GCL New Energy

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

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

BRINGING **GREEN POWER** TO LIFE

Interim Report 2018

About GCL New Energy

- Largest privately-owned solar independent power producer in China, equipped with self-development, construction and management, and operation and maintenance capabilities. Currently, GCL New Energy operates a national portfolio of 205 solar power plants across 26 provinces, together with solar power plants in the United States and Japan, newly added installed capacity in the first half of 2018 was approximately 1.1GW, with total installed capacity of 7.1GW

- A constituent of MSCI Global Small Cap Index - MSCI Hong Kong 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 received Four-and-Half-Star Rating from Chinese Academy of Social Sciences (with Five-Star the highest rating)

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

Awards and Recognition

1. First runner-up of "Brand Value of Power Station Investors" in PVBL 2017 China Photovoltaic Brand Ranking

2. Winner of "Best Poverty Alleviation Corporation" in PVBL 2017 China Photovoltaic Brand Ranking

3. Awarded by 2017 Golden Hong Kong Stock Award as the "Most Valuable Public Utilities & Environmental Company"

4. "GCL Overseas Seeding Program" was awarded the "International Construction Tarawatt Glorious Award" by SNEC 2018 Committee and Shanghai New Energy Industry Association

5. Awarded by SNEC 2018 Committee and Shanghai New Energy Industry Association the "Megawatt Jade Award" in the "SNEC Top 10 Highlights"

6. First prize winner of the "Innovative Equipment Management Award of the Sixth Session of National Electricity Industry" awarded by China Electric Power Equipment Management Association

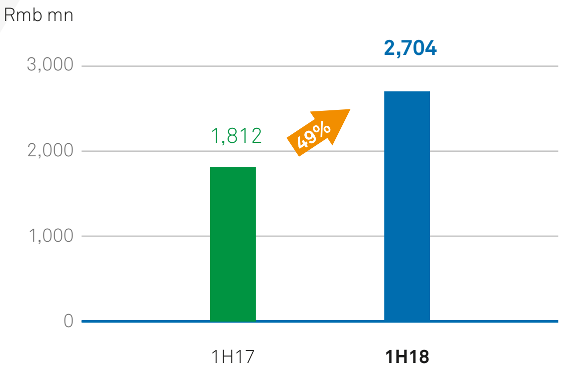
7. Ruicheng GCL 100MW Top Runner solar power plant was awarded the "Excellent Clean Energy Demonstration Project" by China International Clean Energy Promotional Week 2018 Committee

Contents

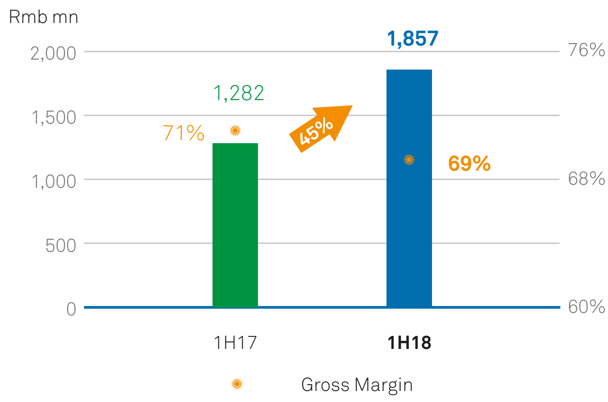
Forward-looking statements contained in this interim report relating to the forecast business plans, prospects, financial forecasting, and growth strategies of the Group. These forward-looking statements are based on current beliefs, expectations, assumptions and premises regarding the industry and market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

