	40,688	35,430
Less: cash and cash equivalents — continuing operations	(1,362)	(4,197)
— projects classified as held for sale	(45)	—
Pledged bank and other deposits — continuing operations	(2,031)	(2,243)
Pledged deposits at a related company	(18)	—
Net debts	37,232	28,990
Total equity	9,702	8,796
Net debts to total equity	384%	330%
Total liabilities	51,478	46,638
Total assets	61,180	55,434
Total liabilities to total assets	84.1%	84.1%

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

	31 December 2018 RMB million	31 December 2017 RMB million
Total banking and other facilities granted	38,945	46,705
Facilities utilised	(38,302)	(44,137)
Available facilities	643	2,568

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

	31 December 2018 RMB million	31 December 2017 RMB million
Renminbi ("RMB")	34,485	31,989
Hong Kong dollars ("HK$")	465	926
United States dollars ("US$")	5,562	2,320
Euro dollars ("Euro")	111	126
Japanese Yen ("JPY")	65	69
	40,688	35,430

Use of Proceeds

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

Date of announcement/ prospectus	Events	Net proceeds and intended use	Actual use of proceeds
24 January 2018	Issuance of US$500 million senior notes	The net proceeds of approximately US$493 million were intended to be applied as follows: (i) Development of business operations; (ii) Repayments of financial Borrowings; and (iii) Other general corporate purposes	All the proceeds has been utilised as intended.

Pledge of Assets

As at 31 December 2018, the following assets were pledged for bank and other facilities granted to the Group:

— property, plant and equipment of RMB28,529 million (31 December 2017: RMB26,720 million);

— bank and other deposits (including deposits placed at a related company) of RMB2,049 million (31 December 2017: RMB2,243 million);

— rights to collect the sales of electricity for certain subsidiaries. As at 31 December 2018, the trade receivables and contract assets of those subsidiaries amounted to RMB6,568 million (31 December 2017: RMB4,193 million); and

— prepaid lease payments of RMB17 million (31 December 2017: Nil).

Contingent Liabilities

The Group did not have any other significant contingent liabilities as at 31 December 2018.

Capital Commitments

As at 31 December 2018, the Group's capital commitments in respect of construction commitments related to solar power plants, and commitment to invest in joint ventures contracted for but not provided amounted to approximately RMB1,056 million and RMB95 million, respectively (31 December 2017: RMB3,626 million and RMB243 million, respectively).

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Acquisitions

For the year ended 31 December 2018, the Group acquired several subsidiaries, which are engaged in solar power plant business in the PRC of aggregated 240MW at a total consideration of approximately RMB8 million. The construction of the solar power plant projects has been completed as at the dates of acquisitions. Thus, the acquisitions are classified as business combination.

Disposals

On 9 February 2018, the Group entered into an interest transfer agreement with an independent third party to sell 50% interest of ADSolar No.3 Godo Kaisha and Himeji Tohori Taiyo-No-Sato No.1 Godo Kaisha which owned a solar power plant project of 12 MW in Japan. The Group retained 50% interest of the project after completion and classified as a joint venture accordingly.

On 20 May 2018, Suzhou GCL New Energy, a subsidiary of the Group, entered into a share transfer agreement with an independent third party. Pursuant to the agreement, Suzhou GCL New Energy agreed to sell 100% equity interest of Inner Mongolia Xinjing Photovoltaic Electric Power Co., Ltd.* (內蒙古鑫景光伏發電有限公司) which owned a solar power plant of 21MW at a consideration of RMB22,000,000.

On 24 October 2018, Suzhou GCL New Energy, a subsidiary of the Group, entered into share transfer agreements with CGN Solar Energy Development Co., Ltd* (中廣核太陽能開發有限公司), an independent third party. Pursuant to the agreements, Suzhou GCL New Energy agreed to sell 80% equity interests in Linzhou Xinchuang* (林州市新創太陽能有限公司) and Huarong GCL New Energy Company Limited* (華容縣協鑫光伏電力有限公司) at a consideration of approximately RMB164,221,000 and RMB141,833,000, respectively.

On 30 December 2018, the Group entered into share transfer agreements with China Three Gorges New Energy Company Limited* (中國三峽新能源有限公司), an independent third party, pursuant to which the Group agreed to sell 100% equity interest of several wholly-owned subsidiaries of the Group to China Three Gorges New Energy Company Limited for consideration in aggregate of RMB184,643,000. The wholly-owned subsidiaries of the Group operates a number of solar power plant projects in Inner Mongolia, the PRC.

Save as disclosed above, there were no other significant investments during the year ended 31 December 2018, or plans for material investments as at the date of this report, nor were there other material acquisitions and disposals of subsidiaries during the year ended 31 December 2018.

Events after the Reporting Period

On 1 February 2019, the Group entered into certain agreements for a financing arrangement with 粵港澳大灣區產融資產管理有限公司 ("Greater Bay Area Asset Management"*) to obtain a financing of approximately RMB420,000,000 for a six-month period.

On 28 March 2019, the Group announced the disposal of 55% equity interests in approximately 280MW solar power plant projects to Wuling Power, a subsidiary of China Power Investment Corporation at a consideration of approximately RMB246 million.

Risk Factors and Risk Management

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

1. Policy risk

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

* English name for identification only

2. Grid curtailment risk

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

3. Risk associated with tariff

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

4. Risk related to high gearing ratio

Solar power generating business is a capital intensive industry, which highly relies on external financing in order to fund for the construction of solar power plant while the recovery of capital investment takes a long period of time. To cope with the gearing risk, the Company will pay close attention to the market dynamics, and to avoid any unfavorable changes to the Company. Additionally, the company is constantly seeking alternative financing tools and pursing asset-light model to optimize our finance structure and lower its gearing ratio below 85%.

5. Risk related to interest rate

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

6. Foreign currency risk

As most of our solar power plants are located in the PRC, substantial revenues, capital expenditures, assets and liabilities are denominated in RMB. Apart from using RMB loans to finance for project development in the PRC, the Company also uses foreign currencies such as US dollars notes to inject into projects in the form of equity. As the Company has not purchased any foreign currency derivatives or related hedging instruments to hedge for foreign currencies loans, any changes in foreign currency to RMB will have impact on the Company's operating results. However, the Company is considering adopting hedging instruments to minimize this risk by balancing costs and the debt maturity of 3 years.

7. Risk related to disputes with joint venture partners

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

Employee and Remuneration Policies

We consider our employees to be our most important resource. As at 31 December 2018, the Group had approximately 1,830 employees (31 December 2017: 6,509 employees, for which 4,130 employees are from discontinued operations) in Hong Kong, the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees.

Executive Directors

ZHU Yufeng *(Chairman)*

Aged 37, an executive Director and the chairman of the Board appointed on 11 December 2015 and joined the Board on 9 February 2015 as a non-executive Director and vice chairman of the Board. Mr. Zhu is also the chairman of the Nomination Committee, the Strategic Planning Committee, the Investment Committee and the Corporate Governance Committee of the Company, a member of the Remuneration Committee and a director of several subsidiaries of the Company.

Mr. Zhu has been appointed as the vice chairman and president of Golden Concord since 3 June 2016 and 15 January 2019 respectively. Mr. Zhu previously served as a senior executive president of Golden Concord from December 2015 to 2 June 2016, a senior vice executive president of Golden Concord from 3 December 2014 to November 2015 and also an executive president of Golden Concord during the period from 13 May 2012 to 2 December 2014. Since 21 September 2009, Mr. Zhu has served as an executive director of GCL-Poly. He is also a member of the remuneration committee of GCL-Poly. Mr. Zhu was a general manager of a power enterprise. He is sophisticated in managing power plants. Mr. Zhu also has many years of experience working in electricity conglomerate, specializing in the area of integration management such as human resources, administration, supply chain and enterprises informatization etc. Mr. Zhu graduated from George Brown College (Business Administration Faculty) in 2005.

SUN Xingping *(President)*

Aged 55, an executive Director appointed on 22 April 2015 and the president of the Company appointed on 26 June 2015. Mr. Sun is the vice-chairman of the Investment Committee, a member of both the Strategic Planning Committee and Corporate Governance Committee. Mr. Sun is also a director of several subsidiaries of the Company.

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

HU Xiaoyan

Aged 47, an executive Director appointed on 9 May 2014. Ms. Hu is a director of several subsidiaries of the Company. Ms. Hu also serves as the vice-chairman of the Investment Committee and a member of both the Strategic Planning Committee and the Corporate Governance Committee. Ms. Hu Xiaoyan has been functionally responsible for the finance duties of the Company since 4 January 2019. Ms. Hu is currently serving as the vice president and secretary of the board of Golden Concord, responsible for internal control, internal audit, legal management and risk management. Ms. Hu has been appointed as a director and a member of the audit committee of GCL System Integration with effect from June 2017 and July 2017, respectively. Ms. Hu has been appointed as a director and a member of the strategic planning committee of Sumin Investment Holdings Co., Ltd since December 2017 and April 2018, respectively. Ms. Hu has extensive experience in financial management, internal audit, internal control, risk management, strategic management and control, investment management and corporate governance. Ms. Hu obtained a Master degree in Business Administration from the China Europe International Business School in September 2008.

Non-Executive Directors

SUN Wei

Aged 47, a non-executive Director appointed on 9 May 2014. Ms. Sun is also a member of both the Remuneration Committee and the Strategic Planning Committee of the Company. Ms. Sun has been an executive director of GCL-Poly since 9 September 2016. She was an executive director of GCL-Poly from November 2006 to July 2007 and from October 2007 to January 2015 and was the honorary chairman of the Finance and Strategy Function of GCL-Poly. Ms. Sun is currently the vice chairman of Golden Concord, the chairman of the board of GCL Financial (Group) Holding Co., Ltd. as well as the vice director of China Hong Kong Economic Trading International Association. Ms. Sun was a non-executive director of Asia Energy Logistics Group Limited (stock code of the Stock Exchange: 351) from 26 January 2010 to 31 August 2016 and a non-independent director and a member of the nomination committee of GCL System Integration from 10 February 2015 to 2 December 2016. Ms. Sun has over 20 years of experience in power plant investment and management, corporate finance, financial strategy and management experience. Ms. Sun obtained a degree of Doctor of Philosophy in Business Administration in 2005.

SHA Hongqiu

Aged 60, a non-executive Director appointed on 9 February 2015. Mr. Sha was an executive director and president of GCL-Poly since November 2006. Mr. Sha resigned as an executive director of GCL-Poly on 9 November 2012 and continued to serve as an executive president of GCL-Poly. Mr. Sha is currently responsible for the overall operation and management of GCL-Poly's solar power business. Mr. Sha has been awarded various titles, including the Outstanding Entrepreneur of Xuzhou* (徐州市優秀企業家) in 2000 and the Outstanding Enterprise Manager of Taicang* (太倉市優秀企業管理人才) in 2005. He graduated from the China University of Mining and Technology in 1986, majoring in enterprise management. Mr. Sha is a Senior Economist. Mr. Sha has over 15 years of experience in the operation and management of power plant.

YEUNG Man Chung, Charles

Aged 51, a non-executive Director appointed on 18 September 2015. Mr. Yeung is also a member of the Corporate Governance Committee of the Company. He is currently an executive director, the chief financial officer, the company secretary as well as a member of the nomination committee, corporate governance committee and strategy and investment committee of GCL-Poly. Mr. Yeung has been the vice president of Golden Concord Group Limited, a company controlled by Zhu Family Trust, since November 2017. Mr. Yeung is currently an independent non-executive director of Tree Holdings Limited (stock code of the Stock Exchange: 8395) and a director of Millennial Lithium Corp., a company with its shares listed on the TSX Venture Exchange in Canada. Mr. Yeung previously served as a partner of Deloitte Touche Tohmatsu and was a part-time member of the Central Policy Unit of the Government of Hong Kong Special Administrative Region. When Mr. Yeung left Deloitte Touche Tohmatsu in March 2014, he was the Head of Corporate Finance Advisory Services, Southern China. Mr. Yeung has a Bachelor of Business degree with major in accounting and he is also a member of The Hong Kong Institute of Certified Public Accountants and CPA Australia (formerly, the Australian Society of Certified Practising Accountants). Mr. Yeung has over 25 years of experience in accounting, auditing and financial management.

HE Deyong

Aged 47, a non-executive Director appointed on 1 May 2018. Mr. He has in-depth corporate finance experience and multicultural exposure across manufacturing, shipping, real estate, mining, logistics and leasing industries with European, American and Asian companies. Mr. He had been the deputy chief financial officer (in charge of treasury and corporate finance, international business and new business) of Huaxin Cement Co., Ltd., a board director, acting chief financial officer and corporate treasury director of Suntech Power Co., Ltd., treasury director of IMC Pan Asia Alliance (China) Co., Ltd. etc.. Mr. He obtained a Master's degree in Business Administration from the Fudan University. Mr. He has been appointed as the chief financial officer of GCL System Integration with effect from 27 April 2018.

Independent Non-Executive Directors

WANG Bohua

Aged 66, an independent non-executive director of the Company appointed on 9 May 2014. Mr. Wang is a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategic Planning Committee of the Company. Mr. Wang has served as the secretary general of China Photovoltaic Industry Association ("CPIA") since June 2014, he has further served as the vice president of CPIA since October 2017. Mr. Wang was as an independent director of Shengyi Technology Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600183) since December 2012 and retired since April 2015. Mr. Wang served as the deputy inspector of the Department of Electronics and Information Products Administration of the PRC Ministry of Information Industry (中華人民共和國信息產業部電子信息產品管理司) (now the PRC Ministry of Industry and Information Technology (中華人民共和國工業和信息化部)) from July 2007 to July 2012. Mr. Wang served as a member of the Professional Appraisal Group for the Science and Technology Progress Award of the PRC Ministry of Electronics Industry (中華人民共和國電子工業部科技進步獎) in December 1995. Mr. Wang was an expert for the review and appraisal of the 2002 National Key New Products (2002年度國家重點新產品) administered by the Department of Technological Progress and Equipment of the State Economic and Trade Commission (國家經濟貿易委員會技術進步與裝備司) in May 2002. Mr. Wang was elected as the vice president of the Fifth Council of China Electronic Production Equipment Industry Association (中國電子專用設備工業協會) in October 2004. In November 2004, he further served as a member and deputy director of the Eighth Committee of the CIE Electronic Components Society (中國電子學會元件分會) and the member of the Sixth Council of the Chinese Vacuum Society (中國真空學會). Mr. Wang was awarded qualification as a senior engineer by the PRC Ministry of Electronics Industry in September 1997.

XU Songda

Aged 75, an independent non-executive Director of the Company appointed on 9 May 2014. Mr. Xu is a member of the Audit Committee, the Nomination Committee, the Strategic Planning Committee and the Corporate Governance Committee of the Company. From August 1969 to 1983, Mr. Xu worked at Nanjing Power Plant (南京熱電廠), serving successively as its youth league secretary, deputy director and director. Mr. Xu then successively held the positions of the deputy director of Electric Power Industry Bureau of Jiangsu Province (江蘇省電力工業局), the deputy general manager, the deputy party secretary and other positions at Jiangsu Provincial Power Company (江蘇省電力公司) during 1983 to 2004. Mr. Xu graduated from the East China Institute of Water Conservancy (華東水利學院) (now Hohai University) in August 1969 with a Bachelor's degree in agricultural water conservation. Mr. Xu was granted the qualification of a senior engineer by the jury of senior positions in engineering at Electric Power Industry Bureau of Jiangsu Province (江蘇省電力工業局工程系列高級職務評審委員會) in December 1996. Mr. Xu was also granted the qualification of a senior engineer (professor level) by East China Power Group Corporation on 31 December 1997.

LEE Conway Kong Wai

Aged 64, an independent non-executive Director appointed on 9 May 2014. Mr. Lee also serves as the chairman of both the Audit Committee and the Remuneration Committee and a member of the Corporate Governance Committee. Mr. Lee served as a partner of Ernst & Young. Mr. Lee has been a member of the Chinese People's Political Consultative Conference of Hunan Province in the PRC between 2007 and 2018. Mr. Lee currently also serves as an independent non-executive director of Chaowei Power Holdings Limited (stock code: 951), West China Cement Limited (stock code: 2233), China Modern Dairy Holdings Ltd. (stock code: 1117), GOME Retail Holdings Limited (formerly known as GOME Electrical Appliances Holding Limited) (stock code: 493), Tibet Water Resources Ltd. (stock code: 1115), NVC Lighting Holding Limited (stock code: 2222), Yashili International Holdings Ltd (stock code: 1230), China Rundong Auto Group Limited (stock code: 1365), WH Group Limited (stock code: 288), all being companies listed on the Main Board of the Stock Exchange, and Guotai Junan Securities Co., Ltd (listed on both Stock Exchange and SH Stock Exchange with respective stock code: 2611 and 601211) as an independent non-executive director and independent director respectively.

Mr. Lee also served as an independent non-executive director of Sino Vanadium Inc. (a company previously listed on the TSX Venture Exchange in Canada, stock code: SVX) and China Taiping Insurance Holdings Company Limited (stock code: 966), a non-executive director and deputy chairman of China Environmental Technology and Bioenergy Holdings Limited (stock code: 1237) and an independent non-executive director of CITIC Securities Company Limited (stock code: 6030) from September 2009 to December 2011, from October 2009 to August 2013, from July 2014 to September 2015 and from November 2011 to May 2016 respectively.

Mr. Lee received a Bachelor's degree in arts from the Kingston University (formerly known as the Kingston Polytechnic) in London, the United Kingdom in July 1980 and obtained his postgraduate diploma in business from the Curtin University of Technology in Australia in February 1988. Mr. Lee became a member of the Institute of Chartered Accountants in England and Wales in October 2007, The Chartered Accountants, Australia and New Zealand (formerly, the Institute of Chartered Accountants in Australia) in December 1996, the Association of Chartered Certified Accountants in September 1983, the Hong Kong Institute of Certified Public Accountants in March 1984 and the Macau Society of Registered Accountants in July 1995.

WANG Yanguo

Aged 56, an independent non-executive Director of the Company appointed on 9 February 2015. Mr. Wang Yanguo is a member of both the Remuneration Committee and the Nomination Committee of the Company. Mr. Wang Yanguo graduated from the School of Economics of Peking University with a PhD degree, Master's degree and Bachelor's degree in Economics in 1999, 1988 and 1985 respectively. Mr. Wang Yanguo previously served as a teaching assistant, a lecturer and an associate professor at the School of Economics of Peking University during the period from 1988 to 1996. Mr. Wang Yanguo has extensive experience in securities and finance industries. Mr. Wang Yanguo has been the chairman of the board of Zhuhai Golden Bridge Capital Management Co., Ltd. since November 2014. Mr. Wang was the chairman of the board of Essence International Financial Holdings Limited from May 2009 to December 2014 and the member of the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC from April 2012 to July 2016. Mr. Wang Yanguo was the vice chairman of Essence Securities Co., Ltd. during the period from July 2013 to May 2014 and was the president from June 2006 to July 2013. Mr. Wang Yanguo was the president of Changjiang BNP Paribas Peregrine from 2005 to 2006 and was the president of Soochow Securities Co., Ltd (a company listed on the SHSE, stock code: 601555) from March 2002 to July 2005. Mr. Wang Yanguo also served for the CSRC from April 1996 to March 2002 as the deputy division head of Department of Dispatch, division head of Department of Fund, deputy director of Nanjing Office and deputy director of Shanghai Securities Regulatory Office.

CHEN Ying

Aged 41, an independent non-executive Director of the Company appointed on 22 April 2015. She received a doctorate degree in management specialising in Management Science and Engineering from Nanjing University in 2006, and a master's degree in Finance in 2003 and a bachelor's degree in Economics in 2000 from Southeast University.

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

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

* English name for identification only

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

Compliance with Corporate Governance Code

Throughout the Reporting Period, the Company complied with the code provisions set out in the CG Code, except for code provision E.1.2:

Code provision E.1.2 requires that the chairman of the Board should attend the annual general meeting. Mr. ZHU Yufeng, the Chairman of the Board was unable to attend the annual general meeting of the Company held on 25 May 2018 as he had another business engagement. Ms. HU Xiaoyan, an executive Director of the Company, attended and took the chair of the meeting on behalf of the Chairman of the Board and answered questions from the Shareholders.

The Board

Board Composition

The Board currently consists of twelve members of which five are independent non-executive Directors, bringing in a sufficient independent voice and enhancing independent judgment. At least one of the independent non-executive Directors is with appropriate professional qualifications or accounting or related financial management expertise throughout the Reporting Period. The other members are three executive Directors and four non-executive Directors. The Directors during the Reporting Period and up to the date of this report (unless otherwise stated) were:

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Mr. ZHU Yufeng *(Chairman)*	Ms. SUN Wei	Mr. WANG Bohua
Mr. SUN Xingping *(President)*	Mr. SHA Hongqiu	Mr. XU Songda
Ms. HU Xiaoyan	Mr. YEUNG Man Chung, Charles	Mr. LEE Conway Kong Wai
Mr. TONG Wan Sze	Mr. HE Deyong	Mr. WANG Yanguo
(resigned on 4 January 2019)	*(appointed on 1 May 2018)*	Dr. CHEN Ying

The Board's composition reflects an appropriate mix of skills, experience and diversity among its members that are relevant to the Group's strategy, governance and business and contribute to the Board's effectiveness. In addition, three of the Board members are female directors, improving the gender diversity in the boardroom.

The names and biographical details of the Directors are set out in "Our Directors" of this annual report and available on the website of the Company. A list of all the Directors identifying their roles, functions and titles is available on the websites of the Company and the Stock Exchange.

Role and Responsibilities

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

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

- formulating long and short term strategies and reviewing of its financial performance, results and the effectiveness of the risk management and internal control systems;
- approving and authorising material transactions, including acquisition, investment, disposal of assets or setting dividend policies and capital expenditure;
- performing corporate governance functions in accordance with the CG Code, including formulating corporate governance policies, and reviewing and monitoring the corporate governance practices of the Group; and
- communicating with key stakeholders, including Shareholders and regulatory bodies.

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

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

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

Chairman and President

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

Appointment, Re-election and Removal of the Directors

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

In accordance with bye-law 84 of the Bye-laws, at each annual general meeting one-third of the Directors shall retire from office and shall be eligible for re-election. Each of Mr. SUN Xingping, Mr. YEUNG Man Chung, Charles, Mr. XU Songda and Mr. LEE Conway Kong Wai shall retire by rotation and, being eligible, offer themselves for re-election at the AGM.

Confirmation of Independency

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

Compliance with Model Code

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

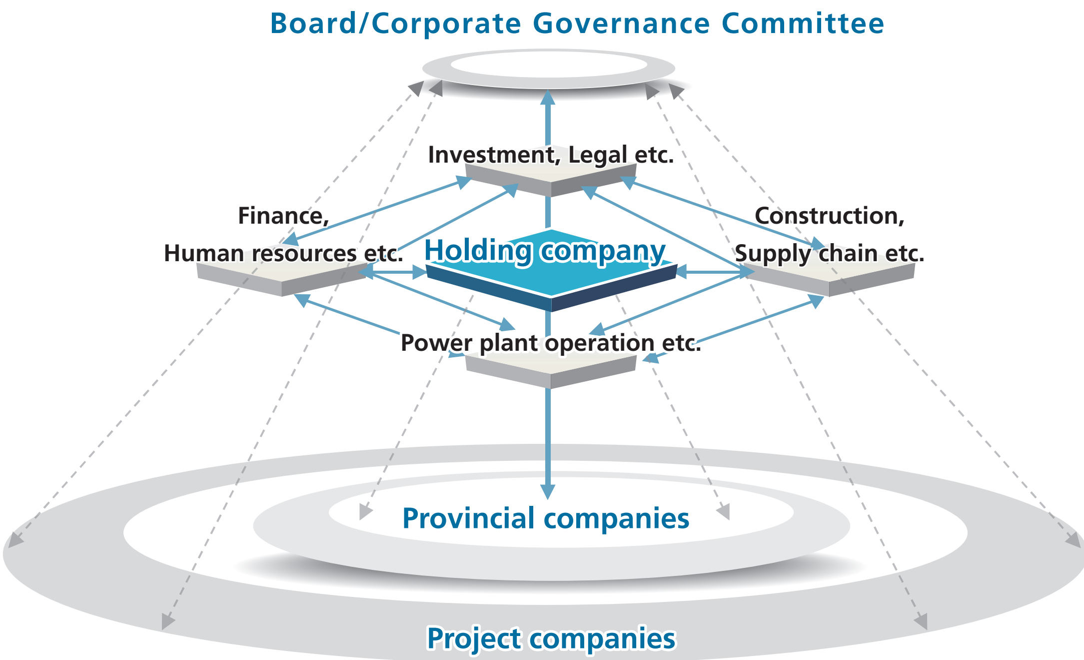
Risk Management and Internal Controls

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

The Board has delegated to the management the design, implementation and monitoring of the Systems on an on-going basis. The Board has also entrusted the Audit Committee with the responsibility to review the Systems of the Group. The Corporate Governance Committee has been delegated with responsibilities by the Board to oversee the Group's overall risk management framework, including the risk governance structure and risk management process, and to advise the Board on the risk and corporate governance related matters of the Group. The Corporate Governance Committee is also responsible for approving the Group's risk and corporate governance policies and assessing the effectiveness of the Group's risk controls/mitigation tools. The Corporate Governance Committee held 2 meetings during the Reporting Period to review the Company's policies and practices on risk management and corporate governance for the year of 2017 and its plan and mid-year review for the year of 2018.

With the assistance of the Audit Committee and the Corporate Governance Committee, the Board has conducted reviews of the effectiveness of the Systems and performed necessary and appropriate actions to maintain the Systems for the interests of the Shareholders. In particular, the Board's review has considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions, and their training programmes and budget.

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



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

Risk Management Procedures

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

- Setting up **project risk reporting system**. Provincial companies' risk management staff report project risks on a monthly basis and report the same to the management by the internal control monthly report. Risk alert report would be prepared when necessary
- In addressing risks concerned by the Board, **a third party** would be engaged to assist in risk supervision and regular reporting

- Developing and maintaining a **risk profile** catered for the Company's business and current management, covering strategy, market, operation, finance and legal matters
- Establishing and maintaining **Key Risk Indicators** (KRI), covering all major processes

- Performing **overall risk assessment** of the Company through industry research and benchmarking, management survey and interview
- Supporting risk assessment with **quantitative considerations** by attempting to apply KRI in the risk assessment process
- Piloting **KRI measurement** as a means of demonstration of key risk level of the Company to provide a more objective perspective

- Implementing **risk ownership mechanism**, in particular, tracking and managing key respective risks, monitoring KRI information, etc.
- Conducting **bi-monthly tracking** on the effectiveness of the measures to manage the major risks to ensure proper execution as planned
- Enhancing risk response capability through **active involvement** by middle and senior management

The Internal Control Function is independent of the daily operations of the Group. The person in charge of the Internal Control Function has reported directly to the Audit Committee. All other Directors are informed of the findings of these internal audit plans and assignments from the report by the chairman of the Audit Committee. The Internal Control Function is closely involved in the assessment of the quality of risk management of the Group. During the Reporting Period, the Internal Control Function reviewed the effectiveness of the Systems. As considered appropriate and with the approval of the Audit Committee, certain review work has been outsourced due to the need of specialists' assistance and the high volume of work to be undertaken during the stage of rapid growth.

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

Accountability and Audit

The Board acknowledges its responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The interim and annual results and reports were published within the time limits as required under the Listing Rules after the end of the relevant periods to provide stakeholders with transparent and timely financial information.

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

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

Material Uncertainty Related to Going Concern

The Directors are aware that the Group's current liabilities exceeded its current assets by approximately RMB11,241 million as at 31 December 2018, which indicates a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Further discussion of this matter is set out in "Indebtedness and gearing ratio" section on page 23 under the "Management Discussion and Analysis" of this annual report and note 2 to the consolidated financial statements.

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

The Board Committees

(1) Remuneration Committee

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

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

- to make recommendations to the Board on the policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy
- to review and approve the remuneration proposals of the President and senior management with reference to the goals and objectives of the Company
- to determine and approve, with delegated responsibility, the performance-based remuneration packages (included benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) of executive Directors and senior management with reference to the corporate goals and objectives
- to make recommendations to the Board on the remuneration of non-executive Directors

The Remuneration Committee held 2 meetings during the Reporting Period. To minimise any conflict of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion. No individual Director is involved in deciding his or her own remuneration. No disagreement on the remuneration or compensation arrangement resolved by the Board during the Reporting Period.

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

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

- to review the level of Directors' fees and make recommendations to the Board on the Directors' fees for the year of 2018
- to review and recommend on the remuneration packages of all executive Directors for the year of 2018 and bonus payment for the year of 2017
- to review and recommend on the remuneration of Mr. HE Deyong, who has been appointed as a non-executive Director with effective from 1 May 2018

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

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

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

(2) Nomination Committee

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

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

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

The Nomination Committee held 2 meetings during the Reporting Period.

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

- to review the existing structure, size and composition of the Board
- to assess the independence of the independent non-executive Directors
- to make recommendations to the Board on the proposed re-election of the retiring Directors at the 2018 annual general meeting
- to review and recommend on the appointment of Mr. HE Deyong as a non-executive Director with effective from 1 May 2018

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

Board Diversity Policy

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

Measurable Objectives

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

Monitoring and Reporting

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

Review of this Policy

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

Disclosure of this Policy

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

(3) Audit Committee

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

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

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

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

The Audit Committee held 4 meetings during the Reporting Period.