2018 Interim Performance Summary

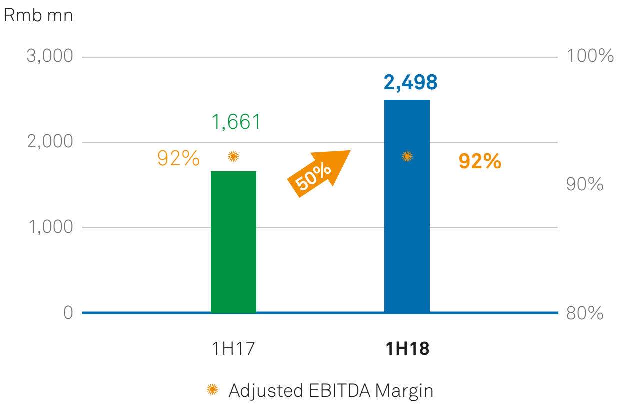
Revenue



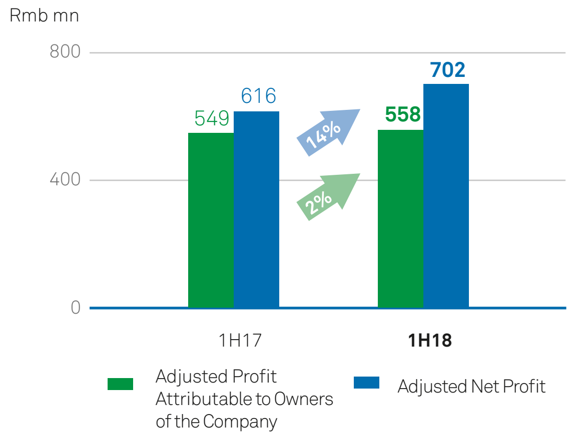
Gross Profit



Adjusted EBITDA

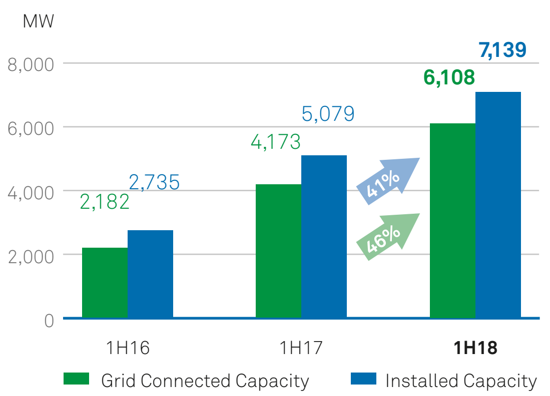


Adjusted Profit Attributable to Owners of the Company & Adjusted Net Profit

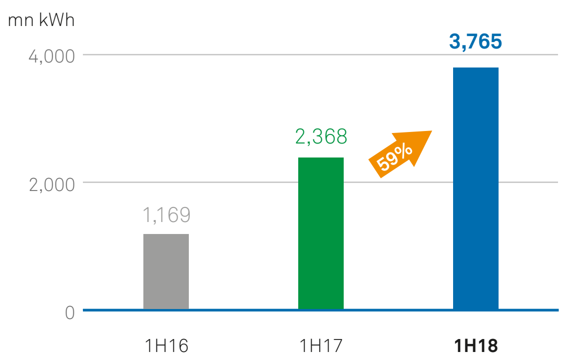


Notes: Adjusted EBITDA, Adjusted Profits Attributable to Owners of the Company and Adjusted Net Profit do not include non-operating items

Grid Connected & Installed Capacity



Electricity Sales



SOLAR ENERGY BUSINESS ACHIEVES SUSTAINABLE DEVELOPMENT

GCL New Energy has been committed to achieving sustainable development since the commencement of the solar energy business. Leveraging on its in-house development capabilities and adoption of innovative technologies, the Company succeed in maintaining its leading position as the world's second largest solar energy company. For the six months ended 30 June 2018 (the "period"), the Group's newly added installed capacity in China was approximately 1,099MW, together with the approximately 50MW large ground-mounted solar power plant project in Oregon, United States commenced operation, the total installed capacity of the Group increased by approximately 41% from the same period of last year to approximately 7,139MW. Grid-connected capacity has increased by approximately 605MW from end of last year to approximately 6,108MW. The sales volume of solar electricity was approximately 3,765 million kWh, with a significant year-on-year increase of 59%.

The National Development and Reform Commission (the "NDRC"), the Ministry of Finance (the "Ministry of Finance") and the National Energy Administration (the "NEA") jointly issued the Notice on Solar Power Generation Related Matters in 2018 (關於二零一八年光伏發電有關事項的通知)(the "Notice") on 31 May 2018, which stated that the 2018 feed-in-tariffs (FITs) for utility-scale solar power plants to be adjusted after 30 June 2018. During the period, the Group's newly added installed capacity in China obtained the original tariff to successfully maintain the returns. As of 30 June 2018, the number of GCL New Energy's solar power plants in China increased to 205 from 128 in the same period of last year, spanning across 26 provinces, with more than approximately 89% of the total installed capacity located in zone 2 and 3, enjoying relatively higher tariff and minimizing curtailment risk. Besides, the installed capacity in regions heavily affected by solar power curtailment (such as Xinjiang and Ningxia) in zone 1 only accounted for less than approximately 5% of the Group's total installed capacity. Therefore, the impact of solar power curtailment on the Group is relatively minor.

Development and O&M costs continued to decline, expanded O&M business to increase sources of income

Being dedicated to drive its development with the advancing technologies, the Group further optimized the quality of development, construction, and operation and maintenance of its projects by leveraging on its competitiveness in technologies, while through the application of new technologies to strengthen its in-house development capabilities, and effectively control the development costs and improve the efficiency of its project systems. In the first half of 2018, the proportion of in-house developed solar power plants to the newly added installed capacity increased significantly to approximately 96%. By strengthening the scientific arrangement for procurement and formulating a systematic plan for supply chain in advance, the Group fully capitalized on scale economy. As a result, the average construction cost per watt for the solar power plants reduced by approximately 6% to approximately RMB5.9 in the first half of 2018 from approximately RMB6.3 in the same period of last year. As technologies development of the entire solar power industry continues to improve, costs are declining in every aspects of the solar power industry. It is expected that the average construction cost per watt for the solar power plants will drop further in the second half of 2018.