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

- to consider and approve the remuneration and terms of engagement of the external auditor
- to approve the scope of audit for the years ended 31 December 2017 and 2018
- to review the annual financial statements for the year ended 31 December 2017 and the interim financial statements for the six months ended 30 June 2018
- to review the work performed by Internal Control Function and the Group's internal control system
- to review the report on continuing connected transactions of the Group for the financial year ended 31 December 2017

Auditor's Remuneration

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

Nature of services	**2018** **RMB'000**	2017 RMB'000
Audit services	**4,466**	4,359
Non-audit services	**3,857**	3,884

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

(4) Corporate Governance Committee

The Corporate Governance Committee was set up on 27 April 2016 to oversee risk management and corporate governance functions of the Company. The Corporate Governance currently comprises three executive Directors, one non-executive Director and two independent non-executive Directors, namely, Mr. ZHU Yufeng, who is the chairman of the Corporate Governance Committee, Mr. SUN Xingping, Mr. HU Xiaoyan. Mr. YEUNG Man Chung, Charles, Mr. XU Songda and Mr. LEE Conway Kong Wai. Mr. TONG Wan Sze resigned as an executive Director and a member of the Corporate Governance Committee with effective from 4 January 2019. The Company Secretary acts as the secretary to the Corporate Governance Committee.

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

- to assist the Board to evaluate and determine the nature and extent of the risks the Group are willing to take in achieving the strategic objectives
- to ensure that the Group establishes and maintains appropriate and effective risk management and internal control systems
- to oversee management in the design, implementation and monitoring of the risk management systems of the Group
- to develop and review an Group's policies and practices on corporate governance and make recommendations to the board
- to review and monitor the training and continuous professional development of directors and senior management
- to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report

The Corporate Governance Committee held 2 meetings during the Reporting Period.

Principal works performed by the Corporate Governance Committee during the Reporting Period included to review the Company's policies and practices on risk management and corporate governance for the year of 2017 and its plan and mid-year review for the year of 2018.

In view of the recent regulatory development, the Company formulated or updated its terms of reference of the Remuneration Committee and Nomination Committee, the Board diversity policy, the nomination policy and dividend policy during the Reporting Period.

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

Board and Board Committee Meetings

Practices and Conduct of Meetings

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

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

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

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

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

Meetings held and Attendance

The Board held 19 Board meetings during the Reporting Period. The composition of the Board and the Committees, the attendance records of the Directors at the Board meetings, committees meetings and general meetings during the Reporting Period are set out below:

	Meetings attended/held						
Name of Directors	**Board meeting**	**Audit Committee meeting**	**Remuneration Committee meeting**	**Nomination Committee meeting**	**Corporate Governance Committee meeting**	**Annual general meeting**	**Special general meeting**
Executive Directors							
Mr. ZHU Yufeng *(Chairman)*	14/19	N/A	2/2	2/2	1/2	0/1	0/1
Mr. SUN Xingping *(President)*	19/19	N/A	N/A	N/A	2/2	1/1	1/1
Ms. HU Xiaoyan	16/19	N/A	N/A	N/A	2/2	1/1	1/1
Mr. TONG Wan Sze *(resigned on 4 January 2019)*	19/19	N/A	N/A	N/A	2/2	1/1	1/1
Non-executive Directors							
Ms. SUN Wei	18/19	N/A	2/2	N/A	N/A	1/1	1/1
Mr. SHA Hongqiu	15/19	N/A	N/A	N/A	N/A	0/1	0/1
Mr. YEUNG Man Chung, Charles	19/19	N/A	N/A	N/A	2/2	1/1	1/1
Mr. He Deyong *(appointed on 1 May 2018)*	11/12	N/A	N/A	N/A	N/A	1/1	1/1
Independent Non-executive Directors							
Mr. WANG Bohua	12/19	3/4	2/2	2/2	N/A	1/1	1/1
Mr. XU Songda	15/19	4/4	N/A	1/2	1/2	1/1	1/1
Mr. LEE Conway Kong Wai	14/19	4/4	2/2	N/A	2/2	1/1	1/1
Mr. WANG Yanguo	16/19	N/A	1/2	1/2	N/A	0/1	0/1
Dr. CHEN Ying	17/19	N/A	N/A	N/A	N/A	1/1	1/1

Induction and Continuous Development

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

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

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

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

During the year, all Directors attended the Directors' training(s) organised by the Company and/or GCL-Poly with topics relating to directors' duties, update on latest regulatory developments, as well as issues on offshore investment or development of solar projects.

Company Secretary

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

During 2018, the Company Secretary undertook over 15 hours of relevant professional trainings.

Constitutional Documents

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

Index and Market Recognition

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

Corporate Social Responsibility

Environmental Policies and Performance

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

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

Relationships with stakeholders

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

Corporate Social Responsibility Reporting

For more information about GCL New Energy's environmental protection practices and performance, employee relations, and community investment, please refer to Corporate Social Responsibility Report 2018, which will be uploaded to the websites of the Company and the Stock Exchange within three months after the publication of this annual report.

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2018.

Principal Activities and Segment Information

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

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

Business Review

A review of the business of the Group during the Reporting Period, a discussion on the Group's future business development and description of the principal risks and uncertainties the Company may be facing are provided in the "Chairman's Statement", the "President's Message" and the "Management Discussion and Analysis" of this annual report. Also, the financial risk management objectives and policies of the Group can be found in note 40(b) to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2018, if applicable, are provided in the "Management Discussion and Analysis" of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the "2018 Performance Summary" and the "Financial Summary" of this annual report.

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

Results and Appropriations

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on pages 76 to 77. The Board does not recommend the payment of a final dividend for the Reporting Period.

Reserves

Details of movements in the reserves of the Group and of the Company during the Reporting Period are set out in the consolidated statement of changes in equity on page 80 and note 49 to the consolidated financial statements.

As at 31 December 2018, the Company had no distributable reserves calculated in accordance with the Bermuda Companies Act (31 December 2017: Nil).

Donations

Charitable and other donations made by the Group during the Reporting Period amounted to approximately RMB5,343,060.

Property, Plant and Equipment

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

Share Capital

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

Equity-Linked Agreements

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

All the convertible bonds has been fully redempted without any conversion upon maturity in 2018.

Closure of Register of Members

The register of members of the Company will be closed from 6 June 2019 to 12 June 2019, both days inclusive, during which period no transfer of Shares will be effected and for the purpose of determining the identity of members who are entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all completed share transfer documents must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 5 June 2019.

Pre-emptive Rights

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

Summary Financial Information

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

Purchase, Sale or Redemption of Shares

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

Directors

The Directors during the Reporting Period and up to the date of this report (unless otherwise stated) were:

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Mr. ZHU Yufeng *(Chairman)*	Ms. SUN Wei	Mr. WANG Bohua
Mr. SUN Xingping *(President)*	Mr. SHA Hongqiu	Mr. XU Songda
Ms. HU Xiaoyan	Mr. YEUNG Man Chung, Charles	Mr. LEE Conway Kong Wai
Mr. TONG Wan Sze *(resigned on 4 January 2019)*	Mr. HE Deyong *(appointed on 1 May 2018)*	Mr. WANG Yanguo
		Dr. CHEN Ying

In accordance with bye-law 84 of the Bye-laws, at each annual general meeting one-third of the Directors shall retire from office and shall be eligible for re-election. Each of Mr. Sun Xingping, Mr. Yeung Man Chung, Charles, Mr. Xu Songda, Mr. Lee Conway Kong Wai shall retire by rotation at the AGM and, being eligible, offer themselves for re-election at the AGM.

The Directors' biographical details are set out on pages 31 to 38.

Changes in Directors Information

1. Mr. Tong Wan Sze resigned as an executive Director, Chief Financial Officer and Company Secretary of the Company with effect from 4 January 2019.

2. Ms. Hu Xiaoyan has been functionally responsible for the finance duties of the Company since 4 January 2019.

Directors' Service Contracts

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

Share Option Schemes

2014 Share Option Scheme

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

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

Share options were first granted on 23 October 2014 to subscribe for 536,840,000 Shares. During the Reporting Period, no option was exercised or cancelled but 6,039,600 options were lapsed. Share options were second granted on 24 July 2015 to subscribe for 473,460,000 Shares. During the Reporting Period, no options was exercised or cancelled but 35,512,848 options were lapsed. The fair values of the share options granted during the Reporting Period are set out in note 36 to the consolidated financial statements. As at the date of this annual report, 28 March 2019, the total number of shares issuable under the first grant on 23 October 2014 and second grant on 24 July 2015 are 289,457,896 shares (representing approximately 1.52% of total issued Shares) and nil share respectively.

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

					Number of shares options		
Name or category of participants	**Date of grant**	**Exercise period**	**Exercise price** *HK$*	**Adjusted Exercise Price** *HK$* *(Note 1)*	**As at 1.1.2018** *(Note 1)*	**Lapsed during the Reporting Period**	**As at 31.12.2018** *(Note 1)*
Directors:							
Mr. ZHU Yufeng	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,523,100	—	3,523,100
Mr. SUN Xingping	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	16,105,600	—	16,105,600
Ms. HU Xiaoyan	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	16,105,600	—	16,105,600
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,019,800	—	3,019,800
Mr. TONG Wan Sze *(Note 2)*	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	8,052,800	—	8,052,800
Ms. SUN Wei	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	24,158,400	—	24,158,400
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,019,800	—	3,019,800
Mr. SHA Hongqiu	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	8,052,800	—	8,052,800
Mr. YEUNG Man Chung,	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	12,079,200	—	12,079,200
Charles	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,019,800	—	3,019,800
Mr. WANG Bohua	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	—	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	603,960	—	603,960
Mr. XU Songda	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	—	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	603,960	—	603,960
Mr. LEE Conway Kong Wai	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	—	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	603,960	—	603,960
Mr. WANG Yanguo	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	1,006,600	—	1,006,600
Dr. CHEN Ying	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	1,006,600	—	1,006,600
Sub-total					107,001,580	—	107,001,580
Other:							
Eligible persons (in aggregate)	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	237,114,696	(6,039,600)	231,075,096
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	247,271,290	(35,512,848)	211,758,442
Total					591,387,566	(41,552,448)	549,835,118

Note:

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

2. Mr. TONG Wan Sze resigned on 4 January 2019.

Interests of Directors and Chief Executive

As at 31 December 2018, so far as is known to the Directors, the interests of the Directors and chief executive in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(A) The Company — Long Position

	Number of Shares				
Directors	**Beneficiary of a Trust**	**Personal interests**	**Number of underlying Shares** *(Note 1)*	**Total**	**Approximate percentage of issued Shares** *(Note 2)*
Mr. ZHU Yufeng	—	—	3,523,100	3,523,100	0.02%
	1,909,978,301 *(Note 3)*	—		1,909,978,301	10.01%
Mr. SUN Xingping	—	—	16,105,600	16,105,600	0.08%
Ms. HU Xiaoyan	—	—	19,125,400	19,125,400	0.10%
Mr. TONG Wan Sze *(Note 4)*	—	—	8,052,800	8,052,800	0.04%
Ms. SUN Wei	—	—	27,178,200	27,178,200	0.14%
Mr. SHA Hongqiu	—	3,000,000	8,052,800	11,052,800	0.06%
Mr. YEUNG Man Chung, Charles	—	—	15,099,000	15,099,000	0.08%
Mr. WANG Bohua	—	—	2,617,160	2,617,160	0.01%
Mr. XU Songda	—	—	2,617,160	2,617,160	0.01%
Mr. LEE Conway Kong Wai	—	—	2,617,160	2,617,160	0.01%
Mr. WANG Yanguo	—	—	1,006,600	1,006,600	0.01%
Dr. CHEN Ying	—	—	1,006,600	1,006,600	0.01%

Notes:

1. Adjustments have been made to the number of underlying Shares as a result of the rights issue with effect from 2 February 2016. Details can be referred to the Company's announcement dated 2 February 2016.

2. The percentage is calculated based on 19,073,715,441 Shares in issue as at 31 December 2018.

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

4. Mr. Tong Wan Sze resigned on 4 January 2019.

(B) Associated Corporations

GCL-Poly

	Number of ordinary shares in GCL-Poly				
Directors	**Beneficiary of a trust**	**Personal interests**	**Number of underlying shares**	**Total interests**	**Approximate percentage of issued shares** *(Note 1)*
Mr. ZHU Yufeng	6,197,054,822 *(Note 2)*	—	175,851,259 *(Notes 2, 3 & 4)*	6,372,906,081	34.77%
Ms. SUN Wei	—	5,723,000	3,222,944 *(Note 3)*	8,945,944	0.05%
Mr. YEUNG Man Chung, Charles	—	—	1,700,000 *(Note 3)*	1,700,000	0.01%

Notes:

1. The percentage is calculated based on 18,329,949,207 shares of GCL-Poly in issue as at 31 December 2018.

2. Mr. Zhu Yufeng is beneficially interested in a trust as to 6,370,388,156 shares in GCL-Poly. Of these interest of 6,370,388,156 shares in GCL-Poly, an aggregate of 6,197,054,822 shares in GCL-Poly are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan (a director and the chairman of GCL-Poly) and his family (including Mr. Zhu Yufeng, a director of the Company and GCL-Poly respectively, and the son of Mr. Zhu Gongshan) as beneficiaries. Happy Genius Holdings Limited had lent 312,000,000 shares in GCL-Poly to the convertible bond investor's associate under the shares lending agreement ("SLA") dated 23 November 2013 (as amended by an agreement dated 15 July 2015 and further amended by an agreement dated 25 January 2016), out of which 69,333,333 shares were returned on 29 April 2016 and 69,333,333 shares were returned on 7 April 2017. Happy Genius Holdings Limited was thus also interested in a long position of 173,333,334 shares in GCL-Poly. Reference is made to the announcement of GCL-Poly dated 24 July 2018 in relation to the full redemption of the convertible bonds due 2019, all 173,333,334 outstanding shares in GCL-Poly which remained lent to the borrower under the SLA have been redelivered by the borrower to Happy Genius Holdings Limited in accordance with the terms of the SLA. Following such redelivery of shares in GCL-Poly, there are no outstanding shares in GCL-Poly that remain lent to the borrower under the SLA.

3. These are share options granted by GCL-Poly to the eligible persons, pursuant to the share option scheme of GCL-Poly, adopted by the shareholders of GCL-Poly on 22 October 2007. Such granted share options can be exercised by the eligible persons at various intervals during the period from 1 April 2009 to 28 March 2026 at an exercise price of HK$0.586, HK$1.160 or HK$1.324 per share.

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

Save as disclosed above, as at 31 December 2018, none of the Directors or any chief executive of the Company had an interest or short position in any Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

Interests of Substantial Shareholders

As at 31 December 2018, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company as disclosed above) had interest in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the Part XV of the SFO:

Long Position in the Shares

Name	**Nature of interest**	**Number of Shares**	**Approximate percentage in issued Shares** *(Note 1)*
Elite Time Global Limited[2]	Beneficial owner	11,880,000,000	62.28%
GCL-Poly[2]	Corporate interest	11,880,000,000	62.28%
Asia Pacific Energy Fund Limited[3]	Corporate interest	1,909,978,301	10.01%
Asia Pacific Energy Holdings Limited[3]	Corporate interest	1,909,978,301	10.01%
Credit Suisse Trust Limited[3]	Other interest	1,909,978,301	10.01%
Dongsheng Photovoltaic Technology (Hong Kong) Limited[3]	Corporate interest	1,909,978,301	10.01%
Golden Concord Group Limited[3]	Corporate interest	1,909,978,301	10.01%
Golden Concord Group Management Limited[3]	Corporate interest	1,909,978,301	10.01%
ZHU Gongshan[3]	Beneficial owner	1,909,978,301	10.01%
上海其印投資管理有限公司[3]	Corporate interest	1,909,978,301	10.01%
協鑫新能科技（深圳）有限公司[3]	Corporate interest	1,909,978,301	10.01%
協鑫集團有限公司[3]	Corporate interest	1,909,978,301	10.01%
協鑫集成科技股份有限公司[3]	Corporate interest	1,909,978,301	10.01%
句容協鑫集成科技有限公司[3]	Corporate interest	1,909,978,301	10.01%
江蘇協鑫建設管理有限公司[3]	Corporate interest	1,909,978,301	10.01%

Notes:

1. The percentage is calculated based on 19,073,715,441 Shares in issue as at 31 December 2018.

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

3. Dongsheng Photovoltaic Technology (Hong Kong) Limited is wholly-owned by 句容協鑫集成科技有限公司 (formerly known as "江蘇東昇光伏科技有限公司"), which is in turn wholly-owned by GCL System Integration Technology Co., Ltd.. GCL System Integration Technology Co., Ltd. is 50.59% owned by 協鑫集團有限公司. 協鑫集團有限公司 is wholly-owned by 江蘇協鑫建設管理有限公司, which in turn wholly-owned by 協鑫新能科技（深圳）有限公司. 協鑫新能科技（深圳）有限公司 is wholly-owned by Golden Concord Group Management Limited which in turn wholly-owned by Golden Concord Group Limited. Golden Concord Group Limited is in turn wholly-owned by Asia Pacific Energy Holdings Limited which is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. ZHU Yufeng and his family, including Mr. ZHU Yufeng's father, Mr. ZHU Gongshan as beneficiaries. 上海其印投資管理有限公司 is a concert party with 協鑫集團有限公司.

Save as disclosed above, as at 31 December 2018, no other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Directors' interests in competing business

Each of the companies in the Concord Group (a general reference to the companies in which Mr. Zhu Yufeng and his family members have a direct or indirect interest) operates within its own legal, corporate and financial framework. As at 31 December 2018, the Concord Group might have had or developed interests in business similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

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

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

The Company entered into a loan agreement containing covenants relating to specific performance of the controlling shareholder of the Company which was subject to announcement requirement under Rule 13.18 of the Listing Rules and disclosure requirement in this Annual Report under Rule 13.21 of the Listing Rules, the details of which is summarized below and further details can be referred to the Company's announcement dated 30 May 2018.

On 30 May 2018, the Company, as borrower entered into a facility agreement with certain lenders relating to a US$75,000,000 36-month term facility with an accordion option of up to US$175,000,000 ("Facility Agreement"). Under the terms of the Facility Agreement, a "Borrower Change of Control" would occur if:

(a) any person or group of persons acting in concert at any time having total voting powers or beneficially owning a number of total voting shares of the Company that is greater than the total voting power of or number of voting shares beneficially owned by Mr. ZHU Gongshan, his affiliates (including among others, GCL-Poly) and the holding companies which Mr. ZHU Gongshan and his affiliates own more than 80% of the issued share capital (together the "Permitted Holders"), unless the Permitted Holders maintain the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to: (i) appoint and/or remove all, or the majority, of the members of the board of directors of the Company; or (ii) direct or control management and daily operations of the Company; or

(b) the individual persons who on the date of the Facility Agreement constituted the board of directors of the Company, together with any new directors whose election by the board of directors was approved by a vote of at least a majority of the directors then still in office who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Company then in office.

A Borrower Change of Control will trigger an obligation of mandatory prepayment under the Facility Agreement and all amounts outstanding under the Facility Agreement would become immediately due and payable in full unless otherwise agreed by the lenders whose commitments aggregate more than 66.67% of the total commitments under the Facility Agreement. As at the date of this report, the Permitted Holders are beneficiaries indirectly through GCL-Poly and GCL System Integration Technology Co., Ltd. own approximately 72.29% of the Shares.

Continuing Connected Transactions

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

Interests on loan from joint ventures/ultimate holding company/associate of ultimate holding company/fellow subsidiaries/companies controlled by Mr. ZHU Yufeng and his family

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

The loans from GCL-Poly, ultimate holding company of the Company; Xinxin Finance Leasing Company Limited, an associate of GCL-Poly; GCL-Poly (Suzhou), Taicang GCL Photovoltaic Technology Co., Ltd* 太倉協鑫光伏科技有限公司, Yangzhou GCL Photovoltaic Technology Co., Ltd.* 揚州協鑫光伏科技有限公司 and GCL Solar Energy Limited, fellow subsidiaries of the Company; and GCL Group Limited* 協鑫集團有限公司 and Nanjing Xinneng Solar Property Investment Fund Enterprise (Limited Partnership)* 南京鑫能陽光產業投資基金企業（有限合夥）, companies controlled by Mr. ZHU Yufeng and his family, during the Reporting Period were conducted on normal commercial terms or better and thus fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

Compensation of Key Management

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

Interests on perpetual notes

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

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

* English name for identification only

Management Services Income

(i) *Suzhou GCL Poly Solar Power Investment Ltd.*

On 11 July 2017, Suzhou GCL Operation (an indirect wholly-owned subsidiary of the Company) and Suzhou GCL-Poly entered into the Operation Service Agreement for a term of three years commencing from 10 July 2017. Under the Operation Service Agreement, Suzhou GCL Operation will provide operation and management services for the power plants of Suzhou GCL-Poly and its subsidiaries under the terms and conditions set out in the Operation Service Agreement.

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

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

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

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

(ii) *GCL Solar Energy Limited*

On 19 May 2016, GCL New Energy International (an indirect wholly-owned subsidiary of the Company) as service provider and GCL Solar Energy (an indirect wholly-owned subsidiary of GCL-Poly), as service recipient entered into the Asset Management and Administrative Services Agreement for a term of three years. Under the Asset Management and Administrative Services Agreement, GCL New Energy International will provide certain asset management and administrative services to GCL Solar Energy. The annual cap for the continuing connected transactions under the Asset Management and Administrative Services Agreement were/will be US$4,500,000.00 (equivalent of approximately HK$34,951,500.00) for the year ending 31 December 2018 and US$4,190,860.22 (equivalent of approximately HK$32,550,411.33) for the period from 1 January 2019 to 18 May 2019.

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

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

The amount received or receivable by the Group for the provision of asset management and administrative services for the Reporting Period was US$500,000 (equivalent to RMB3,308,700).

Staff Training Agreement

(iii) Suzhou Xin Zhi Hai

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

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

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

The amount paid or payable by the Group for the corporate training services under the Staff Training Agreement for the Reporting Period was RMB6,344,401.

Lease Agreement

(iv) Suzhou GCL Industrial Applications Research

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

The respective maximum aggregate annual caps of the continuing connected transactions under the First Lease Agreement and the Second Lease Agreement were/will be RMB23,212,980 and RMB4,311,276 for the year ending 31 December 2018, RMB17,409,735 and RMB3,233,457 for the period from 1 January 2019 to 30 September 2019.

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

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

The amount paid/payable by the Group for the rent under the First Lease Agreement and the Second Lease Agreement for the Reporting Period were RMB23,212,980 and RMB4,311,276 respectively.

All the Non-exempt Continuing Connected Transactions have been reviewed by the independent non-executive Directors who have confirmed that for the year ended 31 December 2018 the Non-exempt Continuing Connected Transactions have been entered into by the Group (i) in the ordinary and usual course of the business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing the Non-exempt Continuing Connected Transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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

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

1. have received the approval of the Board;
2. have been in accordance with the pricing policies of the Company for transactions involving the provision of goods or services;
3. have been in accordance with the relevant agreement governing such transactions; and
4. have not exceeded the relevant announced cap amounts for the Reporting Period.

Permitted Indemnity Provision

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

Directors' Material Interests in Transactions, Arrangements or Contracts

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

Emolument Policy

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

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

Retirement Benefit Plans

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

Remuneration of Directors and Five Highest Paid Individuals

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

Arrangement to Purchase Shares or Debentures

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

Management Contracts

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

Finance Costs Capitalised

Finance costs amounting to approximately RMB157,891,000 (31 December 2017: RMB330,598,000) were capitalised by the Group during the Reporting Period as set out in note 9 to the consolidated financial statements.

Major Customers and Suppliers

During the Reporting Period, the aggregate amount of purchases (not including those which are of capital nature) attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases.

During the Reporting Period, the Group's five largest customers accounted for approximately 43% (2017: 43%) of the Group's total sales. The largest customer accounted for approximately 12% (2017: 12%) of the Group's total sales.

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

Sufficiency of Public Float

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

Auditor

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

By order of the Board

ZHU Yufeng
Chairman

Hong Kong, 28 March 2019

Shareholders' Rights of Accessing Information

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

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

Dividend Policy

The Company recognizes the importance of maximizing return to Shareholders and believes that driving growth creates significant value to Shareholders. The Dividend Policy aims to set out the approach with the objective of achieving right balance of the amount of dividend and the amount of profits retained in the business for various purposes.

The Board would consider the following factors before declaring or recommending dividend to the Shareholders from time to time:

(a) financial results of the Company;

(b) Shareholders' interests;

(c) general business conditions, strategies and future expansion needs;

(d) the Company's capital requirements;

(e) the payment of cash dividends to the Company from its subsidiaries;

(f) possible effects on liquidity and financial position of the Company; and

(g) the amount of profit can be distributed under applicable accounting standards and other factors that the Board may deem relevant and appropriate.

The Company may declare dividends in any currency through general meetings of the Shareholders, but the declared dividends shall not exceed the amount recommended by the Board. The Board may also declare dividends or other distributions from time to time.

Any dividend declared by the Company shall be conducted in accordance with the Bermuda Companies Act, the Memorandum and Articles of the Company and other applicable laws and regulations, and shall not affect the normal operation of the Company and its subsidiaries.

Review of the Policy

The Board will review the Dividend Policy, as appropriate, which will include an assessment of the effectiveness of the Dividend Policy and approve any amendments thereto if necessary.

Convening of a Special General Meeting on Requisition by Shareholders

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

Procedures for Putting Forward Proposals at General Meeting by Shareholders

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

Shareholders' Right to Propose a Person for Election as a Director

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

Procedures for Directing Shareholders' Enquiries to the Board

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

Contact:	Board Secretarial and Investor Relations Department
Address:	Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Telephone:	(852) 2606-9200
Facsimile:	(852) 2462-7713
Email:	newenergydm@gclnewenergy.com

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

Tricor Abacus Limited

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

Deloitte. 德勤

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

Opinion

We have audited the consolidated financial statements of GCL New Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 76 to 213, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Standards") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements, which indicates that as of 31 December 2018, the Group's current liabilities exceeded its current assets by RMB11,241 million, and as at 31 December 2018, the Group has entered into agreements to construct solar power plants and inject capital to a joint venture which will involve capital commitments of approximately RMB1,151 million. At 31 December 2018, GCL-Poly Energy Holdings Limited ("GCL-Poly"), its parent company and being the guarantor of certain bank borrowings of the Group, breached certain covenants in respect of bank borrowings as stipulated in its relevant loan agreements. In addition, the breach of certain covenant requirements has triggered the cross default clauses in several other bank borrowings of the Group. Subsequent to the end of the reporting period, GCL-Poly has obtained consents from the relevant lenders to waive the financial covenants concerned and not to demand for immediate repayment of these bank borrowings. Notwithstanding this, accounting reclassification of long-term borrowings of approximately RMB1,936 million as current liabilities is still required at 31 December 2018 under applicable accounting standards because the bank waivers were obtained subsequent to the end of the reporting period.

The Company is undertaking a number of financing plans and other measures as described in note 2 to the consolidated financial statements in order to ensure it is able to meet its commitments in the next twelve months. The directors of the Company are of the opinion that based on the assumptions that these financing plans and other measures can be successfully executed, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the foreseeable future. However, the likelihood of successful implementation of these financing plans and other measures, including the Group's and GCL-Poly's ongoing compliance with their borrowing covenants, and along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on tariff adjustment on electricity sales	
We identified the recognition of the Group's revenue on tariff adjustment on electricity sales as a key audit matter due to the judgment and estimation involved in determining whether each of the Group's operating power plants had qualified for, and had met, all the requirements and conditions as required for the registration in the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄) (the "Catalogue") on accruing revenue on tariff adjustments that the inclusion will not result in a significant revenue reversal in the future. Pursuant to the New Tariff Notice issued in August 2013 (the "New tariff Notice") by the National Development and Reform Commission of the People's Republic of China (the "PRC"), approvals for the registration in the Catalogue on a project-by-project basis are required for the relevant state grid companies to be entitled to the tariff adjustments for settlement to the Group. As described in note 6 to the consolidated financial statements, revenue on tariff adjustments on electricity sales of approximately RMB3,409 million were recognised for the year ended 31 December 2018 in which certain on-grid solar power plants of the Group are still pending for registration to the Catalogue, which is an ongoing process as the Catalogue is opened for registrations on a batch by batch basis.	Our procedures in relation to the recognition of the Group's revenue on tariff adjustment on electricity sales included: • Obtaining an understanding of key controls in connection with the recognition of tariff adjustment and assessing the operating effectiveness of key controls; • Obtaining an understanding of the policies and regulations set by the government authorities on tariff adjustment on sales of electricity in this industry; • Obtaining relevant supporting documents, for examples, power purchase agreements and tariff approvals issued by the PRC government; • Obtaining legal opinion from the Group's PRC legal advisor in relation to the assessment that all of the Group's solar power plants currently in operation had met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustment when the electricity was delivered on grid; and • Assessing whether the previous registrations of the group entities operating the solar power plants to the Catalogue were successfully completed against the historical record of the Group.

Key audit matter	How our audit addressed the key audit matter
Accounting and classification of the Group's various financing arrangements	
We identified the accounting and classification of the Group's various financing arrangements as a key audit matter due to the complexity of the terms of the arrangements and the deployment of different types and nature of financing vehicles. As at 31 December 2018, the Group obtained other borrowings of approximately RMB14,646 million via various financing arrangements and details of these are disclosed in note 30 to the consolidated financial statements. The accounting for these arrangements requires a careful consideration of all facts and circumstances and can involve a significant degree of both complexity and the management judgement.	Our procedures in relation to the accounting and classification of the Group's various financing arrangements included: • Obtaining an understanding of key controls and making inquiries with the management in respect of their basis and assessment in relation to the accounting of each financing arrangement; • Evaluating the terms set out in the agreements relating to each key financing arrangement; and • Obtaining information and evidence to assess the substance of the transactions and evaluating the appropriateness of accounting treatment adopted by the management in accordance with IFRS Standards.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 March 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	NOTES	2018 RMB'000	2017 RMB'000
Continuing operations			
Revenue	6	**5,632,397**	3,942,280
Cost of sales		**(1,889,743)**	(1,288,791)
Gross profit		**3,742,654**	2,653,489
Other income	7	**272,146**	220,605
Administrative expenses			
— Share-based payment expenses	36	**(12,679)**	(33,706)
— Other administrative expenses		**(614,700)**	(460,413)
Loss on change in fair value on convertible bonds	32	**(5,524)**	(118,744)
Other gains and losses, net	8	**(352,590)**	30,445
Share of losses of associates	19	**(1,041)**	—
Share of profits of joint ventures	20	**4,562**	4,515
Finance costs	9	**(2,276,958)**	(1,432,082)
Profit before tax		**755,870**	864,109
Income tax (expense) credit	10	**(6,516)**	40,153
Profit for the year from continuing operations	11	**749,354**	904,262
Discontinued operations			
Profit for the year from discontinued operations	12	**—**	77,112
Profit for the year		**749,354**	981,374
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Fair value loss on financial liabilities designated as at fair value through profit or loss ("FVTPL") attribute to changes in credit risk	32	**(108)**	—
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**46,283**	(43,357)
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal of operations		**—**	(86,512)
		46,175	(129,869)
Total comprehensive income for the year		**795,529**	851,505
Profit for the year attributable to:			
Owners of the Company			
— from continuing operations		**469,680**	764,327
— from discontinued operations		**—**	77,112
		469,680	841,439
Profit for the year attributable to non-controlling interests from continuing operations			
— Owners of perpetual notes		**135,029**	131,400
— Other non-controlling interests		**144,645**	8,535
		279,674	139,935
		749,354	981,374

	NOTE	2018 RMB'000	2017 RMB'000
Total comprehensive income for the year attributable to:			
Owners of the Company		**515,855**	711,570
Non-controlling interests			
— Owners of perpetual notes		**135,029**	131,400
— Other non-controlling interests		**144,645**	8,535
		795,529	851,505
		RMB cents	RMB cents
Earnings per share	16		
From continuing and discontinued operations			
— Basic		**2.46**	4.41
— Diluted		**2.42**	4.41
From continuing operations			
— Basic		**2.46**	4.01
— Diluted		**2.42**	4.01

Consolidated Statement of Financial Position

As at 31 December 2018

	NOTES	As at 31 December 2018 RMB'000	As at 31 December 2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	**42,970,249**	38,104,300
Prepaid lease payments	18	**112,041**	113,094
Interests in associates	19	**36,805**	1,000
Interests in joint ventures	20	**66,079**	63,261
Amounts due from related companies	22	**45,146**	151,700
Other investments	21	**100,000**	100,000
Deposits, prepayments and other non-current assets	23	**3,334,001**	5,518,674
Contract assets	24B	**4,236,405**	—
Pledged bank and other deposits	27	**751,858**	515,005
Deferred tax assets	33	**194,087**	146,275
		51,846,671	44,713,309
CURRENT ASSETS			
Trade and other receivables	24A	**4,930,458**	4,227,637
Other loan receivables	26	**20,250**	118,989
Other investments	21	**—**	240,040
Amounts due from related companies	22	**342,328**	206,581
Prepaid lease payments	18	**2,221**	2,082
Tax recoverable		**8,521**	1,042
Pledged bank and other deposits	27	**1,279,425**	1,728,068
Bank balances and cash	27	**1,361,978**	4,196,596
		7,945,181	10,721,035
Assets classified as held for sale	13	**1,388,009**	—
		9,333,190	10,721,035
CURRENT LIABILITIES			
Other payables and deferred income	28	**10,134,246**	10,851,194
Amounts due to related companies	22	**139,460**	102,784
Tax payable		**11,632**	7,052
Loans from related companies	29	**1,030,590**	1,071,876
Bank and other borrowings	30	**8,323,115**	7,067,596
Convertible bonds	32	**—**	925,642
		19,639,043	20,026,144
Liabilities directly associated with assets classified as held for sale	13	**935,463**	—
		20,574,506	20,026,144
NET CURRENT LIABILITIES		**(11,241,316)**	(9,305,109)
TOTAL ASSETS LESS CURRENT LIABILITIES		**40,605,355**	35,408,200

	NOTES	As at 31 December 2018 RMB'000	As at 31 December 2017 RMB'000
NON-CURRENT LIABILITIES			
Loans from related companies	29	2,186,433	—
Bank and other borrowings	30	24,340,160	25,482,406
Bonds and senior notes	31	3,934,397	882,760
Deferred income	28	394,011	211,613
Deferred tax liabilities	33	48,814	35,479
		30,903,815	26,612,258
NET ASSETS		9,701,540	8,795,942
CAPITAL AND RESERVES			
Share capital	34	66,674	66,674
Reserves		6,068,524	5,554,196
Equity attributable to owners of the Company		6,135,198	5,620,870
Equity attributable to non-controlling interests			
— owner of perpetual notes		2,001,114	1,866,085
— other non-controlling interests		1,565,228	1,308,987
TOTAL EQUITY		9,701,540	8,795,942

The consolidated financial statements on pages 76 to 213 were approved and authorised for issue by the Board of Directors on 28 March 2019 and are signed on its behalf by:

Zhu Yufeng	**Sun Xingping**
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Attributable to owners of the Company										Non-controlling interests		
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000 *(Note a)*	Legal reserves RMB'000 *(Note b)*	Translation reserve RMB'000	Special reserve RMB'000 *(Note c)*	Financial liabilities at FVTPL credit risk reserve RMB'000 *(Note d)*	Share options reserve RMB'000	(Accumulated losses) retained earnings RMB'000	Sub-total RMB'000	Perpetual notes RMB'000	Other non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017	66,674	4,265,230	15,918	185,234	24,265	—	—	197,911	(182,278)	4,572,954	1,800,000	46,650	6,419,604
Profit for the year	—	—	—	—	—	—	—	—	841,439	841,439	131,400	8,535	981,374
Other comprehensive expense for the year	—	—	—	—	(129,869)	—	—	—	—	(129,869)	—	—	(129,869)
Total comprehensive (expense) income for the year	—	—	—	—	(129,869)	—	—	—	841,439	711,570	131,400	8,535	851,505
Transfer to legal reserves	—	—	—	204,973	—	—	—	—	(204,973)	—	—	—	—
Recognition of equity-settled share-based payments *(note 36)*	—	—	—	—	—	—	—	33,706	—	33,706	—	—	33,706
Forfeitures of share options *(note 36)*	—	—	—	—	—	—	—	(21,851)	21,851	—	—	—	—
Acquisition of additional interest in a subsidiary *(note 48c)*	—	—	—	—	—	(8,950)	—	—	—	(8,950)	—	(10,050)	(19,000)
Distribution paid to owners of perpetual notes	—	—	—	—	—	—	—	—	—	—	(65,315)	—	(65,315)
Non-controlling interest arising on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	1,753	1,753
Capital contribution by non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	101,991	101,991
Disposal of PCB Business	—	—	—	(40,090)	—	—	—	—	40,090	—	—	—	—
Deemed disposal of partial interest in a subsidiary *(note 48c)*	—	—	—	(9,355)	—	528,470	—	—	(179,223)	339,892	—	1,160,108	1,500,000
Transaction costs on deemed disposal of partial interest in a subsidiary	—	—	—	—	—	(28,302)	—	—	—	(28,302)	—	—	(28,302)
At 31 December 2017	66,674	4,265,230	15,918	340,762	(105,604)	491,218	—	209,766	336,906	5,620,870	1,866,085	1,308,987	8,795,942
Adjustment to retained earnings attributable to change in the credit risk of convertible bonds	—	—	—	—	—	—	(10,445)	—	10,445	—	—	—	—
At 1 January 2018	**66,674**	**4,265,230**	**15,918**	**340,762**	**(105,604)**	**491,218**	**(10,445)**	**209,766**	**347,351**	**5,620,870**	**1,866,085**	**1,308,987**	**8,795,942**
Profit for the year	—	—	—	—	—	—	—	—	**469,680**	**469,680**	**135,029**	**144,645**	**749,354**
Other comprehensive income (expense) for the year	—	—	—	—	**46,283**	—	**(108)**	—	—	**46,175**	—	—	**46,175**
Total comprehensive income (expense) for the year	—	—	—	—	**46,283**	—	**(108)**	—	**469,680**	**515,855**	**135,029**	**144,645**	**795,529**
Redemption of convertible bonds	—	—	—	—	—	—	**10,553**	—	**(10,553)**	—	—	—	—
Transfer to legal reserves	—	—	—	**389,940**	—	—	—	—	**(389,940)**	—	—	—	—
Recognition of equity-settled share-based payments *(note 36)*	—	—	—	—	—	—	—	**12,679**	—	**12,679**	—	—	**12,679**
Forfeitures of share options *(note 36)*	—	—	—	—	—	—	—	**(7,621)**	**7,621**	—	—	—	—
Non-controlling interest arising on acquisition of subsidiaries *(note 37)*	—	—	—	—	—	—	—	—	—	—	—	**25,681**	**25,681**
Distribution paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	**(44,685)**	**(44,685)**
Deemed disposal of partial interest in subsidiaries *(note 48c)*	—	—	—	**(2,853)**	—	—	—	—	**(5,802)**	**(8,655)**	—	**103,505**	**94,850**
Disposal of partial interest of a subsidiary *(note 48c(b))*	—	—	—	**(166)**	—	—	—	—	**(5,385)**	**(5,551)**	—	**27,095**	**21,544**
At 31 December 2018	**66,674**	**4,265,230**	**15,918**	**727,683**	**(59,321)**	**491,218**	**—**	**214,824**	**412,972**	**6,135,198**	**2,001,114**	**1,565,228**	**9,701,540**

Notes:

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

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

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

(d) Financial liabilities at FVTPL credit risk reserve represents the amount of change in fair value of the convertible bonds issued by the Company, which is classified as financial liabilities designated as at FVTPL under International Financial Reporting Standard 9 ("IFRS 9"), that is attributable to changes in credit risk of the convertible bonds and transfer to retained earnings on redemption.

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	NOTES	2018 RMB'000	2017 RMB'000
OPERATING ACTIVITIES			
Profit for the year		**749,354**	981,374
Adjustments for:			
Income tax		**6,516**	(34,830)
Amortisation of prepaid lease payments		**3,073**	2,323
Amortisation of deferred income on government grant — ITC (defined in note 7)		**(9,689)**	(3,836)
Amortisation of deferred income on government grants — incentive subsidies		**—**	(89)
Depreciation of property, plant and equipment		**1,510,182**	1,089,361
Loss on disposal of property, plant and equipment		**—**	453
Finance costs		**2,276,958**	1,439,439
Interest income		**(147,659)**	(140,660)
Share-based payment expenses		**12,679**	33,706
Share of profits of joint ventures		**(4,562)**	(4,515)
Share of losses of associates		**1,041**	—
Loss on change in fair value of convertible bonds		**5,524**	118,744
Gain on other investments		**(16,790)**	(2,883)
Loss on measurement to fair value less costs to sell	12	**—**	4,734
Gain on disposal of discontinued operations including a cumulative exchange gain reclassified from translation reserve to profit or loss	12	**—**	(86,512)
Gain on disposal of solar power plant projects		**(35,146)**	(18,745)
Unrealised exchange loss, net		**383,295**	—
Operating cash flows before movements in working capital		**4,734,776**	3,378,064
Increase in deposits, prepayments and other non-current assets		**(269,785)**	(144,091)
Increase in inventories		**—**	(4,611)
Increase in contract assets		**(2,400,313)**	—
Decrease (increase) in trade and other receivables		**330,101**	(1,409,413)
(Increase) decrease in amounts due from related companies		**(27,995)**	47,804
Increase in other payables		**148,173**	8,152
Increase (decrease) in amounts due to related companies		**6,196**	(1,465)
Cash generated from operations		**2,521,153**	1,874,440
Income taxes paid		**(58,807)**	(20,313)
NET CASH FROM OPERATING ACTIVITIES		**2,462,346**	1,854,127
INVESTING ACTIVITIES			
Interest received		**21,240**	79,897
Payments for construction and purchase of property, plant and equipment and land use rights		**(8,189,773)**	(13,633,917)
Acquisition of subsidiaries	37	**21,810**	32,877
Settlement of payables to vendors of solar power plant projects		**(12,165)**	(23,738)
Capital injection to joint ventures		**(8,530)**	(34,540)
Capital injection to an associate		**(30)**	(1,000)
Deemed acquisition of a subsidiary	37	**3,422**	—
Capital refunded from a joint venture		**—**	7,289
Repayment from third parties		**3,000**	20,919
Proceeds from disposal of property, plant and equipment		**—**	1,475
Loans to a joint venture		**—**	(71,000)
Dividend received from joint venture		**—**	714
Withdrawal of pledged bank and other deposits		**1,778,899**	2,161,188
Placement of pledged bank and other deposits		**(1,589,244)**	(2,145,372)
Advance to related companies		**(101,001)**	(592)
Repayment from related companies		**7,320**	284
Advance to non-controlling interests		**(59,740)**	—
Proceeds from transfer of ITC benefit	28	**—**	222,751
Proceeds from disposal of PCB business (as defined in note 1)	38a	**—**	190,250
Proceeds from disposal of solar power plant projects	38b&c	**138,684**	175,442
Investments in other investments		**—**	(606,050)
Proceeds from redemption of other investments		**256,830**	268,893
NET CASH USED IN INVESTING ACTIVITIES		**(7,729,278)**	(13,354,230)

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	NOTE	2018 RMB'000	2017 RMB'000
FINANCING ACTIVITIES			
Interest paid		**(2,199,251)**	(1,795,446)
Distributions paid to owners of perpetual notes		**—**	(65,315)
Proceeds from bank and other borrowings		**9,266,459**	18,384,272
Repayment of bank and other borrowings		**(8,038,353)**	(7,465,522)
Proceeds from loans from related companies		**2,884,531**	1,000,000
Repayment of loans from related companies		**(1,439,756)**	(600,000)
Proceeds from deemed disposal of partial interest in Suzhou GCL New Energy (as defined in note 40b)	48c	**—**	1,500,000
Transaction costs paid for the deemed disposal of partial interest in Suzhou GCL New Energy	48c	**—**	(28,302)
Proceeds from disposal of partial interest in a subsidiary	48c	**21,544**	—
Proceeds from deemed disposal of partial interest in subsidiaries	48c	**94,850**	—
Acquisition of additional interest in a subsidiary	48c	**—**	(2,559)
Transaction costs paid for the issuance of bonds and senior notes		**(47,681)**	(3,540)
Proceeds from issuance of bonds and senior notes		**3,166,950**	885,000
Payment for redemption of convertible bonds		**(890,202)**	—
Payment for repurchase of bonds		**(350,000)**	—
Advance from related companies		**25,849**	4,042
Repayment to related companies		**(4,646)**	(2,433)
Repayment of obligations under finance leases		**—**	(24,151)
Capital contribution by non-controlling interests		**—**	101,991
Dividend paid to non-controlling interests		**(38,389)**	—
NET CASH FROM FINANCING ACTIVITIES		**2,451,905**	11,888,037
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(2,815,027)**	387,934
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**4,196,596**	3,853,082
Effect of exchange rate changes on the balance of cash held in foreign currencies		**25,282**	(44,420)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
Represented by			
— bank balances and cash		**1,361,978**	4,196,596
— bank balances and cash classified as held for sale		**44,873**	—
		1,406,851	4,196,596

1. General Information

GCL New Energy Holdings Limited (the "Company") is incorporated in Bermuda as exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate holding company is Elite Time Global Limited, a company incorporated in the British Virgin Islands ("BVI"). Its ultimate holding company is GCL-Poly Energy Holdings Limited ("GCL-Poly"), a company incorporated in the Cayman Islands with shares listed on the Stock Exchange. The address of the registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business is at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

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

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

2. Basis of Preparation

As at 31 December 2018, the Group's current liabilities exceeded its current assets by approximately RMB11,241 million. In addition, as at 31 December 2018, the Group has entered into agreements to construct solar power plants and inject capital to joint venture which will involve capital commitments of approximately RMB1,151 million. In the event that the Group is successful in expanding the investments in the existing solar power plants in the coming twelve months from 31 December 2018, additional cash outflows will be required to settle further committed capital expenditure.

As at 31 December 2018, the Group's total borrowings comprising bank and other borrowings, bonds and senior notes, and loans from related companies amounted to approximately RMB40,688 million. The amounts included bank and other borrowings classified as liabilities directly associated with assets classified as held for sales of RMB873 million. For the remaining balance of approximately RMB39,815 million, RMB9,354 million will be due in the coming twelve months, including bank borrowings of approximately RMB1,936 million, which shall be due after twelve months from the end of the reporting period in accordance with the scheduled repayment dates as set out in the respective loan agreements but are reclassified to current liabilities as a result of the breach of loan covenants by GCL-Poly, the guarantor of certain bank borrowings and thereby triggered the cross default of certain bank borrowings of the Group; accordingly, these bank borrowings became repayable on demand as at 31 December 2018. Subsequent to the end of the reporting period, GCL-Poly has obtained consents from the relevant lenders to waive the financial covenants concerned and not to demand for immediate repayment of these bank borrowings; and accordingly, the cross default on the relevant bank borrowings of the Group are also remedied. Notwithstanding this, accounting reclassification of long-term borrowings of approximately RMB1,936 million as current liabilities is still required at 31 December 2018 under applicable accounting standards because the bank waivers were obtained subsequent to the end of the reporting period.

2. Basis of Preparation *(continued)*

The Group's pledged bank and other deposits and bank balances and cash amounted to approximately RMB2,049 million (including pledged deposit of RMB18 million placed at an associate of ultimate holding company for its short-term loans advanced to the Group) and RMB1,407 million (including bank balances and cash classified as assets held for sale of RMB45 million) as at 31 December 2018, respectively. The financial resources available to the Group as at 31 December 2018 and up to the date of approval of these consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements. The Group is actively pursuing additional financing including, but not limited to, equity and debt financing and bank borrowings.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company (the "Directors") have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2018. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures relating to the solar power plants, that will be due in the coming twelve months from 31 December 2018, and the on-going covenants compliance upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

(i) Subsequent to 31 December 2018, the Group successfully obtained new borrowings of approximately RMB2,293 million from banks and other financial institutions in the PRC;

(ii) The Group proposed to issue medium-term notes with an aggregate principal amount of not exceeding RMB3,000 million to institutional investors of the national interbank bond market in the PRC. In addition, the Group proposed to issue public offering bonds with an aggregate principal amount of not exceeding RMB3,000 million in Shenzhen Stock Exchange in the PRC. It is expected that the notes and bonds will be issued in one or more tranches and that each tranche of the notes and bonds shall have a maturity of three years;

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

(iv) As at 31 December 2018, the Group has completed the construction of 215 solar power plants with approval for on-grid connection and it also has one solar power plant under construction targeting to achieve on-grid connection within the coming twelve months from the date of approval of these consolidated financial statements for issuance. The abovementioned solar power plants have an aggregate installed capacity of approximately 7.0 GW and are expected to generate operating cash inflows to the Group.

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

2. Basis of Preparation *(continued)*

After taking into account the Group's business prospects, internal resources, the available committed and uncommitted financing facilities and arrangements, equity issuance and transformation to light-asset model as mentioned above, the Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

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

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards")

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year

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

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRS Standards 2014 – 2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

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

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.1 IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 for the first time in the current year. IFRS 15 superseded International Accounting Standard ("IAS") 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

The Group has applied IFRS 15 retrospectively to all contracts with customers, including completed contracts, with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 Revenue and IAS 11 Construction Contracts and the related interpretations.

The Group recognised revenue from the sales of electricity upon electricity is generated and transmitted.

Information about the Group's performance obligations and the accounting policies resulting from application of IFRS 15 are disclosed in notes 6 and 4, respectively.

3.1.1 Summary of effects arising from initial application of IFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Note	Carrying amounts previously reported at 31 December 2017 RMB'000	Reclassification RMB'000	**Carrying amounts under IFRS 15 at 1 January 2018 RMB'000**
Non-current Assets				
Deposits, prepayments and other non-current assets	(a)	5,518,674	(1,836,092)	**3,682,582**
Contract assets	(a)	—	1,836,092	**1,836,092**
Current Assets				
Trade and other receivables	(a)	4,227,637	(1,998,978)	**2,228,659**
Contract assets	(a)	—	1,998,978	**1,998,978**

Note:

(a) As at 1 January 2018, tariff adjustments related to solar power plants yet to obtain approval for registration in the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄, the "Catalogue"), were reclassified and presented as contract assets.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.1 IFRS 15 Revenue from Contracts with Customers (continued)

3.1.1 Summary of effects arising from initial application of IFRS 15 *(continued)*

The following tables summarise the impacts of applying IFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and the consolidated statement of cash flows for the year then ended for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	Note	**As reported** RMB'000	**Adjustments** RMB'000	**Amounts without application of IFRS 15** RMB'000
Non-current Assets				
Deposits, prepayments and other non-current assets	(b)	3,334,001	4,236,405	7,570,406
Contract assets	(b)	4,236,405	(4,236,405)	—

Impact on the consolidated statement of cash flows

	Note	**As reported** RMB'000	**Adjustments** RMB'000	**Amounts without application of IFRS 15** RMB'000
OPERATING ACTIVITIES				
Increase in deposits, prepayments and other non-current assets	(b)	(269,785)	(2,400,313)	(2,670,098)
Increase in contract assets	(b)	(2,400,313)	2,400,313	—

Note:

(b) As at 31 December 2018, adjustments represented tariff adjustments related to solar power plants yet to obtain approval for registration in the Catalogue, and such amounts are classified as contract assets upon application of IFRS 15.

Other than the above, application of IFRS 15 has no material impact on the timing and amounts of revenue recognised by the Group for the current year.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.2 IFRS 9 Financial Instruments ("IFRS 9")

In the current year, the Group has applied IFRS 9 and the related consequential amendments to other IFRS Standards. IFRS 9 introduces new requirement for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirement (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirement to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and carrying amounts as at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 Financial Instruments: Recognition and Measurement.

Accounting policies resulting from application of IFRS 9 are disclosed in Note 4.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.2 IFRS 9 Financial Instruments ("IFRS 9") (continued)

3.2.1 Summary of effects arising from initial application of IFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

	Notes	Available-for-sale investments RMB'000	Financial assets at FVTPL required by IFRS 9 RMB'000	Amortised cost (previously classified as loans and receivables) RMB'000	Contract assets RMB'000	Retained earnings RMB'000	Financial liabilities at FVTPL credit risk reserve RMB'000
Closing balance at 31 December 2017 – IAS 39		340,040	—	12,059,560	—	336,906	—
Effect arising from initial application of IFRS 15		—	—	(3,835,070)	3,835,070	—	—
Effect arising from initial application of IFRS 9:							
Reclassification from available-for-sale	(a)	(340,040)	340,040	—	—	—	—
Remeasurement impairment under ECL model	(b)	—	—	—	—	—	—
Adjustment to retained earnings attributable to changes in the credit risk of financial liabilities designated as at FVTPL	(c)	—	—	—	—	10,445	(10,445)
Opening balance at 1 January 2018		—	340,040	8,224,490	3,835,070	347,351	(10,445)

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.2 IFRS 9 Financial Instruments ("IFRS 9") (continued)

3.2.1 Summary of effects arising from initial application of IFRS 9 *(continued)*

(a) Available-for-sale ("AFS") investments

From AFS investments to financial assets at FVTPL

At the date of initial application of IFRS 9, the Group's investments in asset management plans of approximately RMB340,040,000 were reclassified to financial assets at FVTPL. These investments do not contain contractual terms giving rise to cash flows that are solely payments of principal and interest on the principal outstanding.

(b) Impairment under ECL model

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets, including those with significant financing component. To measure the ECL, contract assets and trade receivables have been assessed individually for debtors with significant balances, or collectively using a provision matrix for debtors which share credit risk characteristics. The contract assets relate to tariff adjustments to be billed to customers based on the prevailing national government policies on renewable energy and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loss allowances for other financial assets at amortised cost mainly comprise pledged bank and other deposits, bank balances, other loan receivables, other receivables and amounts due from related companies, are assessed on 12-month ECL ("12m ECL") basis and there has been no significant increase in credit risk since initial recognition.

As at 1 January 2018, there was no additional credit loss allowance being recognised against retained earnings as the amount involved is insignificant.

(c) Financial liabilities designated as at FVTPL

Convertible bonds issued by the Company designated as at FVTPL qualified for designation as measured at FVTPL under IFRS 9. However, the amount of change in the fair value of these financial liabilities that is attributable to changes in the credit risk of those labilities (excluding the change in fair value of the derivative components) will be recognised in other comprehensive income ("OCI") with the remaining fair value change recognised in profit or loss. Related fair value losses attributable to changes in the credit risk of those liabilities of RMB10,445,000 were transferred from the retained earnings to financial liabilities at FVTPL credit risk reserve on 1 January 2018.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.3 Impact on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the entity's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each individual line item.

	31 December 2017 RMB'000 (Audited)	**IFRS 15** RMB'000	**IFRS 9** RMB'000	**1 January 2018** RMB'000 (Restated)
Non-current Assets				
Deposits, prepayments and other non-current assets	5,518,674	(1,836,092)	—	3,682,582
Contract assets	—	1,836,092	—	1,836,092
Other investments classified as AFS	100,000	—	(100,000)	—
Other investments classified as financial assets at FVTPL	—	—	100,000	100,000
Others with no adjustments	39,094,635	—	—	39,094,635
	44,713,309	—	—	44,713,309
Current Assets				
Trade and other receivables	4,227,637	(1,998,978)	—	2,228,659
Contract assets	—	1,998,978	—	1,998,978
Other investments classified as AFS	240,040	—	(240,040)	—
Other investments classified as financial assets at FVTPL	—	—	240,040	240,040
Others with no adjustments	6,253,358	—	—	6,253,358
	10,721,035	—	—	10,721,035
Current Liabilities	20,026,144	—	—	20,026,144
Net Current Liabilities	(9,305,109)	—	—	(9,305,109)
Total Assets less Current Liabilities	35,408,200	—	—	35,408,200
Capital and Reserves				
Share capital	66,674	—	—	66,674
Equity attributable to owners of the Company				
— Reserves	5,217,290	—	(10,445)	5,206,845
— Retained earnings	336,906	—	10,445	347,351
Non-controlling interests	3,175,072	—	—	3,175,072
Total Equity	8,795,942	—	—	8,795,942
Non-current Liabilities	26,612,258	—	—	26,612,258

Note: For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 December 2018, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2018 as disclosed above.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(b) New and amendments to IFRS Standards that have been issued but not yet effective

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

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[3]
IFRIC 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 3	Definition of a Business[4]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1 and IAS 8	Definition of Material[5]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term interests in Associate and Joint Venture[1]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2015 – 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of first annual periods beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2020

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

IFRS 16 Leases

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

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, IFRS 16 requires sales and leaseback transactions to be determined based on the requirements of IFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. IFRS 16 also includes requirements relating to subleases and lease modification.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(b) New and amendments to IFRS Standards that have been issued but not yet effective *(continued)*

IFRS 16 Leases (continued)

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

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

Other than certain requirements which are also applicable to lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB2,299,976,000 as disclosed in note 42. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Under application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases, unless the Group opts to elect certain practical expedients. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

In addition, the Group currently considers refundable rental deposits paid of RMB8,498,000 as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets; accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments included in the initial measurement of right-of-use assets.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(b) New and amendments to IFRS Standards that have been issued but not yet effective *(continued)*

IFRS 16 Leases (continued)

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply IFRS 16 to contracts that were previously identified as lease applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. However, power purchase agreements entered into by the Group and/or contract modifications on or after the date of initial application will be assessed under IFRS 16. Furthermore, the Group intends to elect the modified retrospective approach for the application of IFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

Amendments to IFRS 3 Definition of a Business

The amendments clarify the definition of a business and provide additional guidance with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. Furthermore, an optional concentration test is introduced to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments will be mandatorily effective to the Group prospectively for acquisition transactions completed on or after 1 January 2020.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. The amendments also align the definition across all IFRS Standards and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Amendments to IFRS Standards Annual Improvements to IFRS Standards 2015-2017 Cycle

IAS 23 Borrowing costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intend use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

4. Significant Accounting Policies

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

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

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

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

4. Significant Accounting Policies *(continued)*

Basis of consolidation *(continued)*

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

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

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interest (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9/IAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. Significant Accounting Policies *(continued)*

Business combinations

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

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

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

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

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

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

Non-controlling interests are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amount arising from interest in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9/IAS 39 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

4. Significant Accounting Policies *(continued)*

Acquisition of a subsidiary not constituting a business

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

Investments in associates and joint ventures

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

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

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

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

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. Significant Accounting Policies *(continued)*

Investments in associates and joint ventures *(continued)*

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9/IAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing the relevant interest in associate or the joint venture is included in the determination of the gain or loss on disposal of associate or the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

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

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

Non-current assets held for sale

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

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

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale from the time when the investment is classified as held for sale.