The Group currently has five regional operation and maintenance management centres providing real-time operation services with central monitoring and functional 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 9% from approximately RMB4.3 cents per kWh (excluding land costs) in the same period of last year to approximately RMB3.9 cents per kWh (excluding land costs). In addition, through the establishment of the regional operation centre, the Group further expanded its operation and maintenance services for external parties. During the period, in addition to providing operation and maintenance services for the approximately 388MW of solar power plant projects of the parent company, GCL-Poly Energy Holdings Limited ("GCL-Poly"), the Group also provided operation and maintenance services to other domestic solar energy companies regarding a total of approximately 521MW solar power plant projects, to generate a stable source of recurring income.

Cash flow is expected to improve with the scale projects included in the Subsidy Catalogue to further expand

As of 30 June 2018, the total capacity of GCL New Energy's solar power plants included in the National Renewable Energy Tariff Surcharge Subsidy Catalogue (the "Subsidy Catalogue") has reached 1,773MW, of which 441MW is entitled to the fourth to sixth batches of the Subsidy Catalogue, 1,142MW entitled to the seventh batch of the Subsidy Catalogue, and 190MW is entitled to solar power poverty alleviation projects under the Subsidy Catalogue. The Group expected the eighth batch of the Subsidy Catalogue to initiate application soon and is actively preparing for the application. With the capacity of the Group's solar power plants included in the Subsidy Catalogue and settlements of the related receivables continue to increase, the liquidity is expected to be significantly improved.

Expanding financing channels to improve liquidity

The implementation of vigorous deleveraging measures in China and interest rates hike in the United States have bought challenges to financial market in the first half of 2018. During the period, GCL New Energy actively responded to such challenges by adopting a series of diversified financing measures and made great improvement in different aspects such as optimizing and adjusting its financial structures, replacing short-term financing by long-term financing and lowering debt.

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. These issuance of notes was subscribed by many large well-known international 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 raising the proportion of 3 to 5 years and over 5 years borrowings to approximately 36% and approximately 34%, respectively, while the proportion of 1 year borrowings was reduced to approximately 17%.

During the period, the Group maintained its gearing ratio at approximately 84% and with a series of debt reduction measures to be implemented in the second half of 2018, the gearing ratio is expected to drop further.

Developing overseas gradually

As the world's environmental awareness is rising, overseas solar energy markets are full of potentials and expanding overseas business has become a vital long-term development strategy for GCL New Energy. In the first half of 2018, approximately 26MW of the 50MW large ground-mounted solar power plants project of the Group in Oregon, United States was connected to the grid, together with the 83MW solar power plants project in North Carolina, United States and the distributed solar power plant projects in Japan, the Group's overseas total solar installed capacity was approximately 142MW. In addition, the Group is planning to construct an approximately 110MW large ground-mounted solar power plant project in Colorado, United States and is to be grid-connected in 2020. The project has entered into a long-term power purchase agreement with a local power company for an initial term of 10 years, subject to renewal of 5 years for 3 times with a term of 25 years in total.

CHANGE IN STABILITY, SEIZING ON THE DETERMINATION OF DEVELOPING NEW ENERGY OF CHINA

With the scale of solar energy capacity in China continues to grow, technology advancement and costs reduction have been accelerating. In order to promote a healthy and sustainable development of solar energy industry and prevent the renewable energy fund shortfall from further expanding, the NDRC, the Ministry of Finance and the NEA jointly issued the Notice on 31 May 2018 to put out new solar energy policy for adjusting the future development of the solar energy industry with an aim to restricting new construction quota, phasing out subsidy, lowering solar FITs and promoting competitiveness, paving the way for solar energy industry to a new stage of high-quality development.

The new policy decisively optimized the solar energy new capacity, to reasonably control the new capacity of utility-scale solar power plants and distributed solar power plants that needs subsidies and encourage the development of grid-parity solar power plants in order to enhance the quality of solar energy industry development. As new capacity that requires subsidies is limited, it is expected to relieve the government's pressure on subsidies and speed up the delayed subsidy payments, creating conditions for solving the renewable energy fund shortfalls for solar energy and the cash flow of the Group is expected to be further improved. Driven by the new policy, China is expected to achieve on-grid parity even earlier. The solar FITs in certain areas where the coal-fired FITs is relatively higher and possess abundant solar resources is anticipated to be comparable with coal-fired FITs in 2019 which means the Group will gradually rely much less on the government subsidies after 2019, lowering the gearing ratio and improving the cash flow with the longstanding delay of subsidies problem to be eventually settled.