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

4. Significant Accounting Policies *(continued)*

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in note 3)

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue from sales of electricity is recognised at a point in time when the control of the electricity transferred, being at the point when electricity has generated and transmitted to the customer.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Variable consideration

For contracts that contain variable consideration in relation to sales of electricity to the state grid companies which contain tariff adjustments related to solar power plants yet to obtain approval for registration in the Catalogue by the PRC government, the Group estimates the amount of consideration to which it will be entitled using the most likely amount.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty with the variable consideration is subsequently resolved.

4. Significant Accounting Policies *(continued)*

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in note 3) *(continued)*

Variable consideration (continued)

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstance during the reporting period.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Revenue recognition (prior to 1 January 2018)

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

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

Revenue from the sales of electricity, including portion relating to tariff adjustment, is recognised when electricity is generated and transmitted.

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

Leases

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

The Group as Lessee

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

4. Significant Accounting Policies *(continued)*

Leases *(continued)*

The Group as Lessee (continued)

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

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

Leasehold land and building

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

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

Sale and leaseback resulting in a finance lease

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. Significant Accounting Policies *(continued)*

Foreign currencies *(continued)*

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

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

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

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

Borrowing costs

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

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

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

Government grants

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

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

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

4. Significant Accounting Policies *(continued)*

Retirement benefit costs

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

Short-term employee benefits

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

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

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees and others providing similar services

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

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

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

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

4. Significant Accounting Policies *(continued)*

Taxation

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

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

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

4. Significant Accounting Policies *(continued)*

Property, plant and equipment

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

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

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

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

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

Prepaid lease payments

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

Impairment of tangible assets

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

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

4. Significant Accounting Policies *(continued)*

Impairment of tangible assets *(continued)*

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

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

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs are directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 3)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/ initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Other gains and losses, net" line item.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets (upon application IFRS 9 with transitions in accordance with note 3)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade and other receivables, amounts due from related companies, other loan receivables, pledged bank and other deposits, and bank balances and cash) and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets, including those with significant financing component. For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

The ECL on these assets are assessed individually for debtors with significant balances, or collectively using a provision matrix for debtor with shared credit risk characteristics by reference to past default experience of the debtor, adjusted for factors in relation to general economic conditions of the solar industry and an assessment of both the current as well as the forecast direction at the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets (upon application IFRS 9 with transitions in accordance with note 3) *(continued)*

(i) Significant increase in credit risk (continued)

- an actual or expected significant deterioration in the operating results of the debtor; and

- actual or expected significant adverse change in the regulatory, economics, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payment are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrate otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full without taking into account any collaterals held by the Group.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information that demonstrate a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets (upon application IFRS 9 with transitions in accordance with note 3) *(continued)*

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instruments that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables and contract assets are assessed as a separate group. Other receivables, amounts due from related companies and other loan receivables are assessed for ECL on an individual bases);
- Past default experience with the debtors;
- Geographical location of debtors;
- Aging of the debtors;

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

(v) Measurement and recognition of ECL (continued)

- General economic conditions of the Solar Energy Business; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised loss, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustments recognised through allowance accounts.

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 January 2018)

Financial assets are classified into the following specified categories: AFS financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Group designated the investments as set out in note 21 as AFS investments on initial recognition on those items.

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

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 January 2018) *(continued)*

Loans and receivables

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

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

Impairment of financial assets (before application of IFRS 9 on 1 January 2018)

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

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

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

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

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

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

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets (before application of IFRS 9 on 1 January 2018) *(continued)*

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

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

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

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income an accumulated under the heading of investment revaluation reserve.

Derecognition of financial assets

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

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

On derecognition of an AFS financial asset, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified in profit or loss.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substances of the contractual arrangements and the definition of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVPTL.

Financial liabilities at FVTPL

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

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

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

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity (continued)

Financial liabilities at amortised cost

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

The financing arrangements entered into with financial institutions, where the Group transferred the legal title of certain equipment of the Group to the relevant financial institutions, and the Group is obligated to repay by instalments over the lease period, are accounted for as collateralised borrowing at amortised cost using effective interest method. The relevant equipment is not derecognised and continue to depreciate over their useful life by the Group during the lease period.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9 (since 1 January 2018)/HKAS 37 Provision, Contingent Liabilities and Contingent Assets (before application of IFRS 9 on 1 January 2018); and

- The amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Convertible bonds

At the date of issue, the convertible bonds payables contains both the debt component and derivative components are designated as financial liabilities at FVTPL and subsequently measured at fair value. Transaction costs relating to the issuance of the convertible bonds payable are charged to profit or loss immediately.

Upon application of IFRS 9 from 1 January 2018, changes in fair value that is attributable to changes in the credit risk (excluding changes in fair value of the embedded derivatives) is recognised in other comprehensive income, unless the recognition of the effects of changes in credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition.

Prior to application of IFRS 9 on 1 January 2018, the entire changes in fair value, including the amount that is attributable to changes in credit risk is recognised in profit or loss.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity (continued)

Convertible bonds *(continued)*

The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "loss on change in fair value on convertible bonds" line item.

Derecognition modification of financial liabilities

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

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 percent.

Non-substantial modifications of financial liabilities (under IFRS 9 since 1 January 2018)

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Non-substantial modifications of financial liabilities (before application of IFRS 9 on 1 January 2018)

For non-substantial modifications of financial liabilities that do not result in derecognition, at the point of modification, the carrying amount of the relevant financial liabilities is revised for directly attributable transaction costs and any consideration paid to or received from the counterparty. The effective interest rate is then adjusted to amortise the difference between the revised carrying amount and the expected cash flows over the life of the modified instrument.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Critical judgements in applying accounting policies

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

Revenue recognition on tariff adjustments on sales of electricity

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

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

Tariff adjustments of RMB3,408,718,000 (2017: RMB2,480,937,000) are included in the sales of electricity for the year ended 31 December 2018 as disclosed in note 6, of which certain on-grid solar power plants of the Group are still pending for registration to the Catalogue, which is an on-going process as the Catalogue is opened for registration on a batch by batch basis. Accordingly, for certain power plants which are pending for registration to the Catalogue, the relevant tariff adjustments are recognised only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future on the basis that all of the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants, and taking into account the legal opinion as advised by the Group's legal advisor, who considered that all of the Group's solar power plants currently in operation had met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustments when the electricity was delivered on grid. Hence, the Group's operating power plants were able to be registered in the Catalogue in due course and the accrued revenue on tariff subsidy are fully recoverable.

Cumulative amount of tariff receivables relating to power plants yet to register in the Catalogue amounting to RMB4,236,405,000 (2017: RMB3,835,070,000) remains outstanding as at the end of the reporting period.

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

Critical judgements in applying accounting policies *(continued)*

Accounting and classification of the Group's various financing arrangements

As at 31 December 2018, the Group obtained other borrowing of RMB14,646,071,000 (2017: RMB14,194,389,000) via various financing arrangements with details disclosed in note 30.

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

Key sources of estimation uncertainty

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

Provision of ECL on amounts due from related companies

The Group measures loss allowance equal to 12m ECL for amounts due from related companies. Management regularly reviews the historical payment patterns or financial position of counterparties and overdue status of the receivables. The amount of ECL reflect changes in credit risk since initial recognition and is sensitive to changes in estimates.

As at 31 December 2018, the carrying amounts due from related companies were approximately RMB387,474,000 (2017: RMB358,281,000). The ECL provision on amounts due from related companies is insignificant.

Provision of ECL for trade receivables and contract assets

The Group uses provision matrix to calculate ECL for the trade receivables and contract assets. The provision rates are based on internal credit rating as groupings for various debtors which shared credit risk characteristics by reference to repayment history of the debtor, taking into account general economic conditions of the solar industry, relevant country default risk, and an assessment of both the current as well as forecast direction at the reporting date. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and contract assets with significant balances and credit-impaired are assessed for ECL individually. As at 31 December 2018, the ECL provision for trade receivables and contract assets is considered insignificant.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in note 40b.

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

Key sources of estimation uncertainty *(continued)*

Useful lives and impairment of property, plant and equipment

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

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

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

As at 31 December 2018, the carrying amount of property, plant and equipment was approximately RMB42,970,249,000 (2017: RMB38,104,300,000), net of accumulated depreciation and impairment of approximately RMB3,086,324,000 (2017: RMB1,658,163,000).

6. Revenue and Segment Information

Revenue represents revenue arising on sales of electricity which is recognised at a point in time. Substantially, all of the revenue is derived from electricity sales to local units of state grid in the PRC for the years ended 31 December 2018 and 2017.

For sales of electricity, the Group generally entered into power purchase agreements with a term of one to five years which stipulate the price of electricity per watt hour. Revenue is recognised when control of the electricity has transferred, being at the point when electricity has generated and transmitted to the customer and the amount included RMB3,408,718,000 (2017: RMB2,480,937,000) tariff adjustment recognised during the year. The Group generally grants credit period of approximately one month to customers from date of invoice in accordance with the relevant power purchase agreements between the Group and the respective local grid companies. The Group will complete the remaining performance obligations in accordance with the relevant terms as stipulated in the power purchase agreements and the remaining aggregated transaction price will be equal to the quantity of electricity that can be generated and transmitted to the customers times the stipulated price per watt hour.

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

For those tariff adjustments that are subject to approval for registration in the Catalogue by the PRC government, the relevant revenue from these tariff adjustments are considered variable consideration, and are recognised only to the extent that it is highly probable that a significant reversal will not occur and are included in contract assets upon the application of IFRS 15. Management assessed that all of the Group's operating power plants have qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants. The contract asset is transferred to trade receivables upon the relevant power plant obtained the approval for registration in the Catalogue.

Since certain of the tariff adjustments are yet to obtain approval for registration in 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 year ended 31 December 2018, the respective tariff adjustment was adjusted for this financing component based on an effective interest rate ranged from 2.90% to 2.98% per annum and the Group's revenue was adjusted by approximately RMB152 million and interest income amounting to approximately RMB111 million (note 7) was recognised.

The disposal of the PCB Business was completed during the year ended 31 December 2017. Details of the discontinued operations are described in note 12.

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

6. Revenue and Segment Information *(continued)*

Geographical information

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

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

	Revenue from external customers		Non-current assets	
	Year ended 31 December 2018 RMB'000	Year ended 31 December 2017 RMB'000	**At 31 December 2018 RMB'000**	At 31 December 2017 RMB'000
PRC	**5,572,704**	3,903,969	**49,193,375**	40,752,559
Other countries	**59,693**	38,311	**1,562,205**	1,211,677
	5,632,397	3,942,280	**50,755,580**	41,964,236

Note: Non-current assets excluded those relating to financial instruments (including pledged bank and other deposits, other investments and amounts due from related companies) and deferred tax assets.

The only sources of revenue is from sales of electricity generated by solar power plants in the PRC, US and Japan. No further information regarding disaggregation of revenue except for geographical information as disclosed above.

Information about major customers

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

	Year ended	
	31 December 2018 RMB'000	31 December 2017 RMB'000
Customer A	**655,820**	489,996
Customer B	**N/A[1]**	449,877

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. Other Income

	2018 RMB'000	2017 RMB'000
Continuing operations		
Consultancy income *(Note a)*	12,312	8,698
Compensation income	1,100	2,380
Government grants		
— Incentive subsidies *(Note b)*	13,063	19,427
— ITC Benefit *(as defined in note 28)*	9,689	3,836
— Refund of value-added tax paid *(Note c)*	12,172	—
Interest arising from contracts containing significant financial component	111,287	—
Interest income of financial assets at amortised cost:		
— Bank interest income	20,307	28,159
— Interest income from other loan receivables *(note 26)*	5,115	30,255
— Interest income from loans to joint ventures *(note 46b)*	10,950	9,984
— Imputed interest on discounting effect on tariff adjustment receivables	—	72,024
Management services income from related companies *(note 46a)*	59,309	36,678
Others	16,842	9,164
	272,146	220,605

Notes:

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

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

(c) During the year ended 31 December 2018, certain of value-added tax paid in prior years were refunded from the relevant tax authorities as a benefit granted to certain solar power project operations of the Group with no conditions attached.

8. Other Gains and Losses, Net

	2018 RMB'000	2017 RMB'000
Continuing operations		
Exchange (losses) gains, net *(Note)*	(404,526)	9,072
Gain on disposal of solar power plant projects *(note 38b and c)*	35,146	18,745
Fair value change on other investments *(note 21)*	16,790	2,883
Others	—	(255)
	(352,590)	30,445

Note: During the year ended 31 December 2018, exchange losses mainly arose from the exchange losses on loan from ultimate holding company, bank and other borrowings and the senior notes, all are denominated in US$ which appreciated against RMB.

9. Finance Costs

	2018 RMB'000	2017 RMB'000
Continuing operations		
Interest on financial liabilities at amortised cost:		
Bank and other borrowings	**2,036,800**	1,679,858
Bonds and senior notes	**275,465**	15,470
Loans from related companies (note 46c)	**122,584**	67,352
Total borrowing costs	**2,434,849**	1,762,680
Less: amounts capitalised in the cost of qualifying assets	**(157,891)**	(330,598)
	2,276,958	1,432,082

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.32% (2017: 7.69%) per annum to expenditure on qualifying assets.

10. Income Tax Expense (Credit)

	2018 RMB'000	2017 RMB'000
Continuing operations		
PRC Enterprise Income Tax ("EIT"):		
Current tax	**55,908**	18,771
Deferred tax *(note 33)*	**(49,392)**	(58,924)
	6,516	(40,153)

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

Certain subsidiaries of the Group, being enterprises engaged in solar photovoltaic projects, under the PRC Tax Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. For the year ended 31 December 2018, certain subsidiaries of the Company engaged in solar photovoltaic projects had their first year of the 3-year 50% exemption period.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations is taxed at 8.25%, and profits above HK$2 million is taxed at 16.5%. The two-tiered profits tax rates regime is applicable to the Group for the current year. No provision for taxation in Hong Kong Profits Tax was made as there is no assessable profit for both reporting periods.

10. Income Tax Expense (Credit) *(continued)*

The Federal and state income tax rate in the US are calculated at 21% (2017: 35%) and 8.84% (2017: 8.84%), respectively, for the year ended 31 December 2018. No provision for taxation in the US was made as there is no assessable profit for both reporting periods.

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

	2018 **RMB'000**	2017 RMB'000
Profit before tax	**755,870**	864,109
Tax at the domestic income tax rate of 25% (2017: 25%) *(Note)*	**188,968**	216,027
Tax effect of share of profits of joint ventures	**(1,140)**	(1,129)
Tax effect of share of loss of associates	**260**	—
Tax effect of expenses not deductible for tax purpose	**230,605**	102,443
Tax effect of income not taxable for tax purpose	**(18,787)**	(16,938)
Tax effect of tax losses not recognised	**33,290**	31,604
Utilisation of tax losses previously not recognised	**(3,349)**	(824)
Effect of tax exemptions and concessions granted to the PRC subsidiaries	**(423,331)**	(371,336)
Income tax expense (credit) for the year	**6,516**	(40,153)

Note: The domestic tax rate in the jurisdiction where the operation of the Group is substantially based is used which is PRC EIT rate (2017: PRC EIT rate).

11. Profit for the Year

	2018 RMB'000	2017 RMB'000
Continuing operations		
Profit for the year has been arrived at after charging:		
Amortisation of prepaid lease payments	**3,073**	2,222
Auditor's remuneration	**4,466**	4,359
Depreciation of property, plant and equipment	**1,510,182**	1,024,599
Staff costs (including directors' remuneration but excluding share-based payments)		
— Salaries, wages and other benefits	**330,674**	282,882
— Retirement benefit scheme contributions	**47,708**	30,344
Share-based payment expenses *(note 36)* (administrative expenses in nature)		
— Directors and staff	**10,104**	26,857
— Consultancy services	**2,575**	6,849

12. Discontinued Operations

On 30 December 2016, the Group entered into a sale and purchase agreement ("S&P Agreement") to dispose of the entire interest in PCB Business (the "Disposal") to Mr. Yip Sum Yin ("Mr. Yip"), a former director of the Company, at a consideration of HK$250,000,000 (equivalent to RMB218,042,000) plus, as the case may be, adjustment amounts pursuant to the S&P Agreement. The disposal of PCB Business is consistent with the Group's long-term policy to focus on its core solar power business, which will allow the Group and its management team to focus its resources on the business area where it has the most competitive strengths. Details of the Disposal are set out in the announcement of the Company dated 30 December 2016 and the circular of the Company issued to the shareholders dated 20 January 2017 and the disposal was completed on 2 August 2017.

12. Discontinued Operations *(continued)*

The profit for the period from the discontinued PCB Business is set out below:

Analysis of profit for the period from discontinued operations

The results of the discontinued operations were as follows:

	1 January 2017 to 2 August 2017 RMB'000
Revenue	842,833
Cost of sales	(795,834)
Other income	18,939
Distribution and selling expenses	(10,540)
Administrative expenses	(36,437)
Other expenses, gains and losses, net	(10,947)
Finance costs	(7,357)
Profit before tax	657
Income tax expense	(5,323)
	(4,666)
Loss on measurement to fair value less costs to sell	(4,734)
Gain on disposal of discontinued operations including a cumulative exchange gain reclassified from translation reserve to profit or loss	86,512
Profit for the period from discontinued operations (attributable to owners of the Company)	77,112

12. Discontinued Operations *(continued)*

Analysis of profit for the period from discontinued operations *(continued)*

Profit for the period from discontinued operations includes the following:

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

Note: Staff costs and depreciation and amortisation of approximately RMB123,479,000 and RMB62,142,000, respectively, were capitalised as cost of inventories during the period.

Cash flows from discontinued operations:

	1 January 2017 to 2 August 2017 RMB'000
Net cash inflows from operating activities	74,321
Net cash outflows from investing activities	(48,331)
Net cash outflows from financing activities	(30,881)
Net cash outflows	(4,891)

13. Assets Classified as Held for Sale

Disposal of solar power plants

(a) 林州市新創太陽能有限公司Linzhou City Xinchuang Solar Company Limited (“Linzhou Xinchuang”)*

On 24 October 2018, the Group entered into a share transfer agreement with 中廣核太陽能開發有限公司 CGN Solar Energy Development Co., Ltd* (“CGN Solar”), an independent third party, pursuant to which the Group agreed to sell and CGN Solar agreed to purchase 80% equity interest of Linzhou Xinchuang at consideration of RMB93,488,000 and repayment of the corresponding shareholder’s loan as at the date of completion of disposal. The final consideration will be adjusted based on the shareholder’s loan amount as at the completion date. Linzhou Xinchuang operates solar power plant projects in Linzhou, the PRC (“Linzhou Project”).

The Group guaranteed that for the three-year period following the completion under the equity transfer agreement, Linzhou Project shall generate an average on-grid electricity per year of not less than the guaranteed amount, being 73.1 million kWh (“Guaranteed Amount”) and is adjusted in accordance with the degradation rate of the solar panels from 30 June 2018 to the completion date. In the event that the Linzhou Project fails to reach the aforesaid target, the Group shall make up the loss suffered by CGN Solar and such guarantee shall extend for a period of three years. As the average annual on grid electricity generated by the project in the past two years well exceeded 73.1 million kWh, in the opinion of the Directors, the fair value of the guarantee is insignificant as at initial date and 31 December 2018.

In addition, the Group has granted a put option to CGN Solar, pursuant to which the Group has agreed that if the Linzhou Project fails to generate an average annual on-grid electricity reaching 70% of the Guaranteed Amount during the three-year period, the Group shall repurchase the 80% equity interest in Linzhou Xinchuang from CGN Solar at a repurchase price to be agreed between both parties and replace all advancement from CGN Solar to Linzhou Xinchuang with its loan. As the average annual on-grid electricity generated by the project in the past two years well exceeded the aforesaid 70% requirement, in the opinion of the Directors, the fair value of the option is considered insignificant as at 31 December 2018.

Besides, CGN Solar has granted the Group a put option, pursuant to which CGN Solar has agreed to grant the Group the right, but not an obligation, to request CGN Solar to purchase the remaining 20% equity interest in Linzhou Xinchuang upon the aforesaid guarantees being fulfilled. As the purchase price will be referenced to the fair value of Linzhou Project at the date of purchase of the remaining 20% equity interest in Linzhou Xinchuang by CGN Solar, in the opinion of the Directors, the fair value of the option is considered insignificant as at 31 December 2018.

Details of this transaction are set out in the announcement of the Company dated 24 October 2018 and the disposal is completed on 15 February 2019.

(b) Wholly-owned subsidiaries in Inner Mongolia, the PRC

On 30 December 2018, the Group entered into share transfer agreements with 中國三峽新能源有限公司 China Three Gorges New Energy Company Limited* (“China Three Gorges New Energy”), an independent third party, pursuant to which the Group agreed to sell and China Three Gorges New Energy agreed to purchase 100% equity interest of several wholly-owned subsidiaries of the Group for consideration in aggregate of RMB184,643,000. The wholly-owned subsidiaries of the Group operate a number of solar power plant projects in Inner Mongolia, the PRC.

* The English name is for identification purpose only.

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

Disposal of solar power plants *(continued)*

As at 31 December 2018, the assets and liabilities attributable to these solar power plant projects have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position.

As at 31 December 2018, the major classes of assets and liabilities of the disposal group are as follows:

	RMB'000
Property, plant and equipment	1,068,080
Prepaid lease payments	1,828
Other non-current assets	97,335
Trade and other receivables	175,893
Bank balances and cash	44,873
Total assets classified as held for sale	1,388,009
Other payables	(60,781)
Bank and other borrowings – due within one year	(36,344)
Other current liabilities	(1,582)
Bank and other borrowings – due after one year	(836,611)
Other non-current liabilities	(145)
Total liabilities directly associated with assets classified as held for sale	(935,463)
Net assets of solar power plant projects classified as held for sale	452,546
Intragroup balances	(162,864)
Net assets of solar power plant projects	289,682
Remaining net assets of Liuzhou Project held by the Group	(24,259)
Net assets to be disposed of	265,423

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

Disposal of solar power plants *(continued)*

The following is an aged analysis of trade receivables presented based on the invoice date at 31 December 2018, which approximated the respective revenue recognition date:

	RMB'000
0 – 90 days	82,190
91 – 180 days	74,631
	156,821

For the electricity sale business, the Group generally granted credit period of approximately one month to local power grid companies in the PRC from the date of invoice in accordance with the relevant electricity sales contract between the Group and the respective local grid companies.

The carrying amounts of the above borrowings are repayable*:

	RMB'000
Within one year	36,344
More than one year, but not exceeding two years	54,375
More than two years, but not exceeding five years	238,125
More than five years	544,111
	872,955
Less: Bank and other borrowings – due within one year	(36,344)
Bank and other borrowings – due after one year	836,611

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

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

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

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

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

Year ended 31 December 2018

Name of director	Directors' fees RMB'000	Bonuses RMB'000	Salaries and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
President and Executive Director						
Mr. SUN Xingping	—	667	3,450	343	444	4,904
Executive Directors						
Mr. ZHU Yufeng	—	474	3,386	—	97	3,957
Madam HU Xiaoyan	—	—	2,217	190	487	2,894
Mr. TONG Wan Sze *(note i)*	—	307	2,133	150	222	2,812
Non-executive Directors						
Madam SUN Wei	423	—	—	—	689	1,112
Mr. SHA Hongqiu	423	—	—	—	222	645
Mr. YEUNG Man Chung, Charles	423	—	—	—	386	809
Mr. HE Deyong *(note ii)*	69	—	—	—	—	69
Independent Non-executive Directors						
Mr. WANG Bohua	238	—	—	—	67	305
Mr. XU Songda	238	—	—	—	67	305
Mr. LEE Conway Kong Wai	279	—	—	—	67	346
Mr. WANG Yanguo	238	—	—	—	28	266
Dr. CHEN Ying	238	—	—	—	28	266
Total	2,569	1,448	11,186	683	2,804	18,690

Notes:

(i) Mr. Tong Wan Sze resigned as executive director of the Company with effect from 4 January 2019.

(ii) Mr. He Deyong has been appointed as non-executive director of the Company with effect from 1 May 2018.

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

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

Year ended 31 December 2017

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

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

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

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

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

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

(b) Employees' emoluments

The five highest paid employees of the Group during the year included four directors (2017: three directors), details of whose remuneration are set out in (a) above. Details of the emoluments of the remaining one (2017: two) highest paid employee in 2018 who is neither a director nor president/chief executive of the Company are as follows:

	2018 **RMB'000**	2017 RMB'000
Salaries, allowances and benefits in kind	**1,400**	4,018
Performance-related bonuses	**1,450**	3,957
Equity-settled share option expense	**—**	418
Retirement benefits scheme contributions	**153**	179
	3,003	8,572

The number of the highest paid employees who are not the directors whose remuneration fell within the following bands is as follows:

	2018 **No. of** **employees**	2017 No. of employees
HK$3,500,001 to HK$4,000,000 (equivalent to approximately RMB2,883,001 to RMB3,295,200)	**1**	—
HK$4,500,001 to HK$5,000,000 (2017: equivalent to approximately RMB3,958,651 to RMB4,398,500)	**—**	1
HK$5,000,001 to HK$5,500,000 (2017: equivalent to approximately RMB4,399,001 to RMB4,838,350)	**—**	1

15. Dividend

No dividend was paid or proposed for ordinary shareholders of the Company during 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

16. Earnings per Share

For continuing operations

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

Earnings figures are calculated as follows:

	2018 RMB'000	2017 RMB'000
Profit for the year attributable to owners of the Company	469,680	841,439
Less: Profit for the year from discontinued operations attributable to owners of the Company	—	77,112
Profit for the year attributable to owners of the Company from continuing operations for the purpose of basic earnings per share	469,680	764,327
Effect of dilutive potential ordinary shares:		
Loss on changes in fair value of convertible bonds	5,524	—
Profit for the purpose of diluted earnings per share	475,204	764,327

Number of shares	2018 '000	2017 '000
Number of ordinary shares for the purpose of basic earnings per share	19,073,715	19,073,715
Effect of dilutive potential ordinary shares:		
Convertible bonds	560,080	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	19,633,795	19,073,715

Diluted earnings per share did not assume (i) the exercise of the share options since the exercise price is higher than the average share price for both reporting periods nor (ii) the conversion of convertible bonds for the year ended 31 December 2017 since its assumed conversion had an anti-dilutive effect on earnings per share.

16. Earnings per Share *(continued)*

From continuing and discontinued operations

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

	2018 RMB'000	2017 RMB'000
Earnings		
Profit for the purpose of calculation of basic earnings per share		
Profit for the year attributable to owners of the Company	469,680	841,439
Effect of dilutive potential ordinary shares:		
Loss on changes in fair value of convertible bonds	5,524	—
Profit for the purpose of diluted earnings per share	475,204	841,439

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

From discontinued operations

For the year ended 31 December 2017, basic and diluted earnings per share for the discontinued operations was RMB0.4 cent per share, based on the profit for the year from discontinued operations attributable to owners of the Company of RMB77,112,000 (2018: nil) and the denominators detailed above for both basic and diluted earnings per share.

17. Property, Plant and Equipment

	Buildings RMB'000	Power generators and equipment RMB'000	Leasehold improvements, furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2017	699,952	22,735,971	38,792	36,787	3,956,563	27,468,065
Additions	—	—	26,296	7,886	10,857,280	10,891,462
Acquired on acquisition of subsidiaries *(note 37)*	—	2,563,648	—	—	—	2,563,648
Transfer	495,150	11,546,482	—	—	(12,041,632)	—
Disposals	—	—	—	(988)	—	(988)
Disposed on disposal of subsidiaries	(10,447)	(1,100,764)	(425)	(1,201)	—	(1,112,837)
Effect of foreign currency exchange differences	—	(32,261)	(5)	—	(14,621)	(46,887)
At 31 December 2017	1,184,655	35,713,076	64,658	42,484	2,757,590	39,762,463
Additions	—	16,235	148,278	2,549	6,243,350	6,410,412
Acquired on acquisition of subsidiaries *(note 37)*	50,324	1,497,121	369	—	199,619	1,747,433
Transfer	317,250	6,508,781	—	—	(6,826,031)	—
Disposed on disposal of subsidiaries	(33,659)	(700,182)	(5,677)	(174)	(3,446)	(743,138)
Effect of foreign currency exchange differences	—	4,528	(91)	—	231	4,668
Transfer to assets held for sale *(note 13)*	(22,962)	(1,100,651)	(371)	(354)	(927)	(1,125,265)
At 31 December 2018	**1,495,608**	**41,938,908**	**207,166**	**44,505**	**2,370,386**	**46,056,573**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2017	32,133	666,690	6,453	7,612	—	712,888
Depreciation expense	36,292	970,650	10,134	7,523	—	1,024,599
Eliminated on disposal of assets	—	—	—	(197)	—	(197)
Effect of foreign currency exchange differences	—	(573)	—	—	—	(573)
Eliminated on disposal of subsidiaries	(557)	(77,420)	(140)	(437)	—	(78,554)
At 31 December 2017	67,868	1,559,347	16,447	14,501	—	1,658,163
Depreciation expense	60,385	1,424,531	16,545	8,721	—	1,510,182
Effect of foreign currency exchange differences	—	947	15	—	—	962
Eliminated on disposal of subsidiaries	(1,018)	(24,768)	—	(12)	—	(25,798)
Transfer to assets held for sale *(note 13)*	(620)	(56,458)	(74)	(33)	—	(57,185)
At 31 December 2018	**126,615**	**2,903,599**	**32,933**	**23,177**	**—**	**3,086,324**
CARRYING AMOUNTS						
At 31 December 2018	**1,368,993**	**39,035,309**	**174,233**	**21,328**	**2,370,386**	**42,970,249**
At 31 December 2017	1,116,787	34,153,729	48,211	27,983	2,757,590	38,104,300

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

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis after taking into account of the residual value as follows:

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

All buildings were held under leases in the PRC.

At 31 December 2018, the Group was in the process of obtaining property ownership certificates in respect of property interests held under land use rights in the PRC with a carrying amount of approximately RMB1,271,801,000 (2017: RMB1,013,277,000). In the opinion of the Directors, the absence of the property ownership certificates to these property interests does not impair their carrying value to the Group as the Group paid the full purchase consideration of these property interests and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

18. Prepaid Lease Payments

	2018 **RMB'000**	2017 RMB'000
Analysed for reporting purposes as:		
Current assets	**2,221**	2,082
Non-current assets	**112,041**	113,094
	114,262	115,176

19. Interests in Associates

	2018 **RMB'000**	2017 RMB'000
Cost of unlisted investments in associates	**37,846**	1,000
Share of post-acquisition losses	**(1,041)**	—
	36,805	1,000

19. Interests in Associates *(continued)*

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

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right hold by the Group		Principal activity
		2018	2017	**2018**	2017	
喀什博思光伏科技有限公司 Kashgar Solbright Technology Co. Ltd.* ("Kashgar Solbright")	PRC	**20%**	20%	**20%**	20%	Sale of solar products
華容縣協鑫光伏電力有限公司 Huarong Xian GCL Solar Power Co. Ltd.* ("Huarong") *(note a)*	PRC	**20%**	N/A	**20%**	N/A	Operation of solar power plants in the PRC
北京華橋新能源諮詢有限公司 Beijing Hua Qiao New Energy Limited* ("Huaqiao") *(note b)*	PRC	**30%**	—	**30%**	—	Provide consultancy services on solar power plant

* English name for identification only

Notes:

(a) On 10 December 2018, as disclosed in note 38(b), the Group disposed of 80% equity interest in Huarong to an independent third party and retains significant influence on Huarong upon completion of this disposal. Accordingly, the remaining 20% equity interest in Huarong is accounted for as investment in an associate.

(b) During the year ended 31 December 2018, the Group invested in Huaqiao for 30% equity interest with cash consideration of RMB30,000. The Group has significant influence on Huaqiao and the investment is accounted for as an associate.

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

Summarised financial information of a material associate

Summarised financial information in respect of the Group's material associate as at 31 December 2018 is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS Standards.

Huarong

	2018 RMB'000
Current assets	**140,294**
Non-current assets	**704,603**
Current liabilities	**(188,525)**
Non-current liabilities	**(474,806)**

19. Interests in Associates *(continued)*

Huarong *(continued)*

The above amounts of assets and liabilities include the following:

	2018 RMB'000
Cash and cash equivalents	12,012
Non-current financial liabilities (excluding trade and other payables and provisions)	(474,806)

	From 10 December 2018 to 31 December 2018 RMB'000
Revenue	2,995
Loss for the period	(2,516)
Other comprehensive income for the period	—
Total comprehensive expense for the period	(2,516)
Dividends received from Huarong during the period	—
Depreciation and amortisation	(1,773)
Interest income	—
Interest expense	(2,370)
Income tax expense	—

19. Interests in Associates *(continued)*

Huarong *(continued)*

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

	2018 RMB'000
Net assets of Huarong	181,566
Proportion of the Group's ownership interest in Huarong	20%
Carrying amount of the Group's interest in Huarong	36,313

Aggregate information of associates that are not individually material

	2018 RMB'000
The Group's share of loss from operations and total comprehensive expense of Kashgar Solbright and Huaqiao	(538)
Carrying amount of the Group's interest in Kashgar Solbright and Huaqiao	492

20. Interests in Joint Ventures

	2018 RMB'000	2017 RMB'000
Details of the Group's investments in joint ventures are as follows:		
Cost of unlisted investment in joint ventures	58,417	62,567
Share of post-acquisition profits (losses), net of dividend received	4,568	(1,167)
Effect of foreign currency exchange differences	3,094	1,861
	66,079	63,261

20. Interests in Joint Ventures *(continued)*

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

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2018	2017	**2018**	2017	
伊犁協鑫能源有限公司 Yili GCL New Energy Limited* ("Yili") *(note a)*	PRC	**N/A**	50%	**N/A**	50%	Operation of solar power plant in the PRC
啟創環球有限公司 Qichuang Global Limited* ("Qichuang") *(note b)*	BVI/Japan	**50%**	50%	**50%**	50%	Operation of solar power plant in Japan
西安中民協鑫新能源有限公司 Xi'an Zhongmin GCL New Energy Company Limited* ("Zhongmin GCL") *(note c)*	PRC	**32%**	32%	**32%**	32%	Operation of solar power plant in the PRC
銅陵徽銀北控新能源投資合夥企業（有限合夥）Tonglin Huiyin BE New Energy Investment Partnership Corporation (Limited Partnership)* ("Tongling Huiyin") *(note d)*	PRC	**15%**	15%	**15%**	15%	Operation of solar power plant in the PRC
北京京糧協鑫科技有限公司 Beijing Jing Liang Xie Xin GCL Technology Limited* ("Jingliang") *(note e)*	PRC	**49%**	—	**49%**	—	Provide consultancy services on solar power plant
AD Solar No.3 Godo Kaisha ("AD3") *(note f)*	Japan	**50%**	N/A	**50%**	N/A	Operation of solar power plant in Japan
Himeji Tohori Taiyo-No-Sato No.1 Godo Kaisha ("Himeji") *(note f)*	Japan	**50%**	N/A	**50%**	N/A	Operation of solar power plant in Japan

* English name for identification only

20. Interests in Joint Ventures *(continued)*

Notes:

a) In August 2018, the Group injected capital of RMB7,369,000 into Yili whilst the joint venture partner had given up its right for an equivalent contribution. Accordingly, the Group's equity interest in Yili increased from 50% to 56.51%, which has become a subsidiary of the Group. The Group derecognised Yili as investment in joint venture, and accounted for the business combination under acquisition method.

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

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

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

e) During the year ended 31 December 2018, the Group contributed capital of RMB4,900,000 for a 49% equity interest in Jingliang. The Group has joint control over the arrangement as under the contractual agreement, unanimous consent is required from all parties to the agreement for directing the relevant activities.

f) As disclosed in note 38(c), the Group had two new joint ventures as a result of the disposal of the Group's 50% beneficial interest in AD3 and Himeji, solar power plant projects in Japan then wholly-owned by the Group, to an independent third party in February 2018. The Group has joint control over the arrangement as under the contractual agreement, unanimous consent is required from all parties to the agreement for directing the relevant activities.

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

Summarised financial information of a material joint venture

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

20. Interests in Joint Ventures *(continued)*

Zhongmin GCL

	2018 RMB'000	2017 RMB'000
Current assets	**289,528**	264,690
Non-current assets	**978,859**	997,737
Current liabilities	**(445,462)**	(329,973)
Non-current liabilities	**(697,590)**	(816,180)

	2018 RMB'000	2017 RMB'000
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**81,243**	112,756
Non-current financial liabilities (excluding trade and other payables and provisions)	**(697,590)**	(816,180)

	2018 RMB'000	2017 RMB'000
Revenue	**160,247**	62,865
Profit for the year	**9,162**	13,024
Other comprehensive income for the year	**—**	—
Total comprehensive income for the year	**9,162**	13,024
Dividends received from Zhongmin GCL during the year	**—**	—
Depreciation and amortisation	**42,058**	16,721
Interest income	**104**	569
Interest expense	**(56,900)**	(26,909)
Income tax expense	**(4,393)**	(338)

20. Interests in Joint Ventures *(continued)*

Zhongmin GCL *(continued)*

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

	2018 RMB'000	2017 RMB'000
Net assets of Zhongmin GCL	125,335	116,274
Proportion of the Group's ownership interest in Zhongmin GCL	32%	32%
Carrying amount of the Group's interest in Zhongmin GCL	40,107	37,208

Aggregate information of joint ventures that are not individually material

	2018 RMB'000	2017 RMB'000
The Group's share of profit from operations and total comprehensive income	1,630	347
Carrying amount of the Group's interest in the joint ventures	25,972	26,053

21. Other Investments

Analysed for reporting purposes as:

	2018 RMB'000	2017 RMB'000
Current asset *(Note a)*	—	240,040
Non-current asset *(Note b)*	100,000	100,000
	100,000	340,040

Notes:

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

During the year ended 31 December 2018, the remaining investment amounting to RMB240,040,000 was recouped with a return of RMB16,790,000 (note 8).

(b) During the year ended 31 December 2017, the Group invested RMB100,000,000 into another asset management plan managed by a different financial institution in the PRC with maturity on 31 March 2021. Since the maturity date of the relevant investment is more than twelve months from the end of the reporting period, the relevant investment is presented as non-current asset as of 31 December 2018 and 2017. The principal is not guaranteed by the relevant financial institution and the expected return rate as stated in the contract is 7.5%.

As at 31 December 2017, all the above investment were classified as AFS investments, and accounted as financial assets mandatorily measured at FVTPL upon the application of IFRS 9 on 1 January 2018.

22. Amounts due from/to Related Companies

	2018 RMB'000	2017 RMB'000
Amounts due from related companies – non-current		
— Loans to joint ventures *(Notes a, b, and c)*	45,146	151,700
Amounts due from related companies – current		
— Loans to a joint venture *(Note b)*	—	102,815
— Amounts due from joint ventures *(Notes b and d)*	230,775	89,318
— Amounts due from fellow subsidiaries *(Note e)*	43,131	14,236
— Amounts due from the companies controlled by Mr. Zhu Yufeng and his family *(Note f)*	1,214	212
— Amounts due from an associate of ultimate holding company *(Note g)*	18,135	—
— Amounts due from associates *(Note h)*	49,073	—
	342,328	206,581
Amounts due to related companies – current		
— Amounts due to joint ventures *(Note d)*	50	4,696
— Amounts due to fellow subsidiaries *(Note e)*	60,980	97,348
— Amounts due to an associate *(Note h)*	7,093	—
— Amounts due to ultimate holding company *(Note d)*	39,191	—
— Amounts due to the companies controlled by Mr. Zhu Yufeng and his family *(Note f)*	32,146	740
	139,460	102,784

Notes:

(a) The Group, as lender, entered into a loan agreement with Yili to finance their operation for a facility up to RMB160,000,000 with RMB151,700,000 drawn down as at 31 December 2017. The loan is unsecured and interest-bearing at a fixed rate of 6% per annum with no fixed repayment term. During the year ended 31 December 2018, Yili became a subsidiary of the Company (note 37) and the outstanding loan balance of RMB151,700,000 was eliminated.

(b) The Group, as lender, entered into two loan agreements of RMB64,000,000 and RMB38,815,000 with Jinhu (defined in note 38(b)) to finance its operation during the year ended 31 December 2017. The loans were unsecured and interest-bearing at a fixed rate of 6% per annum with repayment terms of six to twelve months as at 31 December 2017. As at 31 December 2018, the RMB64,000,000 loan was re-negotiated to be repayable on demand, and the remaining loan of RMB38,815,000 had its maturity extended to 31 December 2022 and interest bearing at a fixed rate of 6% per annum.

(c) The Group entered into a loan agreement with Himeji to finance its operation for JPY102,270,000 (equivalent to approximately RMB6,331,000) during the year ended 31 December 2018. The loan is unsecured, interest-bearing at a fixed rate of 1% per annum and repayable on 31 December 2038.

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

(e) The amounts due from/to fellow subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for the amounts due from fellow subsidiaries of approximately RMB42,119,000 (2017: RMB13,852,000) which is arising from management services rendered to fellow subsidiaries with a credit term of 30 days.

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

Notes: (continued)

(f) Mr. Zhu Yufeng and his family members hold in aggregate more than 20% of the Company's share capital as at 31 December 2018 and 2017 and exercise significant influence over the Company. The amounts due from/to companies controlled by Mr. Zhu Yufeng and his family are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for amounts due to companies controlled by Mr. Zhu Yufeng and his family of RMB495,000 (2017: RMB334,000) which is arising from training services provided by related companies with credit term of 30 days. The maximum amount outstanding during the year ended 31 December 2018 is RMB1,214,000 (2017: RMB284,000) in relation to the non-trade balances for the amounts due from companies in which Mr. Zhu Yufeng and his family have control.

(g) The amount represents pledged deposits placed at 芯鑫融資租賃有限責任公司 (Xinxin Finance Leasing Company Limited*) ("Xinxin") for short-term loans advanced to the Group. Details of the loans are set out in note 29(d). The balance is interest-free and unsecured, and will be released upon the maturity of the loan in 2019.

(h) The amounts due from/to associates are non-trade nature, unsecured, non-interest bearing and repayable on demand.

* English name for identification only.

23. Deposits, Prepayments and Other Non-Current Assets

	2018 **RMB'000**	2017 RMB'000
Prepayments for EPC contracts and constructions *(Note)*	**671,189**	543,301
Refundable value-added tax	**2,160,282**	2,715,802
Prepaid rent for parcels of land	**474,393**	378,849
Trade receivables *(note 24A)*	**—**	1,836,092
Others	**28,137**	44,630
	3,334,001	5,518,674

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

24A.Trade and Other Receivables

	2018 RMB'000	2017 RMB'000
Trade receivables	**2,981,150**	4,630,459
Prepayments and deposits	**253,795**	209,473
Other receivables		
— Advance to Borrowers *(as defined in note 26)*	**16,932**	115,981
— Consultancy service fee receivables	**14,527**	13,118
— Consideration receivable from disposal of subsidiaries	**16,141**	—
— Advance to non-controlling interest shareholder	**59,740**	—
— Interest receivables	**958**	29,193
— Receivables for modules procurement	**147,576**	164,004
— Refundable value-added tax	**1,194,357**	711,635
— Others	**245,282**	189,866
	4,930,458	6,063,729
Analysed as:		
Current	**4,930,458**	4,227,637
Non-current trade receivables *(note 23)*	**—**	1,836,092
	4,930,458	6,063,729

Trade receivables represent receivables for electricity sales and the balance as at 31 December 2017 included tariff adjustment receivables to be received from the state grid companies.

The Directors expected certain part of the tariff adjustment receivables will be recovered after twelve months from the reporting date. Tariff adjustments are discounted at an effective interest rate ranged from 3.44% to 3.55% per annum as at 31 December 2017.

For sales of electricity in the PRC, the Group generally grants credit period of approximately one month to local power grid companies in the PRC from the date of invoice in accordance with the relevant electricity sales contracts between the Group and the respective local grid companies.

Trade receivables include bills received amounting to RMB141,560,000 (2017: RMB85,982,000) held by the Group for future settlement of trade receivables, of which certain bills issued by third parties are further endorsed by the Group with recourse for settlement of payables for purchase of plant and machinery and construction costs, or discounted to banks for cash. The Group continues to recognise their full carrying amount at the end of both reporting periods. All bills received by the Group are with a maturity period of less than 1 year.

24A. Trade and Other Receivables *(continued)*

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

	2018 **RMB'000**	2017 RMB'000
Unbilled *(Note)*	**2,454,010**	4,365,887
0 – 90 days	**177,369**	106,472
91 – 180 days	**95,101**	24,488
Over 180 days	**113,110**	47,630
	2,839,590	4,544,477

Note: As at 31 December 2018, amount represents unbilled basic tariff receivables for solar power plants operated by the Group, and tariff adjustment receivables of those solar power plants already registered in the Catalogue. The Directors expect the unbilled tariff adjustments would be billed and settled within 1 year from end of the reporting date.

As at 31 December 2017, amount represents unbilled basic tariff and tariff adjustment receivables of all solar power plants of which RMB1,836,092,000 are expected to be settled more than one year. Tariff adjustments related to solar power plants yet to obtain approval for registration in the Catalogue are reclassified to contract asset as at 1 January 2018.

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

	2018 **RMB'000**	2017 RMB'000
0 – 90 days	**765,200**	1,450,588
91 – 180 days	**635,985**	1,033,524
181 – 365 days	**873,117**	1,088,723
Over 365 days	**179,708**	793,052
	2,454,010	4,365,887

As at 31 December 2018, included in these trade receivables are debtors with aggregate carrying amount of RMB271,387,000 which are past due as at the end of the reporting date. These trade receivables relate to a number of customers represented the local grid companies in the PRC, for whom there is no recent history of default. The Group does not hold any collaterals over these balances.

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

	2017 RMB'000
1 – 90 days	41,424
91 – 150 days	15,909
Over 150 days	47,631
	104,964

24A. Trade and Other Receivables *(continued)*

Advance to Borrowers (as defined in note 26) are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Receivables for modules procurement comprise modules procurement cost and commission earned by the Group in which the Group allows credit period of 180 days to 1 year. For the consultancy service fee receivables, the Group allows credit period of 180 days.

24B. Contract Assets

	31 December 2018 RMB'000	1 January 2018 RMB'000
Tariff adjustments		
— non-current	**4,236,405**	1,836,092
— current	**—**	1,998,978
	4,236,405	3,835,070

The 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 power plants are still pending for registration to the Catalogue. The contract assets are transferred to trade receivable when the Group's respective operating power plants are registered in the Catalogue pursuant to prevailing national government policies on renewable energy for solar power plants. The Group considers the settlement terms contain significant financing component and 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.

Any amount previously recognised as contract assets is reclassified to trade receivables at the point at which it is registered in the Catalogue. The balance as at 31 December 2018 is classified as non-current as they are expected to be received after twelve months from the reporting date.

25. Transfer of Financial Assets

During the year ended 31 December 2018, the Group endorsed certain bills receivable for the settlement of payables for purchase of plant and machinery and construction costs; and discounted certain bills receivable to banks for raising of cash.

The following were the Group's bills receivable as at 31 December 2018 that were transferred to banks or creditors by discounting or endorsing those receivables, on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and recognised the cash received on the transfer as a secured borrowings or the amounts outstanding with the creditors remain to be recognised as other payables. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

At 31 December 2018

	Bills receivable discounted to banks with full recourse RMB'000	**Bills receivable endorsed to creditors with full recourse RMB'000**	**Total RMB'000**
Bills receivable from third parties and carrying amount of transferred assets	**90,000**	**4,248**	**94,248**
Carrying amount of associated liabilities	**(90,000)**	**(4,248)**	**(94,248)**
Net position	**—**	**—**	**—**

At 31 December 2017

	Bills receivable endorsed to creditors with full recourse RMB'000	Total RMB'000
Bills receivable from third parties and carrying amount of transferred assets	8,965	8,965
Carrying amount of associated liabilities	(8,965)	(8,965)
Net position	—	—

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

The finance cost recognised for bills receivable discounted to banks for the year ended 31 December 2018 amounting to RMB546,000 (2017: Nil), were included in interest on bank and other borrowings (note 9).

26. Other Loan Receivables

The Group, as lender, entered into loan agreements with independent third parties (the "Borrowers") to provide credit facilities to finance their development and operation of certain solar power plant projects in the PRC (the "Projects"). As at 31 December 2018, the outstanding balance is approximately RMB20,250,000 (2017: RMB118,989,000). The loans are repayable within twelve months from 31 December 2018, and interest ranging from 6% to 12% (2017: 10% to 12%) per annum.

As at 31 December 2017, certain loan receivables were secured by a pledge of equity interest of the Borrowers, pledge of the rights over electricity fee receivables by the Borrowers in the Projects and a grant of security over any future equipment and engineering works acquired or constructed by the Borrowers in the Projects.

27. Pledged Bank and Other Deposits

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

Pledged bank deposits carry fixed interest rates ranging from 0.15% to 2.75% (2017: 0.30% to 2.75%) per annum.

At 31 December 2018, pledged other deposits approximate RMB506,804,000 (2017: RMB399,905,000) are non-interest bearing.

Deposits amounting to RMB1,279,425,000 (2017: RMB1,728,068,000) have been pledged to secure bills payable and short-term borrowings granted to the Group and are therefore classified as current assets. The remaining deposits amounting to RMB751,858,000 (2017: RMB515,005,000) have been pledged to secure loan-term borrowings and are therefore classified as non-current assets.

Bank balances

Bank balances carry interest at floating rates range from 0.01% to 0.385% (2017: 0.001% to 0.385%) per annum or fixed rates range from 0.18% to 2.75% (2017: 0.15% to 2.75%) per annum.

28. Other Payables and Deferred Income

	2018 RMB'000	2017 RMB'000
Payables for purchase of plant and machinery and construction costs *(Note a)*	**8,754,751**	9,736,149
Payables to vendors of solar power plants	**98,758**	105,533
Payables for module procurement	**—**	32,324
Other tax payables	**63,190**	102,600
Other payables	**409,813**	465,862
Advance from EPC contractors *(Note b)*	**196,001**	47,510
Deferred income *(Note c)*	**409,365**	219,038
Dividend payable to non-controlling shareholders	**6,296**	—
Accruals		
— Staff costs	**112,186**	137,923
— Legal and professional fees	**41,871**	17,099
— Consultancy fees	**206,873**	92,564
— Others	**229,153**	106,205
	10,528,257	11,062,807
Analysed as:		
Current	**10,134,246**	10,851,194
Non-current deferred income	**394,011**	211,613
	10,528,257	11,062,807

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

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

Notes:

a. Included in payables for purchase of plant and machinery and construction costs are RMB2,126,194,000 (2017: RMB2,058,487,000) in which the Group presented bills to relevant creditors for settlement and remained outstanding at the end of the reporting period. It also contains obligations arising from endorsing bills with recourse with an aggregate amount of RMB4,248,000 (2017: RMB8,965,000). All bills presented by the Group is aged within 1 year and not yet due at the end of the reporting period.

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

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

   Against this, the Group entered into an inverted lease arrangement in February 2017 for its qualified solar power plant projects in the US ("Qualified Assets") with a third party financial institution, which acts as a tax equity investor, and the arrangement allows the Group to pass its entitled ITC ("ITC Benefit") that constitutes the right to offset against future tax payables to the tax equity investor for cash receipts in exchange. During the year ended 31 December 2017, ITC Benefit of the Group related to the Qualified Assets amounted to US$34,090,000 (equivalent to approximately RMB222,751,000) and was recognised as a government grant ("Grant") as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. The Grant would be amortised over the useful lives of the Qualified Assets. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the tax equity investor and accordingly, the ITC Benefit was derecognised during the year that the invested lease arrangement was entered into with the tax equity investor. Approximately US$1,136,000 (equivalent to approximately RMB7,917,000) (2017: US$568,000 (equivalent to approximately RMB3,836,000) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

   During the year ended 31 December 2018, the Group entered into another financing arrangement for its four qualified solar power plant projects in the US with a third party financial institution, in which the Group passed its ITC Benefit to the financial institution that constitutes the right to offset against future tax payables to the financial institution for cash receipts in exchange. During the year ended 31 December 2018, ITC Benefit of the Group related to the four projects amounted to US$27,304,000 (equivalent to approximately RMB187,392,000) (2017: nil) and was recognised as a Grant as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. The Grant would be amortised over the useful lives of the Qualified Assets. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the financial institution and accordingly, the relevant ITC Benefit was derecognised during year ended 31 December 2018. Approximately US$215,000 (equivalent to approximately RMB1,772,000) (2017: nil) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

29. Loans from Related Companies

	2018 RMB'000	2017 RMB'000
Loans from:		
— fellow subsidiaries *(Note a)*	—	1,071,876
— ultimate holding company *(Note b)*	754,952	—
— companies controlled by Mr. Zhu Yufeng and his family *(Note c)*	1,977,840	—
— an associate of ultimate holding company *(Note d)*	484,231	—
	3,217,023	1,071,876
Analysed as:		
Current	1,030,590	1,071,876
Non-current	2,186,433	—
	3,217,023	1,071,876

Notes:

(a) As at 31 December 2017, loans from fellow subsidiaries amounting to approximately RMB1,071,876,000 were unsecured, interest-bearing at a range of 7% to 8% per annum and had a repayment term of 1 year. The amounts were fully repaid during the year ended 31 December 2018.

(b) During the year ended 31 December 2018, the Group has obtained a loan from its ultimate holding company, GCL-Poly of US$110,000,000 (equivalent to RMB754,952,000). The loan is unsecured, interest bearing at 7.3% per annum and repayable on 18 February 2019. Subsequent to 31 December 2018, the Group repaid a partial amount of US$40,000,000 (equivalent to RMB270,528,000) and entered into a renewal agreement for the remaining balance of US$70,000,000 (equivalent to RMB480,424,000) to extend its repayment date to 18 November 2019 at an interest rate of 8% per annum.

(c) During the year ended 31 December 2018, the Group obtained three new loans from 協鑫集團有限公司 (GCL Group Limited*) and 南京鑫能陽光產業投資基金企業(有限合夥) (Nanjing Xinneng Solar Property Investment Fund Enterprise (Limited Partnership)*) ("Nanjing Xinneng") totalling RMB1,977,840,000. These loans are unsecure, interest bearing at 8% per annum and have repayment terms of 2 years.

(d) On 1 January 2018, Xinxin became an associate of GCL-Poly, and other loans from Xinxin of approximately RMB628,476,000 were accordingly classified as loans from a related company. Outstanding loan balance at 31 December 2018 amounted to approximately RMB484,231,000 and out of which, balance of approximately RMB271,637,000 is secured by a pledged deposit (note 22(g)), interest bearing at 6% per annum and repayable in 2019. The remaining balance of approximately RMB212,594,000 is unsecured, interest bearing at 7.8% per annum and approximately RMB4,001,000 of such loan is repayable within twelve months from the end of the reporting period, with the remaining of approximately RMB208,593,000 having a repayment term of eight years.

* English name for identification only

30. Bank and Other Borrowings

	2018 RMB'000	2017 RMB'000
Bank loans	**18,017,204**	18,355,613
Other loans	**14,646,071**	14,194,389
	32,663,275	32,550,002
Secured	**28,280,995**	28,947,949
Unsecured	**4,382,280**	3,602,053
	32,663,275	32,550,002
The carrying amounts of the above borrowings are repayable*:		
Within one year	**5,248,094**	7,067,596
More than one year, but not exceeding two years	**3,103,778**	4,925,517
More than two years, but not exceeding five years	**10,100,645**	8,241,017
More than five years	**11,135,737**	12,315,872
	29,588,254	32,550,002
The carrying amount of bank loans that are repayable on demand due to breach of loan covenants# (Shown under current liabilities)	**3,075,021**	—
Less: Amounts due within one year shown under current liabilities	**(8,323,115)**	(7,067,596)
Amounts due after one year	**24,340,160**	25,482,406
Analysed as:		
Fixed-rate borrowings	**3,011,337**	4,729,210
Variable-rate borrowings	**29,651,938**	27,820,792
	32,663,275	32,550,002

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

During the year ended 31 December 2018, GCL-Poly, being the guarantor of certain bank borrowings of the Group, breached restrictive financial covenants of certain borrowings, which led to an event of default for their borrowings. This in turn triggered cross default of certain of the Group's bank borrowings as set out in the respective loan agreements between the Company and several banks. Accordingly, bank borrowings amounting to RMB1,936 million is reclassified from non-current liabilities to current liabilities as of 31 December 2018. Subsequent to the end of the reporting period, GCL-Poly has obtained waiver from the relevant banks for strict compliance on the relevant financial covenant requirements. Therefore, the Directors consider that such event of default did not have any material impact to the Group.

30. Bank and Other Borrowings *(continued)*

Scheduled repayment terms for the bank loans that are repayable on demand due to breach of loan covenants as at 31 December 2018:

	RMB'000
Within one year	1,138,853
More than one year, but not exceeding two years	548,525
More than two years, but not exceeding five years	832,699
More than five years	554,944
	3,075,021

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

	2018	2017
Fixed-rate borrowings		
RMB borrowings	2.5% to 13%	2.5% to 11.40%
EUR borrowing	2%	2%
Variable-rate borrowings		
RMB borrowings	100% to 161% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")	90% to 140% of Benchmark Rate
JPY borrowings	London Interbank Offered Rate ("LIBOR") +1.6%	LIBOR +1.6%
US$ borrowings	LIBOR +2.39% to 4.3%	LIBOR +2.5% to 2.9%

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

	2018 RMB'000	2017 RMB'000
EUR	111,432	125,617
US$	1,409,342	1,942,190

Included in other loans are RMB13,810 million (2017: RMB11,518 million) in which the Group entered into financing arrangements with financial institutions, pursuant to which the Group transferred the legal title of certain equipment of the Group to the relevant financial institutions and the Group is obligated to repay by instalments with a lease term ranging from 2 years to 14.5 years (2017: 1 year to 12 years). However, the Group continued to operate and manage the relevant equipment during the lease term without any involvement from the financing institutions. Upon maturity of the lease, the Group is entitled to purchase back the equipment at a minimal consideration, except for one of the financing arrangements with a financial institution that the Group can either exercise the early buyout option granted to the Group, in order to purchase back the relevant equipment at a pre-determined price in accordance with the financing agreement at the end of the seventh year of the lease term, or to purchase back the equipment from this financial institution at fair value upon the end of the lease period. Despite the arrangement involves a legal form of a lease, the Group accounted for the arrangement as a collateralised borrowing at amortised cost using effective interest method, in accordance with the substance of the arrangement.