In addition, since the scale of solar energy capacity has been growing extensively in the past few years, curtailment in certain regions remains relatively severe. Through regulating the pace of development, the new policy is anticipated to further enhance electricity consumption and effectively solve the curtailment issues in certain regions, leading the solar energy industry to a healthier long-term development.

Meanwhile, the new policy modifies the solar FITs mechanism and industry practices to effectively promote industry competitiveness, encourage technology progress, improve business environment, allowing the entire solar energy industry to become more market-oriented and developing in an orderly manner. The new policy is also anticipated to promote the implementation of supportive policies for the solar energy industry development by local governments, reducing non-technical costs of solar companies.

According to the new policy, the distribution of construction quota for utility-scale solar power plants has been under review and no construction quota is allocated in 2018. Concurrently, it is the Group's top priority for this year to "lower gearing" with development to be strategically slowed down which is completely in line with the new policy's main purpose of giving the solar industry a respite.

The new policy reflected that the country is firm, clear and determined towards the development of new energy and the Group is having confidence in the national renewable energy strategy. As a leading solar energy company, the Group will keep up with the industry momentum and grasp the opportunities arise amid the challenges ahead.

DEEPENING REFORM AND EMERGING STRONGER TO SEIZE THE OPPORTUNITIES

The Group will continue to adopt innovative, revolutionary and insightful measures to persistently enhance its management strategy and optimize its structure in order to make the most flexible and appropriate preparation amid of the challenges ahead.

Pursue strategic cooperation, accelerate the light assets transformation and promote diversified financing channels

At the beginning of 2018, GCL New Energy has set "lower gearing" as its top strategic priority for the year. In order to effectively lower gearing, the Group will adopt diversified and innovative financing models at the level of domestic holding companies and regional companies in order to fully enhance its comprehensive financing capabilities.

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 form strong alliances and leverage on competitive advantages of each other to accelerate the introduction of capital, optimize the shareholders structure and fasten the development of co-develop solar projects, thereby enhancing profitability of projects.

Meanwhile, the Group will further accelerate the asset light transformation model with the provision of management services while creating strategic cooperation to complement competitive advantages of each other. By transferring the controlling interests of projects, the Group will be able to revolve the Company's capital, reduce the Company's debts and mitigate the pressure on project financing, while further improve the return on capital and collect stable fees annually by providing project management services.

Continue to develop innovative financing models

The Group will continue to actively extend its diversified and innovative financing models, such as medium-term notes, small-sized public funds, supply chain financing, and advanced payment from engineering, procurement and construction ("EPC") contractors. In the first half of 2018, the Group has been approved to issue notes with an aggregate principal amount of not exceeding RMB3 billion in one or more tranches with a maturity of three years for each tranche, to institutional investors of the national interbank bond market in the PRC, and the Group is considering the issuance. A series of diversified and innovative financing solutions will help the Group to optimize the financing structure, increase the long-term facilities, and effectively use the long-term loan with lower interest rates to replace the short-term loan with higher interest rates.

Strengthen refined management and strictly control costs

In terms of management, the Group will closely monitor the market condition to make the best assessment for its development plan and further deepen its organizational structure reform. Through optimization and adjustment of business model, refined management, operation and maintenance costs control, income sources expansion and expenditure reduction to achieve efficiency improvement. In addition, the Group will solidly carry out its operation and management works, and by leveraging standard and refined management, to maximize its electricity generation, and reduce costs while improve efficiency, so as to enhance the safety level and reliability of its solar power plants. The Group will on top of its solid regional operation and maintenance platform to further expand its operation and maintenance outsourcing services for other companies to increase a stable source of income.

PROSPECT – SEIZE THE OPPORTUNITIES TO GROW IN TRANSITION

The solar energy industry will be filled with challenges and opportunities in 2018. The management of the Group will leverage on their thorough understanding and insight into solar energy industry to prudently plan its future development.

Grid Parity

The new policy is building a more stable foundation for the future development of the solar energy industry. With technology advancement of the entire solar industry and conversion ratio persistently improve, the solar energy generation cost is expected to drop further and accelerate the reach of grid parity, broadening the scale of solar energy market. Grid parity will not only 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. The advent of grid parity is anticipated to provide leading solar companies with advanced technology and remarkable management with more room for development.