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

31. Bonds and Senior Notes

	2018 RMB'000	2017 RMB'000
Bonds *(note a)*	**536,334**	882,760
Senior notes *(note b)*	**3,398,063**	—
	3,934,397	882,760

Notes:

(a) On 3 August 2017 and 7 December 2017, the Group completed the first tranche and second tranche of the non-public issuance of green bonds amounting to RMB375,000,000 and RMB560,000,000, respectively, for a term of 3 years with a fixed interest rate of 7.5% per annum. As part of the second tranche amounting to RMB50,000,000 was subscribed by the Group via an external trust, the total net proceeds of RMB881,460,000 (net of transaction costs of approximately RMB3,540,000), that are directly attributable to the issuance of the bond, was presented as bonds payable liability at 31 December 2017. During the year ended 31 December 2018, the Group further acquired via an external trust part of the first tranche and second tranche of the non-public green bonds amounting to RMB100,000,000 and RMB250,000,000, respectively. As at 31 December 2018, the first tranche and second tranche of the non-public green bonds, amounting to RMB100,000,000 (2017: nil) and RMB300,000,000 (2017: RMB50,000,000) have been acquired by the Group, respectively.

(b) On 23 January 2018, the Group issued senior notes of US$500 million (equivalent to RMB3,167 million), which bear interest at 7.1% per annum and mature on 30 January 2021. The net proceeds of the notes issuance, after deduction of underwriting discounts and commissions and other expenses, amounted to approximately US$493 million (equivalent to RMB3,120 million).

32. Convertible Bonds

	RMB'000
As at 1 January 2017	858,461
Payment of interests	(51,563)
Change in fair value charged to profit or loss	118,744
As at 31 December 2017 and 1 January 2018	925,642
Payment of interests	(41,072)
Change in fair value charged to profit or loss	5,524
Change in fair value charged to other comprehensive income	108
Redemption upon maturity	(890,202)
As at 31 December 2018	**—**

Note: Exchange gain of the convertible bonds of approximately RMB16,979,000 (2017: RMB50,523,000) has been recognised together with change in fair value to profit or loss for the year ended 31 December 2018.

32. Convertible Bonds *(continued)*

On 27 May 2015 and 20 July 2015, the Company issued three-year convertible bonds at a nominal value of HK$775,100,000 (equivalent to approximately RMB611,244,000) ("Talent Legend Issue") and HK$200,000,000 (equivalent to approximately RMB157,720,000) ("Ivyrock Issue"), respectively. Details of the major terms and conditions of the convertible bonds are set out in notes of the Group's 2017 annual report.

The Company designated each of the convertible bonds (including the conversion option) as a financial liability at FVTPL which is initially recognised at fair value. Transaction costs relating to the issuance of the convertible bonds are charged to profit or loss immediately. In subsequent periods, such convertible bonds are remeasured at fair value. Prior to 1 January 2018, change in fair value was recognised in profit or loss. Upon the application of IFRS 9, the change in the fair value that is attribute to change in the credit risk is recognised in OCI with the remaining fair value change recognised in profit or loss.

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

The following assumptions were applied as at 31 December 2017:

	Talent Legend Issue	**Ivyrock Issue**
Discount rate	18.26%	17.73%
Fair value of each share of the Company	HK$0.550	HK$0.550
Conversion price (per share)	HK$0.754	HK$0.754
Risk free interest rate	1.00%	1.01%
Time to maturity	0.40 year	0.55 year
Expected volatility	69.69%	63.28%
Expected dividend yield	0%	0%

Talent Legend Issue and Ivyrock Issue were redeemed during the year ended 31 December 2018 on their maturities at HK$868,112,000 (equivalent to RMB701,348,000) and HK$224,000,000 (equivalent to RMB188,854,000), respectively.

33. Deferred Taxation

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

	2018 RMB'000	2017 RMB'000
Deferred tax assets	**194,087**	146,275
Deferred tax liabilities	**(48,814)**	(35,479)
	145,273	110,796

33. Deferred Taxation *(continued)*

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

	Fair value adjustments on acquisitions RMB'000	Unrealised profits on plant and equipment RMB'000	Others RMB'000	Total RMB'000
At 1 January 2017	(7,376)	(80,513)	28,745	(59,144)
Charge (credit) to profit or loss	295	(65,243)	6,024	(58,924)
Disposal of solar power plant projects	—	7,272	—	7,272
At 31 December 2017	(7,081)	(138,484)	34,769	(110,796)
Charge (credit) to profit or loss	295	(63,022)	13,335	(49,392)
Disposal of solar power plant projects	—	14,915	—	14,915
At 31 December 2018	**(6,786)**	**(186,591)**	**48,104**	**(145,273)**

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards.

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profit of the PRC subsidiaries amounting to RMB3,782,031,000 (2017: RMB2,341,710,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At the end of the reporting period, the Group has unused tax losses of approximately RMB484,220,000 (2017: RMB348,839,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses of approximately RMB231,726,000 (2017: RMB151,728,000) will expire from 2019 to 2023 (2017: 2019 to 2022) and other losses may be carried forward indefinitely.

34. Share Capital

	Number of shares	Amount HK$'000
Authorised:		
At 1 January 2017, 31 December 2017 and 31 December 2018 (Ordinary shares of HK0.0041\dot{6}$ each)	36,000,000,000	150,000

34. Share Capital *(continued)*

	Number of shares	Amount HK$'000	Shown in consolidated financial statements as RMB'000
Issued and fully paid:			
At 1 January 2017, 31 December 2017 and 31 December 2018 (Ordinary shares of HK$0.00416 each)	19,073,715,441	79,474	66,674

35. Perpetual Notes

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

(a) Interest rate

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

(b) Maturity Date

There is no maturity date.

(c) Repayment terms

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

* English name for identification only

35. Perpetual Notes *(continued)*

(d) Security

None

The perpetual notes are classified as equity instruments in the Group's consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the perpetual notes. Any distributions made by Nanjing GCL New Energy to the holders are recognised in equity in the consolidated financial statements of the Group. During the year ended 31 December 2018, RMB135,029,000 (2017: RMB131,400,000) was attributable to perpetual notes holders in accordance with the terms of the agreement. The entire distribution payment of RMB135,029,000 for the year ended 31 December 2018 was deferred by the Group while partial distribution payment amounting to RMB65,315,000 was paid during the year ended 31 December 2017 with the remaining balance of RMB66,085,000 deferred.

36. Share-Based Payment Transactions

Equity-settled share option scheme

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

At 31 December 2018, the number of shares in respect of which had been granted under the New Share Option Scheme and remained outstanding was approximately 549,835,000 (2017: 591,388,000) shares, representing 2.5% (2017: 3.1%) of the issued share capital of the Company at that date. The maximum number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme shall not in aggregate exceed 10% of the shares of the Company in issue at the date of approval of the New Share Option Scheme. The maximum entitlement for any one participant is that the total number of shares issued or to be issued upon exercise of the options granted to each participant in any twelve-month period shall not exceed 1% of the total number of shares in issue.

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

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

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

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

Equity-settled share option scheme *(continued)*

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

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

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

2018

				Number of share options		
	Exercise price	Date of grant	Exercise Period	Outstanding at 1 January 2018	During the year Forfeited	Outstanding 31 December 2018
Directors	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	58,382,800	—	58,382,800
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	48,618,780	—	48,618,780
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	237,114,696	(6,039,600)	231,075,096
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	247,271,290	(35,512,848)	211,758,442
				591,387,566	(41,552,448)	549,835,118
Exercisable at the end of the year				236,720,109		274,036,784
Weighted average exercise price (HK$)				0.8927	0.6894	0.9255

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

Equity-settled share option scheme *(continued)*

2017

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

Note: During the year ended 31 December 2018, share-based payment expense of RMB12,679,000 (2017: RMB33,706,000) has been recognised in profit or loss. In addition, share options granted to certain employees have been forfeited during the year, and respective share options reserve of approximately RMB7,621,000 (2017: RMB21,851,000) is transferred to the Group's retained earnings.

Details of the fair value of the 2014 Share Options and 2015 Share Options are set out in the annual report for the year ended 31 December 2014 and 2015, respectively.

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

37. Acquisitions of Subsidiaries

For the year ended 31 December 2018, the Group had several acquisitions due to business expansion, in acquiring a controlling stake in certain companies for a total consideration of approximately RMB12,759,000 (2017: RMB42,201,000).

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

Year ended 31 December 2018

(i) Assets acquisition

(a) Acquisition of 化隆協合太陽能發電有限公司 ("Hualong")

On 31 August 2018, the Group acquired 100% equity interest in Hualong at a consideration of RMB1,200,000. At the date of acquisition, Hualong had a 20MW solar power plant project under development. The project was completed and connected to the grid in November 2018.

(b) Acquisition of 青海百能光伏投資管理有限公司 ("Qinghai Baineng")

On 31 August 2018, the Group acquired 100% equity interest in Qinghai Baineng at a consideration of RMB3,400,000. At the date of acquisition, Qinghai Baineng had a 10MW solar power plant project under development. The project was completed and connected to the grid in November 2018.

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2018 *(continued)*

(i) Assets acquisition (continued)

	Hualong RMB'000	Qinghai Baineng RMB'000	Total RMB'000
Assets and liabilities recognised at the date of acquisition			
Property, plant and equipment	6,455	629	7,084
Prepayments and other receivables	2,426	2,766	5,192
Bank balances and cash	24	5	29
Other payables	(7,705)	—	(7,705)
Total identifiable net assets acquired	1,200	3,400	4,600
Consideration payable to the former owner	(1,200)	(3,400)	(4,600)
Cash consideration paid	—	—	—
Bank balances and cash acquired	24	5	29
Net cash inflow	24	5	29

(ii) Business acquisition

(a) Acquisition of 易縣國鑫能源有限公司 ("Yixian")

On 31 January 2018, the Group acquired 100% equity interest in Yixian at a consideration of RMB10,000. At the date of acquisition, Yixian had a solar power plant project with capacity of 20MW in operation.

(b) Acquisition of 神木縣國泰農牧發展有限公司 ("Guotai")

On 20 April 2018, the Group acquired 80% equity interest in Guotai at a consideration of RMB80,000. At the date of acquisition, Guotai had two solar power plant projects with total capacity of 40MW in operation.

(c) Acquisition of 伊犁協鑫能源有限公司 ("Yili")

As at 31 December 2017, the Group held 50% equity interest in Yili which was accounted as a joint venture of the Group (note 20). On 24 August 2018, the Group acquired an additional 6.51% equity interest in Yili at a consideration of RMB7,369,000. The acquisition is considered as step-acquisition under IFRS 3 and accounted for using acquisition method at the acquisition date. At the date of acquisition, Yili had a solar power plant project with total capacity of 30MW in operation.

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2018 *(continued)*

(ii) Business acquisition (continued)

(d) Acquisition of 神木縣晶登電力有限公司 ("Jingdeng")

On 10 September 2018, the Group acquired 80% equity interest in Jingdeng at a consideration of RMB700,000. At the date of acquisition, Jingdeng had three solar power plant projects with total capacity of 140MW in operation.

	Yixian RMB'000	Guotai RMB'000	Yili RMB'000	Jingdeng RMB'000	Total RMB'000
Fair value of assets and liabilities recognised at the date of acquisition					
Property, plant and equipment	164,010	359,732	169,233	1,047,374	1,740,349
Trade receivables	—	2,541	48,303	3,519	54,363
Contract assets	—	35,777	—	197,940	233,717
Prepayments and other receivables	32,319	147,144	15,297	187,642	382,402
Bank balances and cash	5,677	5,311	10,791	10,793	32,572
Other payables	(83,798)	(353,532)	(185,988)	(813,093)	(1,436,411)
Borrowings	(118,198)	(196,873)	—	(633,030)	(948,101)
Total fair value of identifiable net assets acquired	10	100	57,636	1,145	58,891
Non-controlling interest	—	(20)	(25,216)	(445)	(25,681)
Consideration payable to the former owner	(10)	(80)	—	(700)	(790)
Fair value of previously held equity interest	—	—	(25,051)	—	(25,051)
Cash consideration paid	—	—	(7,369)	—	(7,369)
Bank balances and cash acquired	5,677	5,311	10,791	10,793	32,572
Net cash inflow	5,677	5,311	3,422	10,793	25,203

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2018 *(continued)*

(ii) Business acquisition (continued)

Impact of acquisition on the results of the Group

Had the acquisition as mentioned in (ii) been effected at the beginning of the year, total amounts of revenue and profit for the year of the Group would have been RMB5,749,047,000 and RMB770,930,000, respectively. Such pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the above pro-forma financial information, depreciation and amortisation of the property, plant and equipment was calculated based on their recognised amounts at the date of the acquisition.

The revenue and profit contributed by entities acquired during the year in note (ii) are RMB94,610,000 and RMB8,646,000, respectively.

The fair value and gross contractual amount of trade and other receivables at the date of acquisition amounted to RMB274,953,000. The estimate at acquisition date of contractual cash flows not expected to be collected is insignificant.

Year ended 31 December 2017

(i) Assets acquisition

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

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

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

On 20 October 2017, the Group acquired 100% equity interest in Haidong Yuantong at a consideration of RMB200,000. At the date of acquisition, Haidong Yuantong had a 20MW solar power plant project under development. The project was connected to the grid in January 2018.

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

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

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2017 *(continued)*

(i) Assets acquisition (continued)

(d) Acquisition of 蘭溪金瑞農業科技有限公司 ("Lanxi Agriculture")

On 24 November 2017, the Group acquired 100% equity interest in Lanxi Agriculture at a consideration of RMB1,300,000. At the date of acquisition, Lanxi Agriculture is in preliminary development stage.

	Zhongwei Lihe RMB'000	Haidong Yuantong RMB'000	Huzhu Haoyang RMB'000	Lanxi Agriculture RMB'000	Total RMB'000
Assets and liabilities recognised at the date of acquisition					
Property, plant and equipment	57,061	149,461	340,008	8,602	555,132
Prepayments and other receivables	622	26,644	98,148	800	126,214
Bank balances and cash	—	44	2	—	46
Other payables	(57,483)	(175,949)	(438,058)	(8,102)	(679,592)
Total identifiable net assets acquired	200	200	100	1,300	1,800
Consideration payable to the former owner	(200)	(200)	(100)	(1,300)	(1,800)
Cash consideration paid	—	—	—	—	—
Bank balances and cash acquired	—	44	2	—	46
Net cash inflow	—	44	2	—	46

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2017 *(continued)*

(ii) Business acquisition

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

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

(b) Acquisition of 曲陽晶投新能源科技有限公司 ("Quyang Jingtou")

On 19 July 2017, the Group acquired 100% equity interest in Quyang Jingtou at a consideration of RMB2,090,000. At the date of acquisition, Quyang Jingtou had a 30MW solar power plant project in operation.

(c) Acquisition of 蘭溪金瑞太陽能發電有限公司 ("Lanxi Solar")

On 24 November 2017, the Group acquired 100% equity interest in Lanxi Solar at a consideration of RMB1,050,000. At the date of acquisition, Lanxi Solar had two 20MW solar power plant projects in operation.

(d) Acquisition of 神木縣晶富電力有限公司 ("Shenmu Jingfu")

On 14 December 2017, the Group acquired 80% equity interest in Shenmu Jingfu at a consideration of RMB2,385,600. At the date of acquisition, Shenmu Jingfu had two solar power plant projects, with total capacity of 40MW, in operation.

(e) Acquisition of 神木縣晶普電力有限公司 ("Shenmu Jingpu")

On 14 December 2017, the Group acquired 80% equity interest in Shenmu Jingpu at a consideration of RMB4,625,200. At the date of acquisition, Shenmu Jingpu had three solar power plant projects, with total capacity of 140MW, in operation.

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2017 *(continued)*

(ii) Business acquisition (continued)

	Sannohe RMB'000	Quyang Jingtou RMB'000	Lanxi Solar RMB'000	Shenmu Jingfu RMB'000	Shenmu Jingpu RMB'000	Total RMB'000
Fair value of assets and liabilities recognised at the date of acquisition						
Property, plant and equipment	75,041	235,727	248,504	319,237	1,130,007	2,008,516
Trade receivables	100	5,968	25,056	29,746	130,427	191,297
Prepayments and other receivables	4,039	81,065	37,155	41,808	261,544	425,611
Bank balances and cash	284	4,892	9,171	3,470	15,014	32,831
Other payables	(49,214)	(143,995)	(83,759)	(278,309)	(568,735)	(1,124,012)
Bank and other borrowings	—	(181,567)	(235,077)	(112,970)	(962,475)	(1,492,089)
Total fair value of identifiable net assets acquired	30,250	2,090	1,050	2,982	5,782	42,154
Non-controlling interest *(Note)*	—	—	—	(596)	(1,157)	(1,753)
Consideration paid during the year ended 31 December 2016	(29,800)	—	—	—	—	(29,800)
Consideration payable to the former owner	(450)	(2,090)	(1,050)	(2,386)	(4,625)	(10,601)
Cash consideration paid	—	—	—	—	—	—
Bank balances and cash acquired	284	4,892	9,171	3,470	15,014	32,831
Net cash inflow	284	4,892	9,171	3,470	15,014	32,831

Note: The non-controlling interest (20%) in Shenmu Jingfu and Shenmu Jingpu recognised at the acquisition date was measured at proportionate share of net assets acquired.

38. Disposal of Subsidiaries

(a) Disposal of PCB business

On 2 August 2017, the Group completed its disposal of PCB Business and details are set out in note 12. The net assets of PCB Business at the date of disposal were as follows:

	RMB'000
Consideration received:	
Total consideration received	218,042

	2 August 2017 RMB'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	334,334
Prepaid lease payments	6,396
Other non-current assets	17,237
Inventories	192,401
Trade and other receivables	472,466
Bank balances and cash	26,930
Trade and other payables	(504,830)
Loan from a shareholder	(17,232)
Bank borrowings — due within one year	(181,630)
Obligations under finance leases — due within one year	(30,020)
Other current liabilities	(65,773)
Obligations under finance leases — due after one year	(11,589)
Other non-current liabilities	(21,510)
Net assets disposed of	217,180
Gain on disposal of subsidiaries:	
Consideration received	218,042
Net assets disposed of	(217,180)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of the subsidiaries	86,512
Transaction costs	(862)
Gain on disposal	86,512
Net cash inflow arising on disposal:	
Cash consideration, net of transaction costs	217,180
Less: bank balances and cash disposed of	(26,930)
	190,250

38. Disposal of Subsidiaries *(continued)*

(a) Disposal of PCB business *(continued)*

The impact of PCB Business on the Group's results and cash flows for the year ended 31 December 2017 is disclosed in note 12.

(b) Disposal of solar power plant projects in the PRC

Year ended 31 December 2018

(i) On 20 May 2018, 蘇州協鑫新能源投資有限公司 (Suzhou GCL New Energy Investment Co., Ltd.*) ("Suzhou GCL New Energy"), a subsidiary of the Group, entered into a share transfer agreement with an independent third party. Pursuant to the agreement, Suzhou GCL New Energy agreed to sell 100% equity interest of 內蒙古鑫景光伏發電有限公司 (Inner Mongolia Xinjing Photovoltaic Electric Power Co., Ltd.*) ("Xinjing") at a consideration of RMB22,000,000.

(ii) On 10 December 2018, Suzhou GCL New Energy, a subsidiary of the Group, entered into a share transfer agreement with an independent third party, CGN Solar. Pursuant to the agreement, Suzhou GCL New Energy agreed to sell 80% equity interest of Huarong at a consideration of RMB119,155,000. Huarong operates solar power plant projects in Huarong, the PRC ("Huarong Project").

The Group guaranteed that for the three-year period following the completion date under the equity transfer agreement, Huarong Project shall generate an average on-grid electricity per year of not less than the guaranteed amount, being 115.4 million kWh and is adjusted in accordance with the degradation rate of the solar panels from 30 June 2018 to the completion date. In the event that the Huarong Project fails to reach the aforesaid target, Suzhou GCL New Energy shall make up the loss suffered by CGN Solar and such guarantee shall extend for a period of three years. As the average annual on grid electricity generated by the project in the past two years well exceeded 115.4 million kWh, in the opinion of the Directors, the fair value of the guarantee is insignificant as at the completion date on 20 May 2018 and 31 December 2018.

In addition, the Group has granted a put option to CGN Solar, pursuant to which the Group has agreed that (i) if the Huarong Project fails to generate an average annual on-grid electricity reaching 70% of the aforesaid on-grid electricity during the three-year period; (ii) if Huarong fails to receive the tariff adjustment continuously for reasons unrelated to CGN Solar, the Group shall repurchase the 80% equity interest in Huarong from CGN Solar at a repurchase price to be agreed between both parties and replace all advancement from CGN Solar to Huarong with its loan. As the average annual on-grid electricity generated by the project in the past 2 years well exceeded the aforesaid 70% requirement, and the Group has obtained legal opinion from the Group's PRC legal advisor that Huarong Project has met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustment when the electricity was delivered on grid, in the opinion of the Directors, the fair value of the option is considered insignificant as at the completion date on 20 May 2018 and 31 December 2018.

Besides, CGN Solar has granted to the Group a put option, pursuant to which CGN Solar has agreed to grant the Group the right, but not an obligation, to request CGN Solar to purchase the remaining 20% equity interest in Huarong upon the aforesaid guarantee being fulfilled. As the purchase price will be made reference to the fair value of the project at the date of purchase of the remaining 20% in Huarong by CGN Solar, in the opinion of the Directors, the fair value of the option is considered insignificant as the completion date on 20 May 2018 and 31 December 2018.

* English name for identification only

38. Disposal of Subsidiaries *(continued)*

(b) Disposal of solar power plant projects in the PRC *(continued)*

Year ended 31 December 2018 (continued)

	Xinjing RMB'000	Huarong RMB'000	Total RMB'000
Consideration:			
Consideration receivable	—	10,950	10,950
Consideration received	22,000	108,205	130,205
	22,000	119,155	141,155
Analysis of assets and liabilities over which control was lost:			
Property, plant and equipment	109,403	588,909	698,312
Other non-current assets	16,868	91,447	108,315
Bank balances and cash	—	8,323	8,323
Trade and other receivables	1,712	147,989	149,701
Trade and other payables	(126,305)	(134,694)	(260,999)
Bank and other borrowings	—	(547,964)	(547,964)
Net assets disposed of	1,678	154,010	155,688
Gain on disposal of subsidiaries:			
Total consideration	22,000	119,155	141,155
Carrying amount of the residual interest	—	36,816	36,816
Net assets disposed of	(1,678)	(154,010)	(155,688)
Gain on disposal	20,322	1,961	22,283
Net cash inflow arising on disposal:			
Cash consideration received	22,000	108,205	130,205
Less: bank balances and cash disposed of	—	(8,323)	(8,323)
	22,000	99,882	121,882

38. Disposal of Subsidiaries *(continued)*

(b) Disposal of solar power plant projects in the PRC *(continued)*

Year ended 31 December 2017

On 30 June 2017, the Group entered into share transfer agreements with Zhongmin GCL, a joint venture of the Group, pursuant to which the Group agreed to sell and Zhongmin GCL agreed to purchase 100% equity interest of 金湖正輝太陽能電力有限公司 (Jinhu Zhenghui Photovoltaic Co., Ltd.*) ("Jinhu") and 山東萬海電力有限公司 (Shandong Wanhai Solar Power Co., Ltd.*) ("Wanhai") for consideration of approximately RMB191,496,000 and RMB70,420,000, respectively. Part of the consideration, amounting to RMB250,600,000, has been paid on the date of share transfer agreements as deposits. The Group has an option to repurchase the equity interest of those two solar plant projects upon 5 years from the completion of share transfers at the then fair value. As the repurchase price will be made reference to the fair value of projects at the date of repurchase, in the opinion of the Directors, the fair value of the option is considered insignificant. Details of these transactions are set out in the announcement of the Company dated 30 June 2017.

On 31 July 2017, 蘇州協鑫新能源開發有限公司 (Suzhou GCL New Energy Development Co., Ltd.*) ("Suzhou Development"), a subsidiary of the Group, entered into a share transfer agreement with Fuyang New Energy, an independent third party. Pursuant to the agreement, Suzhou development agreed to sell 100% equity interest of 東營協鑫光伏科技有限公司 (Dongying GCL Photovoltaic Technology Co., Ltd.*) ("Dongying") at a consideration of RMB25,910,000.

* English name for identification only

38. Disposal of Subsidiaries *(continued)*

(b) Disposal of solar power plant projects in the PRC *(continued)*

Year ended 31 December 2017 (continued)

The net assets of those three solar plant projects at the date of disposal were as follows:

	Jinhu RMB'000	Wanhai RMB'000	Dongying RMB'000	Total RMB'000
Consideration:				
Consideration received	185,700	64,900	25,910	276,510
Consideration receivable	5,796	5,520	—	11,316
Total consideration	191,496	70,420	25,910	287,826
Analysis of assets and liabilities over which control was lost:				
Property, plant and equipment	711,281	245,264	77,738	1,034,283
Prepaid lease payments	1,011	1,522	—	2,533
Other non-current assets	58,962	42,463	8,128	109,553
Trade and other receivables	149,519	63,909	3,927	217,355
Bank balances and cash	81,064	13,903	6,101	101,068
Trade and other payables	(27,426)	(27,276)	(82,728)	(137,430)
Bank borrowings	(670,000)	(240,000)	—	(910,000)
Intragroup payables	(123,977)	(24,304)	—	(148,281)
Net assets disposed of	180,434	75,481	13,166	269,081
Gain (loss) on disposal of subsidiaries:				
Total consideration	191,496	70,420	25,910	287,826
Net assets disposed of	(180,434)	(75,481)	(13,166)	(269,081)
Gain (loss) on disposal	11,062	(5,061)	12,744	18,745
Net cash inflow arising on disposal:				
Cash consideration received	185,700	64,900	25,910	276,510
Less: bank balances and cash disposed of	(81,064)	(13,903)	(6,101)	(101,068)
	104,636	50,997	19,809	175,442

38. Disposal of Subsidiaries *(continued)*

(c) Disposal of solar power plant projects in Japan

(i) Disposal of AD3

On 9 February 2018, the Group entered into a transfer agreement with an independent third party to dispose 50% beneficial interest of its then wholly-owned subsidiary, AD3, a solar plant project in Japan, at a consideration of JPY419,200,000 (equivalent to approximately RMB24,422,000). Upon completion of the disposal on the same date, the Group and the independent third party have joint control over AD3, as under the contractual agreement unanimous consent is required from both parties to the agreement in directing the relevant activities of AD3. Part of the consideration, amounting to JPY330,100,000 (equivalent to approximately RMB19,231,000), has been received on the date of share transfer agreement as deposits. The remaining consideration of JPY89,100,000 (equivalent to approximately RMB5,191,000) will be paid upon fulfilment of certain conditions. Accordingly, AD3 is classified as a joint venture of the Group since 9 February 2018.

(ii) Disposal of Himeji

On 14 February 2018, the Group entered into an equity interest transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to transfer 50% beneficial interest in Himeji to the independent third party resulting the Group and the independent third party having joint control over Himeji, as under the contractual agreement, unanimous consent is required from both parties to the agreement for directing the relevant activities. Accordingly, Himeji is classified as a joint venture of the Group since 14 February 2018.

38. Disposal of Subsidiaries *(continued)*

(c) Disposal of solar power plant projects in Japan *(continued)*

	AD3 RMB'000	Himeji RMB'000	Total RMB'000
Consideration:			
Consideration received	19,231	—	19,231
Consideration receivable	5,191	—	5,191
	24,422	—	24,422
Carrying amount of residual interest	11,801	1,745	13,546
	36,223	1,745	37,968
Less: net assets derecognised:			
Property, plant and equipment	19,028	—	19,028
Prepaid lease payments	—	14,564	14,564
Trade and other receivables	4,233	5	4,238
Bank balances and cash	374	2,055	2,429
Trade and other payables	(33)	(15,121)	(15,154)
Net assets disposed of	23,602	1,503	25,105
Gain on disposal of subsidiaries	12,621	242	12,863
Net cash inflow (outflow) arising on disposal:			
Cash consideration received	19,231	—	19,231
Less: bank balances and cash disposal of	(374)	(2,055)	(2,429)
	18,857	(2,055)	16,802

39. Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which mainly includes amounts due to related companies, loans from related companies, bank and other borrowings, bonds and senior notes, and convertible bonds, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, perpetual notes and reserves.

The Directors review the capital structure on a periodical basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debt.