In order to make better preparation for the advent of grid parity, the Group pays very close attention on various key elements such as financing costs, development and construction costs, as well as operation and maintenance costs. The Group is actively establishing strategic partnerships with large Central Enterprises to strengthen cooperation for securing advantages in financing, at the same time focus on propelling the planning of development and reserve in areas with suitable requirements such as land conditions, cost of financing, dispatch facilities and electricity consumption, to secure appropriate project reserve at lower costs.

With a view to assuring the economics of solar power plant projects, the Group leverages its competitive advantages in in-house developed technologies, through technological advancement to lower costs and enhance quality of development, as well as stepping up the research and technical reserves in new technologies such as photovoltaic + energy storage and solar thermal, with an aim to improving the project yields of the ground-mounted solar power plants equipped with energy storage systems.

Market-Oriented Transaction

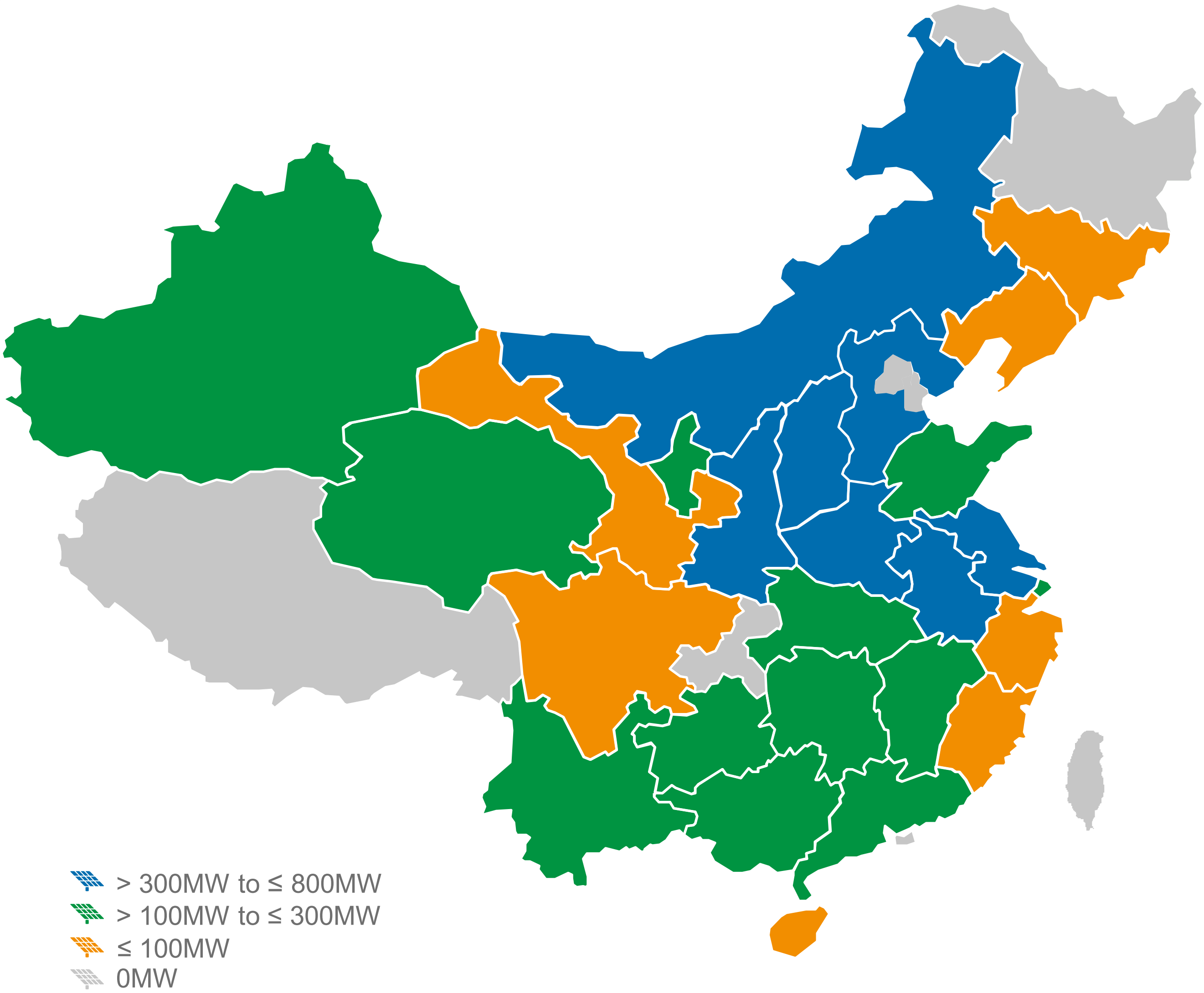
Meanwhile, the level of solar energy market-oriented transaction is expected to further expand, and utility-scale solar power plants to be allocated through competitive bidding while the distributed solar power projects transaction to be further deepened. The Group is equipped with in-house development and technological competitive advantages to further reduce the development costs and facilitate the development of large corporate customers for distributed solar power plants without subsidy.