40. Financial Instruments

40a. Categories of financial instruments

	2018 RMB'000	2017 RMB'000
Financial assets		
Amortised cost	7,353,719	—
Loans and receivables (including cash and cash equivalents)	—	12,059,560
Other investments	—	340,040
FVTPL:		
Mandatorily measured at FVTPL	100,000	—
Financial liabilities		
FVTPL:		
Convertible bonds	—	925,642
Amortised cost	49,813,855	45,301,081

40. Financial Instruments *(continued)*

40a. Categories of financial instruments *(continued)*

Financial liabilities designated as at FVTPL

	2018 RMB'000	2017 RMB'000
Cumulative gain in fair value change attributable to changes in credit risk	—	(10,445)
Cumulative gain in fair value change attributable to changes in credit risk relating to financial liabilities derecognised during the year	**(10,553)**	—
Loss in fair value changes attributable to changes in credit risk	**108**	—
Difference between carrying amount and maturity amount		
At fair value	—	925,642
Amount payable at maturity	—	(912,896)
	—	12,746

40b. Financial risk management objectives and policies

The Group's major financial instruments include other investments, trade and other receivables, other loan receivables, amounts due from related companies, pledged bank and other deposits, bank balances and cash, other payables, amounts due to related companies, loans from loans from related companies, bank and other borrowings, bonds and senior notes and convertible bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk

Currency risk

The Group operates in the PRC, Japan and the US and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB, HK$, US$, Japanese Yen ("JPY") and Euro ("EUR"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group currently does not have a currency risk hedging policy. However, the management monitors foreign currency risk exposure by closely monitoring the movement of foreign currency rate and considers hedging against it should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
The Group				
HK$	**16,780**	11,321	**467,218**	925,678
US$	**19,752**	1,510,735	**5,274,799**	1,944,221
JPY	**—**	32	**—**	—
EUR	**—**	—	**111,432**	125,617
Inter-company balances				
RMB	**—**	—	**1,276**	—
HK$	**210,917**	240,691	**24,674**	269,863
US$	**1,185,959**	1,153,827	**627,090**	569,688
JPY	**45,858**	53,594	**—**	—

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk (continued)

Currency risk *(continued)*

The foreign currency assets in 2018 and 2017 mainly relate to the US$, HK$, and JPY denominated pledged bank and other deposits and bank balances.

The foreign currency liabilities in 2018 and 2017 mainly relate to the US$, HK$ and EUR denominated bonds and senior notes, bank and other borrowings and convertible bonds.

Sensitivity analysis

The following sensitivity analysis details the Group's sensitivity to a 5% (2017: 5%) increase and decrease in functional currency of respective entities against the relevant foreign currencies. 5% (2017: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2017: 5%) change in foreign currency rates. The sensitivity analysis also includes inter-company balances where the denomination of the balance is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit and a negative number below indicates a decrease in post-tax profit, where the functional currency of the respective entities had weakened 5% (2017: 5%) against the relevant foreign currencies. For a 5% (2017: 5%) strengthening of functional currency of respective entities against the relevant foreign currency, there would be an equal and opposite impact on the profit for the year.

	HK$ RMB'000	**US$** RMB'000	**JPY** RMB'000	**EUR** RMB'000
2018				
Increase (decrease) in profit for the year	**(10,853)**	**(195,363)**	**1,915**	**(4,179)**
2017				
Increase (decrease) in profit for the year	(28,126)	30,432	2,239	(4,711)

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to currency risk during the year.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk (continued)

Interest rate risk

The management has considered the Group's exposure to cash flow interest rate risk in relation to variable-rate bank balances (see note 27) to be limited because the current market interest rates on general deposits are relatively low and stable.

Certain of the Group's borrowings are issued at variable rates which expose the Group to cash flow interest rate risk. It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk. The Group currently does not have a hedging policy on interest rate exposure. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. The Group's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

The sensitivity analysis below has been determined based on the exposure to cash flow interest rates risks. The analysis is prepared assuming the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. The following represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2018 would have decreased/increased by approximately RMB150,681,000 (2017: RMB139,104,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to interest rate risk during the year.

The Group's exposure to fair value interest rate risk relating to convertible bonds is subject to the discount rate. The sensitivity analysis for change in discount rate is disclosed in note 40c.

Credit risk and impairment assessment

As at 31 December 2018, other than financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group arising from the amount of financial guarantees provided by the Group, is disclosed in Note 46(g). The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets and financial guarantee contracts.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the Group has a credit control policy in place under which credit evaluations of customers are performed on all customers requiring credit. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 (2017: incurred loss model) on trade balances based on provision matrix.

The Group's concentration of credit risk by geographical locations is mainly the PRC, which accounted for over 99% (31 December 2017: 99% of the trade receivables as at 31 December 2018).

The trade receivables arising from sales of electricity are mainly due from the local electric power bureaus in various provinces in the PRC. The management considered the probability of default of trade receivables is low since the local electric power bureaus are state-owned grid companies, and taking into the account of the past default experience of the debtors, adjusted for general economic conditions of the solar industry and an assessment of both current as well as forecast direction of market conditions at the reporting date. Accordingly, the management is of the opinion that the credit risk of trade receivables is limited.

In relation to contract assets of tariff adjustment receivables, the management performs impairment assessment on a periodic basis. Based on the assessment, the management is of the opinion that the probability of defaults of the relevant counterparties are insignificant since the solar power industry is well supported by the PRC government. In addition, as detailed in Note 5, the management are confident that all of the Group's operating power plants are able to be registered in the Catalogue in due course and the accrued revenue on tariff subsidy are fully recoverable but only subject to timing of allocation of funds. Accordingly, the credit risk regarding contract assets of tariff adjustment receivables is limited.

The Group always measures the loss allowance for trade receivables and contract assets, including those with significant financing component at an amount equal to lifetime ECL. The ECL on trade receivables and contract assets are estimated using a provision matrix for debtors which shared credit risk characteristics by reference to repayment history of the debtors, taking into account general economic conditions of the solar power industry, relevant country default risk, and an assessment of both the current as well as the forecast direction at the reporting date.

Based on the average loss rates, the ECL on trade receivables and contract assets is considered to be insignificant.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Bank balances and pledged bank and other deposits

The credit risks on bank balances and pledged bank and other deposits are limited because the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit-rating agencies in the PRC and Hong Kong.

The Group assessed 12m ECL for bank balances and pledged bank deposits by reference to information relating to average loss rate of the respective credit rating grades published by external credit rating agencies.

Based on the average loss rates, the ECL on bank balances and pledged bank and other deposits is considered insignificant.

Other loan receivables

The Group has concentration of credit risk on other loan receivables as majority of the balances is due from a borrower. The management performs impairment assessment on the other loan receivables on a periodic basis. The Group has not encountered significant difficulties in collecting from the relevant parties in the past. In assessing the probability of default of the other loan receivables, the management has taken into account the industries the Borrowers operate, the past repayment history as well as forward looking information that is available without undue cost or effort. Since the Borrowers have good repayment history and they are engaged in the solar power industry which is well supported by prevailing government policies, the management is of the opinion that the credit risk is limited.

For the purpose of impairment assessment of other loan receivables, the loss allowance is measured at an amount equals to 12m ECL. In determining the ECL of other loan receivables, after taking into account of the aforesaid factors, and forward looking information that is available without undue cost or effort, the management considered the ECL for other loan receivables is insignificant as at 31 December 2018.

Other receivables and amounts due from related companies

In relation to amounts due from related companies and other receivables, the management performs impairment assessment on the balances on a periodic basis. In assessing the probability of defaults of the amounts due from related companies and other receivables, the management has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward looking information that is available without undue cost or effort. Since the counterparties are mainly engaged in solar power industry in which their major current assets are tariff receivables, the collection of which is well supported by government policies; accordingly, the management considered the credit risk is limited.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Other receivables and amounts due from related companies *(continued)*

For the purpose of impairment assessment of other receivables and amounts due from related parties, the loss allowance is measured at an amount equals to 12m ECL. In determining the ECL of other receivables and amounts due from related parties, after taking into account of the aforesaid factors and the forward looking information that is available without undue cost or effort, and considering the debtors are operated in the solar power industry which is well supported by the PRC government, the management considered the ECL provision of amounts due from related parties and other receivables is insignificant.

Financial guarantee contracts

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB697,590,000 as at 31 December 2018. The credit risks on financial guarantee contracts provided by the Group are limited as the underlying borrowings are secured by assets of the relevant borrowers.

At the end of the reporting period, the Directors have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Therefore, the loss allowance is measured at 12m ECL and details of the financial guarantee contracts are set out in Note 46(g).

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default of counterparties	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

2018	*Note*	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount RMB'000
Financial assets at amortised cost					
Other loan receivables	26	N/A	N/A (Note a)	12m ECL	21,208*
Amounts due from related companies	22	N/A	N/A (Note a)	12m ECL	387,474
Pledged bank and other deposits					
— Pledged bank deposits	27	AA to Ba1	N/A	12m ECL	1,524,479
— Pledged other deposits	27	N/A	N/A (Note a)	12m ECL	506,804
					2,031,283
Bank balances and cash	27	AA+ to Ba3	N/A	12m ECL	1,361,978
Other receivables and deposits	24A	N/A	N/A (Note a)	12m ECL	590,976
Trade receivables	24A	N/A	Low risk (Note b)	Lifetime ECL (provision matrix)	2,981,150
Other items					
Contract assets	24B	N/A	Low risk (Note b)	Lifetime ECL (provision matrix)	4,236,405
Financial guarantee contracts	46(g)	N/A	Low risk (Note c)	12m ECL	697,590

* The gross carrying amounts disclosed above include the relevant interest receivables which are presented in other receivables.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Notes:

a. For the purposes of internal credit risk management, the Group uses repayment history or other relevant information to assess whether credit risk has increased significantly since initial recognition. As at 31 December 2018, the balances of other loan receivables, amounts due from related companies and other receivables are not past due and the internal credit rating of these balances are considered as low risk.

b. For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix for debtors grouped by internal credit rating.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its sales of electricity operation. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are based on provision matrix as at 31 December 2018 within lifetime ECL (not credit-impaired).

Gross carrying amount

Internal credit rating	Average loss rate	Trade receivables RMB'000	Average loss rate	Contract assets RMB'000
Low risk	0.06%	2,981,150	0.38%	4,236,405

The estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The Directors are of the opinion that the ECL for trade receivables and contract assets is insignificant for the year ended 31 December 2018.

c. For financial guarantee contracts, the gross carrying amount represents the maximum amount that the Group has guaranteed under the relevant contract.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings to ensure unutilised banking facilities are adequate and ensures compliance with loan covenants or to obtain waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements.

As at 31 December 2018, the Group's current liabilities exceeded its current assets by RMB11,241 million and had bank balances and cash of approximately RMB1,362 million (2017: RMB4,197 million) against bank and other borrowings, convertible bonds and loans from related companies due within one year amounted to approximately RMB9,354 million (2017: RMB9,065 million).

The Group finances its capital intensive operations by short-term and long-term bank borrowings and shareholders' equity and perpetual notes.

During the year ended 31 December 2018, the Group obtained new borrowings totalling RMB9,266 million of which RMB8,046 million had a repayment terms of over 3 years. The Group also implementing different long-term financing strategies as disclosed in note 2.

Furthermore, the management maintains continuous communication with the Group's principal banks on the grant of additional banking facilities. The Directors have reviewed the Group's bank loans and banking facilities available to the Group and are of the opinion that there are good track records or relationship with the relevant banks which enhance the Group's ability to obtain new financing.

Despite uncertainties mentioned in note 2, the Directors believe that the Group will be able to generate sufficient cash flows to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

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

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the contractual repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest rate risk tables

	Weighted average interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2018								
Other payables	—	9,859,700	—	—	—	—	9,859,700	9,859,700
Amounts due to related companies	—	139,460	—	—	—	—	139,460	139,460
Loans from related companies	7.96	267,040	840,140	2,227,261	135,717	94,218	3,564,376	3,217,023
Bank and other borrowings								
— fixed-rate	6.46	597,611	1,792,832	110,975	325,232	528,797	3,355,447	3,011,337
— variable-rate	5.33	3,333,811	4,192,928	4,307,538	12,562,766	13,495,568	37,892,611	29,651,938
Bonds and senior notes	7.15	121,822	161,947	818,769	3,553,422	—	4,655,960	3,934,397
Financial guarantee contracts	—	697,590	—	—	—	—	697,590	—
		15,017,034	6,987,847	7,464,543	16,577,137	14,118,583	60,165,144	49,813,855

	Weighted average interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2017								
Other payables	—	10,693,659	—	—	—	—	10,693,659	10,693,659
Amounts due to related companies	—	102,784	—	—	—	—	102,784	102,784
Loans from related companies	7.93	—	1,104,084	—	—	—	1,104,084	1,071,876
Bank and other borrowings								
— fixed-rate	7.30	753,637	2,260,912	1,726,957	205,471	296,091	5,243,068	4,729,210
— variable-rate	5.39	1,299,256	3,897,768	3,558,624	8,630,754	12,503,460	29,889,862	27,820,792
Convertible bonds	6.00	5,666	949,575	—	—	—	955,241	925,642
Bonds	7.50	—	66,375	66,375	977,300	—	1,110,050	882,760
		12,855,002	8,278,714	5,351,956	9,813,525	12,799,551	49,098,748	46,226,723

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

The amounts included above for variable-rate borrowings are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

Bank borrowings that are repayable on demand due to breach of loan covenants by GCL-Poly, the guarantor of certain bank borrowings of the Group, as disclosed in notes 2 and 30, are included in the "on demand or less than 3 month" time band in the above maturity analysis. As at 31 December 2018, the aggregate carrying amounts of these bank loans amounted to RMB3,075,021,000 (2017: nil). The Directors do not believe that the banks will exercise their rights to demand immediate repayment from the Group, given that subsequent to the end of the reporting period, GCL-Poly has obtained consents from the relevant lenders to waive the financial covenants concerned. The Directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The following table details the Group's aggregate principal and interest cash outflows based on scheduled repayments for bank borrowings that became repayable on demand due to the aforesaid breach of loan covenants by GCL-Poly. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of the reporting period.

	Weighted average interest rate %	Less than 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2018	5.43	1,278,229	642,775	990,642	705,824	3,617,470	3,075,021

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

40. Financial Instruments *(continued)*

40c. 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 engages third party qualified valuers to perform the valuation. The Directors work closely with the qualified valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports the findings to the Directors every half year to explain the cause of fluctuations in the fair value of the assets and liabilities.

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

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

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

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	2018 RMB'000	2017 RMB'000			
Asset management plan investment measured at FVTPL *(Note a)*	**100,000**	340,040	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of future expected cash flows to be derived from the underlying assets	Discount rate of 7.5% (2017: 7% – 7.5%)
Convertible bonds *(Note b)*	**—**	(925,642)	Level 3	Binomial Lattice model, the key input are: underlying share price, conversion price, risk free rate, share price volatility, discount rate and dividend yield	Share price volatility of 63.28% – 69.69% and discount rate of 17.73% – 18.26%, taking into account the historical share price of the Company for the period of time close to the expected time to exercise

40. Financial Instruments *(continued)*

40c. Fair value measurements of financial instruments *(continued)*

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

Notes:

(a) If the estimated discount rate used were multiplied by 95% or 105% while all the other variables were held constant, the fair value of the investments would increase by approximately RMB776,000 (2017: RMB2,042,000) or decrease by approximately RMB765,000 (2017: RMB2,024,000), respectively.

(b) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the loss on change in fair value of the convertible bonds issued by the Company would increase by approximately RMB6,028,000/decrease by approximately RMB7,442,000 as at 31 December 2017, respectively.

If the discount rate used was multiplied by 95% or 105% while all the other variables were held constant, the loss on change in fair value of the convertible bonds issued by the Company would increase by approximately RMB2,487,000 or decrease by approximately RMB2,474,000 as at 31 December 2017, respectively.

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

(ii) Reconciliation of Level 3 fair value measurements

	Other investments RMB'000	**Convertible Bonds** RMB'000
At 1 January 2017	—	(858,461)
Purchase	606,050	—
Gain (loss) in profit or loss	2,883	(118,744)
Payment of interest	—	51,563
Redemption of the investments	(268,893)	—
At 31 December 2017 and 1 January 2018	340,040	(925,642)
Fair value change in profit or loss	16,790	(5,524)
Fair value loss on financial liabilities designed as at FVTPL attributed to changes in credit risk	—	(108)
Payment of interests	—	41,072
Redemption of convertible bonds	—	890,202
Redemption of other investments	(256,830)	—
At 31 December 2018	**100,000**	**—**

The Directors conclude that the carrying amounts of financial assets and financial liabilities carried at amortised cost approximate their fair value.

41. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Continuing operations							Discontinued Operations				
	Accrued interest expense RMB'000 *(Note 28)*	Amounts due to related companies RMB'000 *(Note 22)*	Loans from related companies RMB'000 *(Note 29)*	Bank and other borrowings RMB'000 *(Note 30)*	Convertible bonds RMB'000 *(Note 32)*	Bonds and senior notes RMB'000 *(Note 31)*	Dividend payable to non-controlling shareholders RMB'000 *(Note 28)*	Accrued interest expense RMB'000	Bank and other borrowings RMB'000	Obligations under finance leases RMB'000	Loan from a shareholder RMB'000	Total RMB'000
At 1 January 2017	72,075	83,261	676,307	21,101,006	858,461	—	—	—	181,003	65,760	17,890	23,055,763
Financing cash flows	(998,531)	(24,033)	400,000	10,212,297	(51,563)	881,460	—	(5,667)	627	(25,841)	—	10,388,749
Loss on change in fair value of convertible bonds	—	—	—	—	118,744	—	—	—	—	—	—	118,744
Exchange alignment on translation	—	(3,938)	(4,431)	—	—	—	—	—	—	—	(658)	(9,027)
Exchange difference to profit or loss	—	—	—	(39,458)	—	—	—	—	—	—	—	(39,458)
Finance costs	669,362	67,352	—	694,068	—	1,300	—	5,667	—	1,690	—	1,439,439
Interest capitalisation	330,598	—	—	—	—	—	—	—	—	—	—	330,598
Acquisition of subsidiaries	—	—	—	1,492,089	—	—	—	—	—	—	—	1,492,089
Disposal of subsidiaries	—	—	—	(910,000)	—	—	—	—	—	—	—	(910,000)
Disposal of PCB Business	—	—	—	—	—	—	—	—	(181,630)	(41,609)	(17,232)	(240,471)
Set off with amounts due from related companies	—	(3,376)	—	—	—	—	—	—	—	—	—	(3,376)
Investing activities	—	(15,017)	—	—	—	—	—	—	—	—	—	(15,017)
Operating activities	—	(1,465)	—	—	—	—	—	—	—	—	—	(1,465)
At 31 December 2017 and 1 January 2018	**73,504**	**102,784**	**1,071,876**	**32,550,002**	**925,642**	**882,760**	**—**	**—**	**—**	**—**	**—**	**35,606,568**
Financing cash flows	**(964,688)**	**(50,972)**	**1,409,777**	**399,535**	**(931,274)**	**2,511,522**	**(38,389)**	**—**	**—**	**—**	**—**	**2,335,511**
Loss on change in fair value of convertible bonds	**—**	**—**	**—**	**—**	**5,524**	**—**	**—**	**—**	**—**	**—**	**—**	**5,524**
Exchange alignment on translation	**—**	**2,500**	**63,262**	**25,969**	**—**	**264,650**	**—**	**—**	**—**	**—**	**—**	**356,381**
Finance costs	**900,977**	**78,952**	**43,632**	**977,932**	**—**	**275,465**	**—**	**—**	**—**	**—**	**—**	**2,276,958**
Interest capitalisation	**157,891**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**157,891**
Acquisition of subsidiaries	**—**	**—**	**—**	**948,101**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**948,101**
Reclassification to loan from related companies	**—**	**—**	**628,476**	**(628,476)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Disposal of subsidiaries	**—**	**—**	**—**	**(547,964)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(547,964)**
Recognition of deferred income on government grant – ITC	**—**	**—**	**—**	**(188,869)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(188,869)**
Fair value change to OCI	**—**	**—**	**—**	**—**	**108**	**—**	**—**	**—**	**—**	**—**	**—**	**108**
Dividend declared	**—**	**—**	**—**	**—**	**—**	**—**	**44,685**	**—**	**—**	**—**	**—**	**44,685**
Operating activities	**—**	**6,196**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**6,196**
Transfer to liabilities directly associated with assets as held-for-sale	**(970)**	**—**	**—**	**(872,955)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(873,925)**
At 31 December 2018	**166,714**	**139,460**	**3,217,023**	**32,663,275**	**—**	**3,934,397**	**6,296**	**—**	**—**	**—**	**—**	**40,127,165**

42. Operating Leases

The Group as lessee

	2018 RMB'000	2017 RMB'000
Minimum lease payments paid under operating leases during the year:		
Buildings	**48,821**	25,475
Land	**80,243**	53,439
Others	**3,841**	2,651
	132,905	81,565

At the end of the reporting period, the Group's commitments for future minimum lease payments under non-cancellable operating leases including lease payments during renewal period in which renewals are reasonably certain, which fall due as follows:

	2018 RMB'000	2017 RMB'000
Within one year	**99,230**	88,954
In the second to fifth year inclusive	**399,231**	307,590
After five years	**1,753,776**	1,172,890
	2,252,237	1,569,434

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

Including in the commitments for future lease payments under non-cancellable operating leases, RMB20,643,000 (2017: RMB27,524,000) and nil (2017: RMB20,643,000) which fall due within one year and in the second to fifth year inclusive, respectively, is related to the rental agreement entered into with Suzhou GCL Industrial Applications Research (as defined in note 46(d)).

43. Commitments

	2018 RMB'000	2017 RMB'000
Capital commitments		
Construction commitments in respect of solar power plant projects contracted for but not provided in the consolidated financial statements	**1,055,737**	3,625,741
Other commitments		
Commitments to contribute share capital to joint ventures contracted for but not provided	**94,960**	243,460
	1,150,697	3,869,201

44. Pledge of Assets

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

	2018 RMB'000	2017 RMB'000
Property, plant and equipment	28,529,134	26,720,213
Prepaid lease payments	16,910	—
Pledged bank and other deposits	2,031,283	2,243,073
Trade receivables and contract assets	6,568,048	4,192,659
Amount due from an associate of ultimate holding company	18,135	—
	37,163,510	33,155,945

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

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

Bills receivable issued by third parties endorsed with recourse for settlement of payables for purchase of plant and machinery and construction costs is disclosed in note 28.

45. Retirement Benefits Schemes

(a) The PRC

The Group contributes to retirement plans for its employees in the PRC at a percentage of their salaries in compliance with the requirements of the respective municipal governments in the PRC. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group in the PRC.

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

(c) The US

In 2015, the Company established a 401(k) savings trust plan ("401(k) Plan"), a defined contribution plan and is funded by employers and employees, in the US that qualifies as an Inland Revenue Service ("IRS") deferred salary arrangement under Section 401(k) of the US Internal Revenue Code. Under the 401(k) Plan, participating employees may elect to contribute up to a maximum amount subject to certain IRS limitations.

45. Retirement Benefits Schemes *(continued)*

(d) Japan

The Group participates in an employee's pension fund for all its employees in Japan. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to Employee's Pension Insurance Act.

During the year ended 31 December 2018, total amounts contributed by the Group to the schemes in the PRC, Hong Kong, the US and Japan and charged to profit or loss, which represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes are approximately RMB47,708,000 (2017: RMB41,108,000).

46. Related Party Disclosures

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

(a) Management services income from related companies

	2018 RMB'000	2017 RMB'000
Fellow subsidiaries		
蘇州保利協鑫光伏電力投資有限公司 Suzhou GCL-Poly Solar Power Investment Ltd.* ("Suzhou GCL-Poly")	33,302	33,302
GCL Solar Energy Limited	3,309	3,376
Joint ventures		
Jinhu	14,898	—
Wanhai	7,800	—
	59,309	36,678

蘇州協鑫新能源運營科技有限公司 (Suzhou GCL New Energy Operation and Technology Co., Ltd.*) ("Suzhou GCL Operation"), indirect wholly-owned subsidiary of the Company, provides operation and management services to the solar power plants of Suzhou GCL-Poly and its subsidiaries.

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

Suzhou GCL Operation provides operation and management services to the solar power plants of Jinhu and Wanhai. Jinhu and Wanhai are wholly-owned subsidiaries of Zhongmin GCL, a joint venture of the Group.

* English name for identification only

46. Related Party Disclosures *(continued)*

(b) Interest income from loans to joint ventures

	2018 RMB'000	2017 RMB'000
Yili	**5,057**	8,588
Jinhu	**5,813**	1,396
Himeji	**80**	—
	10,950	9,984

Details of the loans to joint ventures are set out in note 22.

(c) Interest on loans from related companies

	2018 RMB'000	2017 RMB'000
Fellow subsidiaries		
GCL-Poly (Suzhou)	**22,911**	53,467
Taicang GCL	**3,889**	4,200
揚州協鑫光伏科技有限公司 Yangzhou GCL Photovoltaic Technology Co., Ltd.*	**3,889**	4,200
GCL Solar Energy Limited	**1,645**	5,485
	32,334	67,352
Ultimate holding company		
GCL-Poly	**38,287**	—
Associate of ultimate holding company		
Xinxin	**39,470**	—
Related companies		
GCL Group Limited	**11,914**	—
Nanjing Xinneng	**579**	—
	12,493	—
	122,584	67,352

* English name for identification only

Details of the loans from related companies are set out in note 29.

46. Related Party Disclosures *(continued)*

(d) Rental expense to a fellow subsidiary

	2018 RMB'000	2017 RMB'000
蘇州協鑫工業應用研究院有限公司 Suzhou GCL Industrial Applications Research Co., Ltd* ("Suzhou GCL Industrial Applications Research")	**24,966**	8,244

協鑫新能源投資（中國）有限公司 (GCL New Energy Investment (China) Co., Ltd*) ("GCL New Energy Investment"), an indirect wholly-owned subsidiary of the Company leased two premises from Suzhou GCL Industrial Applications Research, an indirect wholly-owned subsidiary of GCL-Poly.

* English name for identification only

(e) Profit attributable on perpetual notes

	2018 RMB'000	2017 RMB'000
GCL-Poly (Suzhou)	**52,697**	51,100
Taicang GCL	**15,190**	14,600
Suzhou GCL	**37,503**	33,398
Jiangsu GCL	**29,639**	32,302
	135,029	131,400

Profit distribution on perpetual notes

	2018 RMB'000	2017 RMB'000
GCL-Poly (Suzhou)	**—**	25,672
Taicang GCL	**—**	7,381
Suzhou GCL	**—**	18,230
Jiangsu GCL	**—**	14,032
	—	65,315

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

46. Related Party Disclosures *(continued)*

(f) Guarantees granted by related companies

At 31 December 2018, certain bank and other loans of the Group amounting to RMB2,970,917,000 (2017: RMB4,355,384,000) were guaranteed by ultimate holding company and/or fellow subsidiaries.

(g) Guarantees provided to related companies

As at 31 December 2018, the Group provided guarantee to Huarong and Wanhai for certain of their bank and other borrowings amounting to RMB204,000,000 and RMB493,590,000, respectively. Since these bank and other borrowings are secured by their (i) property, plant and equipment, (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, in the opinion of the Directors, the fair value of the guarantee is considered insignificant at initial recognition.

(h) Compensation of key management personnel

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

	2018 **RMB'000**	2017 RMB'000
Short-term benefits	**15,203**	25,107
Post-employment benefits	**683**	623
Share-based payments	**2,804**	6,306
	18,690	32,036

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

47. Events After Reporting Period

On 1 February 2019, the Group entered into certain agreements for a financing arrangement with 粵港澳大灣區產融資產管理有限公司 ("Greater Bay Area Asset Management Co. Ltd.") to obtain a financing of approximately RMB420,000,000 for a six-month period. Details are set out in the Company's announcement on the same date.

On 28 March 2019, the Group announced the disposal of 55% equity interests in approximately 280MW of its solar power plant projects to 五凌電力有限公司 ("Wuling Power Corporation Ltd."*), a subsidiary of China Power Investment Corporation at a consideration of approximately RMB246 million. Details are set out in the Company's announcement on the same date and the Directors are currently assessing the financial impact of the disposal.