Prudent Overseas Development

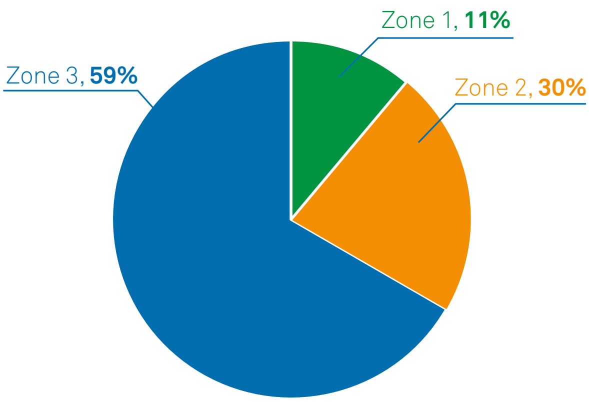
In addition, since overseas projects have relatively stable cash flow and without the issue of subsidies delay, the Group will continue to grow its overseas business steadily and lay a solid foundation for its future development. The Group will ride on its competitive advantages, allocating resources prudently to focus on overseas markets with abundant resources, mature regulations and moderate level of risks. Through establishing strong cooperation with internationally influential partners and financial institutions to develop projects with relatively stable return and lower risks.

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 and market-oriented transaction while steadily develop its overseas business. The Group will closely monitor the market condition to make the most assessment for its development, with a goal of maximizing the return on assets.