* English name for identification only

48. Particulars of Principal Subsidiaries

48a. General information of subsidiaries

Details of the Group's principal subsidiaries at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered capital	Interest held 2018 %	Interest held 2017 %	Principal activities
Directly held:					
Pioneer Getter Limited	BVI	US$1	100	100	Investment holding
Bliss Corporate Group Limited	BVI	US$1	100	100	Investment holding
Indirectly held:					
協鑫新能源國際有限公司 GCL New Energy International Limited	Hong Kong	HK$1	100	100	Investment holding
協鑫新能源發展有限公司 GCL New Energy Development Limited	Hong Kong	HK$1	100	100	Investment holding
協鑫新能源管理有限公司 GCL New Energy Management Limited	Hong Kong	HK$1	100	100	Investment holding
協鑫新能源貿易有限公司 GCL New Energy Trading Limited	Hong Kong	HK$1	100	100	Investment holding
GCL New Energy Investment[2]	PRC	US$1,188,000,000 (2017: US$889,000,000)	100	100	Investment holding
Suzhou GCL Operation[3]	PRC	RMB50,000,000	100	100	Investment holding
南京協鑫新能源發展有限公司 Nanjing GCL New Energy Development Co., Ltd.[1, 2]	PRC	US$1,188,000,000	100	100	Investment holding
蘇州協鑫新能源投資有限公司 Suzhou GCL New Energy Investment Company Limited[1, 3]	PRC	RMB12,928,250,000	92.82	92.82	Investment holding
南京協鑫新能源科技有限公司 Nanjing GCL New Energy Technology Co., Ltd.[1, 3]	PRC	RMB300,000,000	100	100	Investment holding
鎮江協鑫新能源發展有限公司 Zhenjiang GCL New Energy Development Co., Ltd.[1, 3]	PRC	RMB33,000,000	100	100	Investment holding

48. Particulars of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered capital	Interest held 2018 %	Interest held 2017 %	Principal activities
包頭市中利騰暉光伏發電有限公司 Bao Tou Shi Zhong Li Photovoltaic Co., Ltd.[1, 3]	PRC	RMB110,000,000	**100**	100	Operation of solar power plants
冊亨協鑫光伏電力有限公司 Ce Heng Solar Power Co., Ltd.[1, 3]	PRC	RMB130,000,000	**100**	100	Operation of solar power plants
德令哈協合光伏發電有限公司 Delingha Century Concord Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB222,000,000	**100**	100	Operation of solar power plants
汾西縣協鑫光伏電力有限公司 Fenxi GCL Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB130,000,000	**100**	100	Operation of solar power plants
阜南協鑫光伏電力有限公司 Funan GCL Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB165,000,000	**100**	100	Operation of solar power plants
高唐縣協鑫晶輝光伏有限公司 Gaotang Xian GCL Jing Hui Photovoltaic Co., Ltd.[1, 3]	PRC	RMB81,000,000	**100**	100	Operation of solar power plants
哈密耀輝光伏電力有限公司 Hami Yaohui Photovoltaic Co., Ltd.[1, 3]	PRC	RMB181,960,000	**100**	100	Operation of solar power plants
海豐縣協鑫光伏電力有限公司 Haifeng Xian GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB155,900,000	**100**	100	Operation of solar power plants
海南州世能光伏發電有限公司 Hainan Zhou Shi Neng Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB60,000,000	**100**	100	Operation of solar power plants
邯能廣平縣光伏電力開發有限公司 Hanneng Guangping Solar Energy Development Limited[1, 3]	PRC	RMB130,000,000	**100**	100	Operation of solar power plants
橫山晶合太陽能發電有限公司 Hengshan Jinghe Solar Energy Co., Ltd.[1, 3]	PRC	RMB222,000,000	**96.35**	96.35	Operation of solar power plants
湖北省麻城市金伏太陽能電力有限公司 Hubei Macheng Jinfu Solar Energy Limited [1, 3]	PRC	RMB191,000,000	**100**	100	Operation of solar power plants

48. Particulars of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered capital	Interest held 2018 %	Interest held 2017 %	Principal activities
淮北鑫能光伏電力有限公司 Huaibei Xinneng Solar Power Co., Ltd.[1, 3]	PRC	RMB90,000,000	**100**	100	Operation of solar power plants
江陵縣協鑫光伏電力有限公司 Jiangling Xian GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB230,000,000	**100**	100	Operation of solar power plants
靖邊縣順風新能源有限公司 Jingbian Shunfeng New Energy Limited[1, 3]	PRC	RMB68,550,000	**95**	95	Operation of solar power plants
靖邊協鑫光伏電力有限公司 Jingbian GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB80,000,000	**100**	100	Operation of solar power plants
開封華鑫新能源開發有限公司 Kaifeng Hua Xin New Energy Development Co., Ltd.[1, 3]	PRC	RMB200,000,000	**100**	100	Operation of solar power plants
Lanxi Solar[3]	PRC	RMB60,320,000 (2017: RMB30,000,000)	**100**	100	Operation of solar power plants
林州市新創太陽能有限公司 Linzhou Xin chuang.[1, 3]	PRC	RMB107,000,000	**100**	100	Operation of solar power plants
猛海協鑫光伏農業電力有限公司 Menghai GCL Solar Agricultural Power Co., Ltd.[1, 3]	PRC	RMB85,000,000	**100**	100	Operation of solar power plants
內蒙古香島新能源發展有限公司 Inner Mongolia Xiangdao New Energy Development Company Limited [1, 3]	PRC	RMB273,600,000	**90.1**	90.1	Operation of solar power plants
寧夏金禮光伏電力有限公司 Ningxia Jinli Photovoltaic Electric Power Co., Ltd.[1, 3]	PRC	RMB86,830,000	**100**	100	Operation of solar power plants
寧夏金信光伏電力有限公司 Ningxia Jinxin Photovoltaic Electric Power Co., Ltd.[1, 3]	PRC	RMB126,300,000	**100**	100	Operation of solar power plants
寧夏中衛協鑫光伏電力有限公司 Ningxia Zhongwei GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB61,600,000	**100**	100	Operation of solar power plants

48. Particulars of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered capital	Interest held 2018 %	Interest held 2017 %	Principal activities
淇縣協鑫新能源有限公司 Qixian GCL New Energy Limited [1, 3]	PRC	RMB84,000,000	100	100	Operation of solar power plants
汝陽協鑫新能源有限公司 Ruyang GCL New Energy Limited [1, 3]	PRC	RMB146,000,000	100	100	Operation of solar power plants
汝州協鑫光伏電力有限公司 Ruzhou GCL Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB150,000,000	100	100	Operation of solar power plants
芮城縣協鑫光伏電力有限公司 Ruicheng Xian GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB134,000,000	100	100	Operation of solar power plants
三門峽協立光伏電力有限公司 San Men Xia Xie Li Solar Power Co., Ltd.[1, 3]	PRC	RMB65,000,000	100	100	Operation of solar power plants
山西佳盛能源股份有限公司 Shanxi Jiasheng Energy Holding Ltd.[1, 3]	PRC	RMB50,000,000	96	96	Operation of solar power plants
上林協鑫光伏電力有限公司 Shanglin GCL Solar Power Co., Ltd. ("Shanglin GCL")[1, 3]	PRC	RMB124,800,000 (2017: RMB84,800,000)	67.95 (note 48c(d))	100	Operation of solar power plants
尚義元辰新能源開發有限公司 Shangyi Yuanchen New Energy Development Company Limited ("Shangyi")[1, 3]	PRC	RMB400,650,000	100	100	Operation of solar power plants
Shenmu Jingfu[3]	PRC	RMB75,400,000	80	80	Operation of solar power plants
Shenmu Jingpu[3]	PRC	RMB266,400,000	80	80	Operation of solar power plants
神木市平西電力有限公司 Shenmu PingXi Power Co., Ltd.[1, 3]	PRC	RMB82,000,000 (2017: RMB20,000,000)	100	100	Operation of solar power plants
神木市平元電力有限公司 Shenmu PingYuan Power Co., Ltd.[1, 3]	PRC	RMB20,000,000	100	100	Operation of solar power plants

48. Particulars of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered capital	Interest held 2018 %	Interest held 2017 %	Principal activities
Guotai[3]	PRC	RMB20,000,000	**80**	—	Operation of solar power plants
Jingdeng[3]	PRC	RMB50,000,000	**80**	—	Operation of solar power plants
石城協鑫光伏電力有限公司 Shicheng GCL Solar Power Co., Ltd. ("Shicheng")[1, 3]	PRC	RMB112,838,100	**51 (note 48c(b))**	70	Operation of solar power plants
天長市協鑫光伏電力有限公司 Tianchang GCL Solar Energy Limited[1, 3]	PRC	RMB63,960,000	**100**	100	Operation of solar power plants
烏拉特後旗源海新能源有限責任公司 Wulate Houqi Yuanhai New Energy Limited.[1, 3]	PRC	RMB50,000,000	**100**	100	Operation of solar power plants
新安縣協鑫光伏電力有限公司 Xinan Xian GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB120,000,000	**100**	100	Operation of solar power plants
宿州協鑫光伏電力有限公司 Su zhou GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB74,000,000	**100**	100	Operation of solar power plants
鹽邊鑫能光伏電力有限公司 Yan bian Xin Neng Solar Power Co., Ltd.[1, 3]	PRC	RMB56,000,000	**100**	100	Operation of solar power plants
鹽源縣白烏新能源科技有限公司 Yan yuan Xian Bai Wu New Energy Technology Co., Ltd.[1, 3]	PRC	RMB113,000,000	**100**	100	Operation of solar power plants
餘幹縣協鑫新能源有限責任公司 Yugan GCL New Energy Limited[1, 3]	PRC	RMB139,300,000	**100**	100	Operation of solar power plants
盂縣晉陽新能源發電有限公司 Yu County Jinyang New Energy Power Generation Co., Ltd.[1, 3]	PRC	RMB171,800,000	**99.4**	99.4	Operation of solar power plants
榆林隆源光伏電力有限公司 Yulin Longyuan Solar Energy Limited[1, 3]	PRC	RMB465,000,000	**100**	100	Operation of solar power plants

48. Particulars of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered capital	Interest held 2018 %	Interest held 2017 %	Principal activities
榆林市榆神工業區東投能源有限公司 Yulin Yu Shen Industrial Area Energy Co., Ltd.[1, 3]	PRC	RMB170,000,000	**100**	100	Operation of solar power plants
元謀綠電新能源開發有限公司 Yuanmou Green Power New Energy Development Limited[1, 3]	PRC	RMB85,000,000	**80**	80	Operation of solar power plants
鄆城鑫華能源開發有限公司 Yuncheng Xinhua Energy Development Co,. Ltd.[1, 3]	PRC	RMB58,597,800 (2017: RMB1,000,000)	**100**	100	Operation of solar power plants
張家港協鑫光伏電力有限公司 Zhang Jia Gang GCL Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB72,414,000	**100**	100	Operation of solar power plants
正藍旗國電光伏發電有限公司 Zhenglanqi State Power Photovoltaic Company Limited[1, 3]	PRC	RMB125,000,000	**99.2**	99.2	Operation of solar power plants
中利騰暉海南電力有限公司 Zhongli Tenghui Hainan Solar Power Co., Ltd.[1, 3]	PRC	RMB105,500,000	**100**	100	Operation of solar power plants
東海縣協鑫光伏電力有限公司 Donghai GCL Solar Energy Co., Ltd.[1, 3]	PRC	RMB54,470,000	**100**	100	Operation of solar power plants
阜寧縣鑫源光伏電力有限公司 Fu Ning Xian Xin Yuan Solar Power Co., Ltd.[1, 3]	PRC	RMB52,000,000	**100**	100	Operation of solar power plants
峨山永鑫光伏發電有限公司 E Shan Yongxin Photovoltaic Electric Power Co., Ltd.[1, 3]	PRC	RMB1,000,000	**100**	100	Operation of solar power plants
碭山協鑫光伏電力有限公司 Dang Shan GCL Solar Power Co., Ltd. [1, 3]	PRC	RMB44,000,000	**100**	100	Operation of solar power plants
欽州鑫金光伏電力有限公司 Qinzhou Xin Jin Solar Power Co., Ltd. ("Qinzhou")[1, 3]	PRC	RMB134,950,000 (2017: RMB94,590,000)	**70.36 (note 48c(c))**	100	Operation of solar power plants

48. Particulars of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered capital	Interest held 2018 %	Interest held 2017 %	Principal activities
永城鑫能光伏電力有限公司 Yongcheng Xin Neng Photovoltaic Electric Power Co, Ltd.[1, 3]	PRC	RMB101,600,000 (2017: RMB1,000,000)	100	100	Operation of solar power plants
商水協鑫光伏電力有限公司 Shang Shui GCL Photovoltaic Electric Power Co, Ltd.[1, 3]	PRC	RMB130,000,000	100	100	Operation of solar power plants
紅河縣瑞欣光伏發電有限公司 Honghe Xian Rui Xin Photovoltaic Electric Power Co., Ltd.[1, 3]	PRC	RMB48,000,000	100	100	Operation of solar power plants
盂縣協鑫光伏電力有限公司 Yu County GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB140,000,000	100	100	Operation of solar power plants
微山鑫能光伏電力有限公司 Weishan Xin Neng Solar Power Co., Ltd.[1, 3]	PRC	RMB75,000,000	100	100	Operation of solar power plants
Huzhu Haoyang. [3]	PRC	RMB66,000,000	100	100	Operation of solar power plants
科爾沁右翼前旗鑫晟光伏電力有限公司 Horqin Youyi Qianqi Xin Sheng Photovoltaic Electric Power Co, Ltd.[1, 3]	PRC	RMB80,000,000	99	99	Operation of solar power plants

1 English name for identification only

2 Foreign investment enterprises

3 Domestic PRC Companies

The above table lists the subsidiaries of the Group which in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Other than Suzhou GCL New Energy issued green bonds as disclosed in note 31, none of the subsidiaries had issued any debt securities at the end of the year.

48. Particulars of Principal Subsidiaries *(continued)*

48b. Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that has material non-controlling interests as at 31 December 2018 and 31 December 2017:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2018	2017	**2018 RMB'000**	2017 RMB'000	**2018 RMB'000**	2017 RMB'000
Suzhou GCL New Energy	PRC	**7.18%**	7.18%	**131,099**	3,847	**1,255,055**	1,163,955
Non-wholly owned subsidiaries of Suzhou GCL New Energy				**13,546**	4,688	**310,173**	145,032
				144,645	8,535	**1,565,228**	1,308,987

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations as at 31 December 2018 and 2017.

Suzhou GCL New Energy and subsidiaries	**2018 RMB'000**	2017 RMB'000
Current assets	**17,760,249**	12,123,026
Non-current assets	**45,667,922**	42,598,673
Current liabilities	**18,461,992**	13,470,533
Non-current liabilities	**27,176,130**	24,895,050
Equity attributable to owners of the Company	**16,224,821**	15,047,129
Non-controlling interests of Suzhou GCL New Energy	**1,255,055**	1,163,955
Non-controlling interests of Suzhou GCL New Energy's subsidiaries	**310,173**	145,032

48. Particulars of Principal Subsidiaries *(continued)*

48b. Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Suzhou GCL New Energy and subsidiaries	2018 RMB'000	2017 RMB'000
Revenue	**5,465,931**	3,868,892
Profit for the year	**1,838,185**	1,453,474
Profit attributable to owners of the Company	**1,693,540**	1,444,939
Profit attributable to the non-controlling interests of Suzhou GCL New Energy	**131,099**	3,847
Profit attributable to the non-controlling interests of Suzhou GCL New Energy's subsidiaries	**13,546**	4,688
Profit for the year	**1,838,185**	1,453,474
Other comprehensive income attributable to owners of the Company	**—**	—
Other comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy	**—**	—
Other comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy's subsidiaries	**—**	—
Other comprehensive income for the year	**—**	—
Total comprehensive income attributable to owners of the Company	**1,693,540**	1,444,939
Total comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy	**131,099**	3,847
Total comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy's subsidiaries	**13,546**	4,688
Total comprehensive income for the year	**1,838,185**	1,453,474
Dividends paid to non-controlling interests of Suzhou GCL New Energy and its subsidiaries	**44,685**	—
Net cash inflow from operating activities	**3,118,616**	1,615,027
Net cash outflow from investing activities	**(4,752,411)**	(11,335,898)
Net cash inflow from financing activities	**237,988**	10,308,977
Net cash (outflow) inflow	**(1,395,807)**	588,106

48. Particulars of Principal Subsidiaries *(continued)*

48c. Change in ownership interest in subsidiaries

Year ended 31 December 2018

(a) 碭山鑫能光伏電力有限公司 (Dangshan Xin Neng Solar Power Company Limited*) ("Dangshan")

In March 2018, Dangshan entered into a solar power project co-operation agreement with an independent third party and received a capital contribution in cash amounting to RMB14,850,000; accordingly, the equity interest held by the Group has been diluted to 67%. An amount of approximately RMB16,674,000 (being the proportionate share of the carrying amount of the net assets of Dangshan) has been transferred to non-controlling interests.

(b) Shicheng

In September 2018, the Group disposed of 19% equity interest in Shicheng at a consideration of RMB21,544,000 to an independent third party, and decreased its shareholding in Shicheng to 51%. An amount of approximately RMB27,095,000 (being the proportionate share of the carrying amount of the net assets of Shicheng) has been transferred to non-controlling interests.

(c) Qinzhou

In November 2018, Qinzhou entered into a capital increase agreement with an independent third party and received capital contribution in cash amounting to RMB40,000,000; accordingly, the equity interest held by the Group has been diluted to 70.36%. An amount of approximately RMB42,560,000 (being the proportionate share of the carrying amount of the net assets of Qinzhou) has been transferred to non-controlling interests.

(d) Shanglin GCL

In November 2018, Shanglin GCL entered into a capital increase agreement with an independent third party and received capital contribution in cash amounting to RMB40,000,000; accordingly, the equity interest held by the Group has been diluted to 67.95%. An amount of approximately RMB44,271,000 (being the proportionate share of the carrying amount of the net assets of Shanglin GCL) has been transferred to non-controlling interests.

* The English name is for identification purpose only.

48. Particulars of Principal Subsidiaries *(continued)*

48c. Change in ownership interest in subsidiaries *(continued)*

Year ended 31 December 2017

(a) Suzhou GCL New Energy

During the year ended 31 December 2017, Suzhou GCL New Energy, a then wholly-owned subsidiary of the Group, entered into a capital increase agreement with an independent third party and received capital contribution in cash amounting to RMB1,471,698,000 (after deduction of the related transaction expenses of RMB28,302,000) which diluted the equity interest held by the Group to 92.82%. An amount of approximately RMB1,160,108,000 (being the proportionate share of the carrying amount of the net assets of Suzhou GCL New Energy) has been transferred to non-controlling interests. The difference of RMB528,470,000 between the increase in the non-controlling interests, proportionate share of retained earnings and legal reserves by the non-controlling interests, and the consideration received RMB339,892,000 has been credited to special reserve.

(b) Shangyi

The Group acquired the remaining 5% equity interest in Shangyi not previously owned at RMB19,000,000, and increased its shareholdings to 100% during the year ended 31 December 2017. The proportionate share of the carrying amount of the net assets of Shangyi is RMB10,050,000 at the date of acquisition. The difference of RMB8,950,000 between the decrease in the non-controlling interests and the consideration paid has been debited to special reserve. Cash of RMB2,559,000 was paid by the Group and the remaining of RMB11,441,000 and RMB5,000,000 were settled by bills receivable and set off with the deposit paid in prior year, respectively.

49. Summary Financial Information of the Company

Statement of financial position

	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS		
Interest in subsidiaries	**2,452,432**	1,785,518
Amounts due from subsidiaries *(Note)*	**6,764,185**	4,612,045
	9,216,617	6,397,563
CURRENT ASSETS		
Prepayments	**937**	893
Amounts due from joint ventures	**32**	32
Bank balances and cash	**13,489**	962,975
	14,458	963,900
CURRENT LIABILITIES		
Accruals and other payables	**130,679**	29,366
Amount due to a subsidiary	**27,944**	—
Bank borrowings	**1,728,290**	1,351,381
Convertible bonds	**—**	925,642
	1,886,913	2,306,389
NET CURRENT LIABILITIES	**(1,872,455)**	(1,342,489)
TOTAL ASSETS LESS CURRENT LIABILITIES	**7,344,162**	5,055,074
NON-CURRENT LIABILITIES		
Bank borrowings	**—**	968,937
Bonds payable	**3,398,063**	—
	3,398,063	968,937
NET ASSETS	**3,946,099**	4,086,137
CAPITAL AND RESERVES		
Share capital	**66,674**	66,674
Reserves	**3,879,425**	4,019,463
TOTAL EQUITY	**3,946,099**	4,086,137

Note: ECL for amounts due from subsidiaries and joint ventures, and bank balances and cash are assessed on a 12m ECL basis as there had been no significant increase in credit risk since initial recognition and impairment allowance is considered to be insignificant.

49. Summary Financial Information of the Company *(continued)*

Movement in reserves

	Share premium RMB'000	Contributed surplus RMB'000	Translation reserve RMB'000	Financial liabilities at FVTPL credit risk reserve *(Note)* RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2017	4,265,230	56,318	(64,015)	—	197,911	(221,286)	4,234,158
Loss for the year and total comprehensive expense for the year	—	—	—	—	—	(248,401)	(248,401)
Recognition of equity settled share-based payments *(note 36)*	—	—	—	—	33,706	—	33,706
Forfeitures of share options *(note 36)*	—	—	—	—	(21,851)	21,851	—
At 31 December 2017	4,265,230	56,318	(64,015)	—	209,766	(447,836)	4,019,463
Adjustment to retained earnings attributable to change in credit risk of convertible bonds	—	—	—	(10,445)	—	10,445	—
At 1 January 2018	**4,265,230**	**56,318**	**(64,015)**	**(10,445)**	**209,766**	**(437,391)**	**4,019,463**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(152,609)**	**(152,609)**
Other comprehensive expense	**—**	**—**	**—**	**(108)**	**—**	**—**	**(108)**
Total comprehensive expense for the year	**—**	**—**	**—**	**(108)**	**—**	**(152,609)**	**(152,717)**
Redemption of convertible bonds	**—**	**—**	**—**	**10,553**	**—**	**(10,553)**	**—**
Recognition of equity settled share-based payments *(note 36)*	**—**	**—**	**—**	**—**	**12,679**	**—**	**12,679**
Forfeitures of share options *(note 36)*	**—**	**—**	**—**	**—**	**(7,621)**	**7,621**	**—**
At 31 December 2018	**4,265,230**	**56,318**	**(64,015)**	**—**	**214,824**	**(592,932)**	**3,879,425**

Note: Financial liabilities at FVTPL credit risk reserve represents the amount of change in fair value of the convertible bonds issued by the Company, which is classified as financial liabilities designated as at FVTPL under IFRS 9, that is attributable to changes in credit risk of the convertible bonds and transfer to accumulated losses on redemption.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	For the year ended				For the nine months ended
	31 December 2018 RMB'000	31 December 2017 RMB'000	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)	31 December 2014 RMB'000 (Restated)
Results (for continuing and discontinued operations)					
Revenue	**5,632,397**	4,785,113	3,737,989	1,969,899	930,433
Profit (loss) attributable to owners of the Company	**469,680**	841,439	130,386	(15,229)	(89,397)

	As at 31 December 2018 RMB'000	As at 31 December 2017 RMB'000	As at 31 December 2016 RMB'000	As at 31 December 2015 RMB'000	As at 31 December 2014 RMB'000
Assets and liabilities					
Total assets	**61,179,861**	55,434,344	41,478,178	23,502,458	7,863,792
Total liabilities	**(51,478,321)**	(46,638,402)	(35,058,574)	(21,060,419)	(5,575,071)
Total equity	**9,701,540**	8,795,942	6,419,604	2,442,039	2,288,721

The financial year-end date of GCL New Energy Holdings Limited has been changed from 31 March to 31 December commencing from the financial period ended 31 December 2014.

For the year ended 31 December 2018, the Group has applied International Financial Standard ("IFRS") 9 and IFRS 15 for the first time. The impact of IFRS 9 and IFRS 15 upon initial recognition on 1 January 2018 are recognised in the opening retained profits and other components of equity without restating the comparative information.

BOARD OF DIRECTORS

Executive Directors

Mr. ZHU Yufeng *(Chairman)*
Mr. SUN Xingping *(President)*
Ms. HU Xiaoyan

Non-executive Directors

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

Independent Non-executive Directors

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

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Corporate Governance Committee

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

Investment Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. SUN Xingping *(Vice-Chairman)*
Ms. HU Xiaoyan *(Vice-Chairman)*

Strategic Planning Committee

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

COMPANY SECRETARY

Mr. HO Yuk Hay

AUTHORISED REPRESENTATIVES

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

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL BANKERS

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

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Share Registrar and Transfer Agent

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

Hong Kong Branch Share Registrar and Transfer Office

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law

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

As to PRC law

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

SHARE INFORMATION

Stock Code:	451
Board Lot Size:	2,000
Issued Shares as at 31 December 2018:	19,073,715,441 shares

LINKS TO OFFICIAL WEBSITE/ WECHAT PLATFORM OF THE COMPANY

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

"2014 Share Option Scheme"	the share option scheme adopted by the Company on 15 October 2014
"Adjusted Exercise Price"	adjusted exercise price due to rights issue
"AGM"	the annual general meeting of the Company to be convened and held at Jade Room, 6/F, Marco Polo Hongkong Hotel, 3 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 12 June 2019 at 9:30 a.m.
"Asset Management and Administrative Service Agreement"	the agreement dated 19 May 2016 between GCL New Energy International and GCL Solar Energy in relation to certain asset management and administrative services to be provided by GCL New Energy International to GCL Solar Energy
"Audit Committee"	the audit committee of the Company
"Bermuda Companies Act"	the Companies Act 1981 of Bermuda (as amended from time to time)
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company
"associate(s)", "connected person(s)", "controlling shareholder(s)", and "substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Catalogue"	Renewable Energy Tariff Subsidy Catalogue
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China
"Company" or "GCL New Energy"	GCL New Energy Holdings Limited
"Company Secretary"	the company secretary of the Company
"Corporate Communications"	including but not limited to: (a) the directors' reports, annual accounts together with the independent auditor's reports and, where applicable, summary financial reports; (b) interim reports and, where applicable, summary interim reports; (c) notices of meetings; (d) listing documents; (e) circulars; and (f) proxy forms
"Corporate Governance Committee"	the corporate governance committee of the Company
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company from time to time
"EBIT"	earnings before interest and tax
"EBITDA"	earnings before interest, tax, depreciation and amortization

"First Lease Agreement"	the lease agreement between GCL New Energy Investment and Suzhou GCL Industrial Applications Research dated 29 September 2017
"First Premises"	the premises situated at 4th floor of headquarters building, No. 28 Xinqing Road, Suzhou Industrial Park, PRC
"GCL-Poly"	GCL-Poly Energy Holdings Limited 保利協鑫能源控股有限公司, a company listed on the Main Board of the Stock Exchange (stock code: 3800). As at the date of this report, GCL-Poly is interested in approximately 62.28% of the issued share capital of Company and is a substantial shareholder of the Company within the meaning of Part XV of the SFO
"GCL-Poly (Suzhou)"	GCL-Poly (Suzhou) New Energy Co., Ltd.* 保利協鑫（蘇州）新能源有限公司
"GCL Electric"	GCL Electric Power Design and Research Co., Ltd.*（協鑫電力設計研究有限公司）
"GCL New Energy International"	GCL New Energy International Limited
"GCL Solar Energy"	GCL Solar Energy Limited
"GCL System Integration"	GCL System Integration Technology Co., Ltd. 協鑫集成科技股份有限公司, a company listed on the Small & Medium Enterprises Board of the SZSE (stock code: 002506). As at the date of this report, GCL System Integration is interested in approximately 10.01% of the issued share capital of Company and is a substantial shareholder of the Company within the meaning of Part XV of the SFO
"Golden Concord"	Golden Concord Holdings Limited
"Group"	the Company and its subsidiaries
"GW"	gigawatts
"HK$" or "HKD"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Internal Control Function"	the internal control function of the Group
"Investment Committee"	the investment committee of the Company
"kWh"	kilowatt hour
"Lease Agreements"	the First Lease Agreement and the Second Lease Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MW"	megawatts

"MWh"	megawatt hour
"Nanjing GCL New Energy"	Nanjing GCL New Energy Development Co., Ltd* 南京協鑫新能源發展有限公司
"NDRC"	National Development and Reform Commission
"Operation Service Agreement"	the operation service agreement between Suzhou GCL Operation and Suzhou GCL-Poly dated 11 July 2017
"Nomination Committee"	the nomination committee of the Company
"Non-exempt Continuing Connected Transactions"	all the continuing connected transactions stipulated in paragraphs "Management Services Income", "Staff Training Agreement", and "Lease Agreement" in the "Report of the Directors"
"PCB(s)"	printed circuit boards
"PCB Business" or "discontinued operations"	the manufacturing and selling of PCB
"Protiviti"	Protiviti Consulting (Shanghai) Company Limited
"PV"	photovoltaic
"Reporting Period"	the year ended 31 December 2018
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Second Lease Agreement"	the lease agreement between GCL Electric and Suzhou GCL Industrial Applications Research dated 29 September 2017
"Second Premises"	the premises situated at Northwest Area, 2nd floor of research and development building, No. 28 Xinqing Road, Suzhou Industrial Park, PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK$$0.0041\dot{6}$) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"SHSE"	Shanghai Stock Exchange
"Solar Energy Business" or "continued operations"	the development, construction, operation and management of solar power plants

"Staff Training Agreement"	the staff training agreement between GCL New Energy Investment and Suzhou Xin Zhi Hai dated 25 May 2017
"State Grid"	State Grid Corporation of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Planning Committee"	the strategic planning committee of the Company
"Suzhou GCL-Poly"	Suzhou GCL Poly Solar Power Investment Ltd.* 蘇州保利協鑫光伏電力投資有限公司
"Suzhou GCL Industrial Applications Research"	Suzhou GCL Industrial Applications Research Co., Ltd.* 蘇州協鑫工業應用研究院有限公司
"Suzhou GCL New Energy"	Suzhou GCL New Energy Investment Co., Ltd.* 蘇州協鑫新能源投資有限公司
"Suzhou GCL New Energy Development"	Suzhou GCL Energy Development Company Limited* 蘇州協鑫新能源發展有限公司
"Suzhou GCL Operation"	Suzhou GCL New Energy Operation and Technology Co., Ltd.* 蘇州協鑫新能源運營科技有限公司
"Suzhou Xin Zhi Hai"	Suzhou Xin Zhi Hai Management Consulting Co., Ltd.* 蘇州鑫之海企業管理諮詢有限公司
"SZSE"	Shenzhen Stock Exchange
"U.S."	United States of America
"US$" or "USD"	US Dollars, the lawful currency of the United States
"Zhu Family Trust"	a trust, under which Mr. Zhu Yufeng and his family are beneficiaries

* English name for identification only

GCL New Energy

Suzhou

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Hong Kong

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