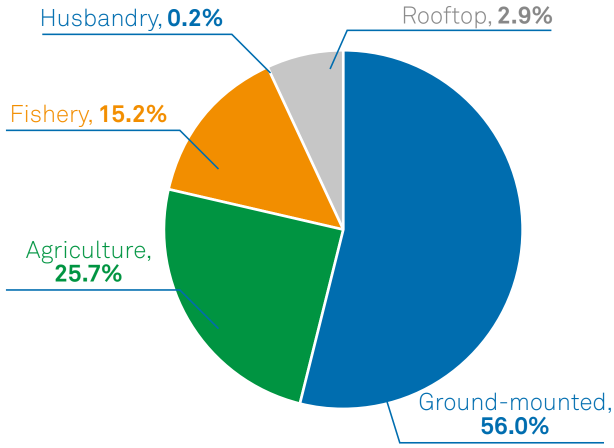
Projects Overview in China



Total Capacity by Zone

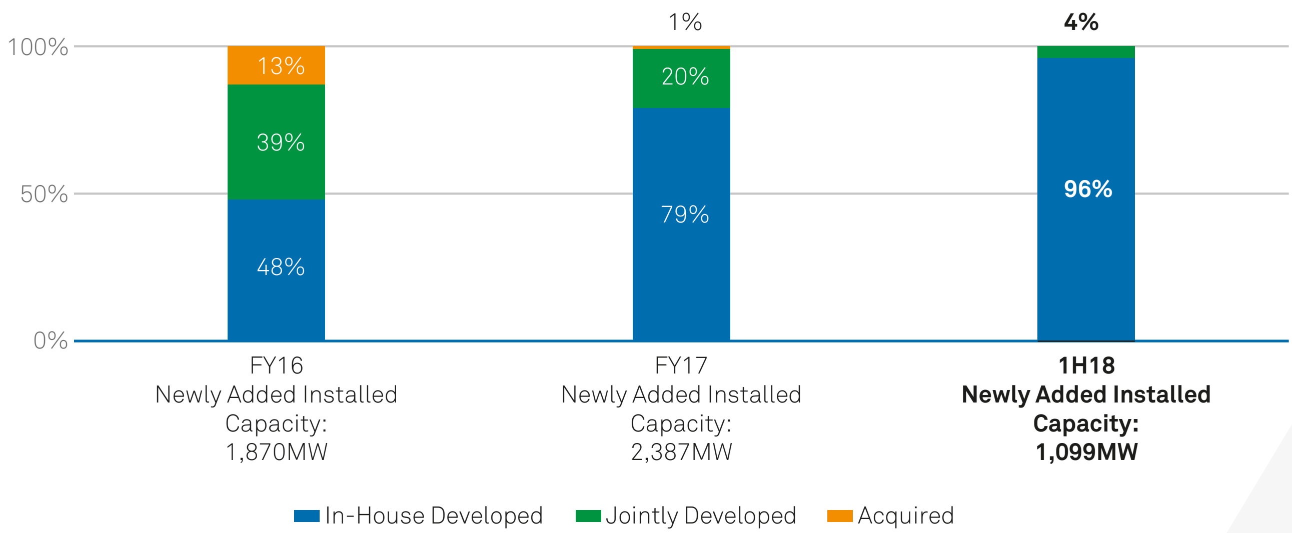


Total Capacity by Project Type



Total Installed Capacity in China: 6,997MW

New Capacity by Development Type in China



Management Discussion and Analysis

OVERVIEW

For the period ended 30 June 2018, the revenue of the Group amounted to RMB2,704 million, representing an increase of 49% as compared to RMB1,812 million for the same period last year. Profit attributable to owners of the Company from continuing operations amounted to RMB345 million (six months ended 30 June 2017: RMB485 million). The profit attributable to owners of the Company during the periods ended 30 June 2018 and 30 June 2017 were as follows:

	30 June 2018 RMB million	30 June 2017 RMB million
Continuing operations ("Solar Energy Business")	**345**	485
Discontinued operations ("PCB Business")	**–**	(4)
Profit for the period attributable to owners of the Company	**345**	481
Adjusted profit attributable to owners of the Company (after excluding non-operating items*)	**558**	549

* The non-operating items are defined in the "Financial Review" section.

The decrease in profit in the Solar Energy Business during the period was mainly attributable to the combined effect of the following factors:

1. the increase in the generation volume of electricity of the solar power plants by 59%, from approximately 2,368 million kWh during the period ended 30 June 2017 to approximately 3,765 million kWh during the period ended 30 June 2018. The total installed capacity was increased by 41% from 5,079MW as at 30 June 2017 to 7,139MW as at 30 June 2018;

2. the increase in administrative expenses from RMB152 million to RMB250 million due to business expansion and less costs capitalised after power plants commenced operations;

3. the increase in finance costs from RMB607 million to RMB1,062 million due to increase in interest bearing debts to fund expansion from RMB26,797 million as at 30 June 2017 to RMB37,372 million as at 30 June 2018;

4. the increase in unrealised non-cash exchange loss to RMB209 million (2017: RMB18 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 RMB76 million.

On 30 December 2016, the Group entered into a sale and purchase agreement to dispose of the entire interest in the PCB Business. The disposal was completed on 2 August 2017. Accordingly, the Group's PCB Business were classified as discontinued operations during the period ended 30 June 2017.

Capacity and Electricity Generation

As at 30 June 2018, the aggregated installed capacity of the 211 grid-connected solar power plants of the Group (31 December 2017: 162) increased to 7,139MW (31 December 2017: 5,990MW). Details of capacity, electricity sales volume and revenue for the period ended 30 June 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)
Subsidiaries							
Inner Mongolia	1	12	380	380	329	0.73	240
Ningxia	1	6	234	228	155	0.72	111
Qinghai	1	3	107	107	85	0.84	71
Xinjiang	1	2	80	80	58	0.68	40
Sub-total	Zone 1	23	801	795	627	0.74	462
Shaanxi	2	15	865	865	544	0.69	375
Yunnan	2	8	280	126	77	0.66	50
Hebei	2	5	253	230	161	0.86	138
Qinghai	2	4	145	145	110	0.72	79
Inner Mongolia	2	3	120	18	–	–	–
Shanxi	2	1	100	93	35	0.52	18
Sichuan	2	2	85	85	65	0.83	54
Liaoning	2	3	60	43	31	0.70	22
Gansu	2	2	55	25	14	0.75	11
Jilin	2	4	51	51	25	0.80	20
Xinjiang	2	1	22	22	12	0.68	8
Sub-total	Zone 2	48	2,036	1,703	1,074	0.72	775
Henan	3	17	821	581	327	0.72	235
Anhui	3	12	405	405	237	0.77	183
Jiangsu	3	38	449	375	194	0.84	162
Shanxi	3	9	414	382	259	0.76	197
Hubei	3	5	269	264	153	0.77	118
Hebei	3	9	244	229	154	0.96	148
Guizhou	3	6	234	180	97	0.82	79
Hunan	3	4	214	213	107	0.80	85
Guangdong	3	7	199	91	47	0.80	38
Jiangxi	3	5	192	181	94	0.96	90
Shandong	3	6	181	181	104	0.81	85
Guangxi	3	3	160	89	34	0.84	28
Hainan	3	3	80	51	34	0.86	29
Zhejiang	3	3	62	62	32	0.94	30
Fujian	3	2	50	22	9	0.81	8
Shanghai	3	1	7	7	4	1.06	4
Shaanxi	3	1	6	6	2	0.64	1
Sub-total	Zone 3	131	3,987	3,319	1,888	0.81	1,520
Total of PRC Subsidiaries		**202**	**6,824**	**5,817**	**3,589**	**0.77**	**2,757**

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)
PRC		202	6,824	5,817	3,589	0.77	2,757
U.S.		2	133	109	61	0.30	18
Japan		1	4	4	2	2.22	4
Subsidiaries total		205	6,961	5,930	3,652	0.76	2,779
Joint ventures[2]							
PRC		3	173	173	110	0.85	93
Japan		3	5	5	3	2.15	7
Total		**211**	**7,139**	**6,108**	**3,765**	**0.77**	**2,879**

	30 June 2018 (RMB million)
Revenue	
Representing:	
Electricity sales	1,070
Tariff adjustment – government subsidies received and receivable	1,709
Total of subsidiaries	2,779
Less: effect of discounting tariff adjustment receivables to present value[3]	(75)
Total revenue of the Group	2,704

(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 solar power plants was accounted for under "Share of profits of joint ventures" in the unaudited condensed 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 was adjusted for the significant financing component based on effective interest rates ranged from 3.06% to 3.49% per annum.

Most of the solar power plants of the Group are located in China and almost all of the electricity being sold to 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 period ended 30 June 2018 and for the year ended 31 December 2017.

Financial Review

After completion of the disposal of 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:

	For the period ended		
	30 June 2018 RMB million	30 June 2017 RMB million	% of changes
Revenue	**2,779**	1,850	50%
Effect of discounting tariff adjustment (government subsidies)	**(75)**	(38)	97%
Revenue, after discounting	**2,704**	1,812	49%
Gross profit	**1,857**	1,282	45%
Adjusted EBITDA*	**2,498**	1,661	50%
Profit for the periods from continuing operations attributable to:			
Owners of the Company	**345**	485	(29%)
Non-controlling interests			
– Owners of perpetual notes	**66**	65	2%
– Other non-controlling interests	**78**	2	N/A
	489	552	(11%)

* Adjusted EBITDA is defined as earnings before finance costs, taxation, depreciation and amortisation and non-operating items including changes in fair value on convertible bonds and foreign exchange loss.

Revenue

During the period ended 30 June 2018, revenue of the Group mainly comprised sales of electricity and related tariff adjustment (i.e. government subsidies) amounting to approximately RMB2,779 million (2017: RMB1,850 million), net of effect of discounting the tariff receivables to its present value of approximately RMB75 million (2017: RMB38 million). The significant increase in revenue was mainly attributable to the increase in sales of electricity of the solar power plants by 59% as a result of intensive developments of solar power plants in the first half of 2018 and the second half of 2017. The average tariff (net of tax) was approximately RMB0.76/kWh (2017: RMB0.80/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 period ended 30 June 2018, approximately 17%, 28% and 55% of revenue were generated from zone 1, zone 2 and zone 3 respectively (2017: zone 1 of 21%, zone 2 of 26% and zone 3 of 53%). In consistent with our prevailing strategy, the Group focused more on developing solar power plants in well-developed areas with strong domestic power demand (i.e. zone 2 and zone 3) to minimize the grid curtailment risk in some regions in zone 1 area.

Gross Profit

The Group's gross profit margin for the period ended 30 June 2018 was 68.7%, as compared to 70.8% for the period ended 30 June 2017. The decrease in gross profit 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 83% (2017: 86%) of cost of sales, with the remaining costs being operation and maintenance costs of solar power plants. The decrease in depreciation percentage was mainly due to the drop in construction costs by 6% from approximately RMB6.3 per watt in the first half of 2017 to approximately RMB5.9 per watt in the first half of 2018. As the construction cost of solar power plant is depreciated over 25 years, the drop in construction costs cannot fully offset the drop in tariff price.

Other Income

During the period ended 30 June 2018, other income mainly included imputed interest on discounting effect on tariff adjustment receivables (i.e. Interest arising from contracts containing significant financing component) of RMB57 million (2017: RMB20 million), management services income for managing and operating solar power plants owned by the parent company, GCL-Poly, of RMB19 million (2017: RMB18 million) and bank interest income of RMB14 million (2017: RMB15 million).

Other administrative Expenses

The other administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Other administrative expenses increased by 64%, from RMB152 million for the period ended 30 June 2017 to RMB250 million for the period ended 30 June 2018. The increase in other administrative expenses was mainly due to the increase in salaries expenses driven by the expansion of Solar Energy Business and less costs capitalised after the solar power plants commenced operations.

Loss on change in fair value of convertible bonds

During the period ended 30 June 2018, the Group recognized a fair value loss of approximately RMB4 million (2017: RMB46 million) as a result of settlement of the convertible bond of a nominal value of HK$775 million (equivalent to approximately RMB648 million) issued on 27 May 2015 and subsequent re-measurement of fair value of the convertible bond of a nominal value of HK$200 million (equivalent to approximately RMB167 million) issued on 20 July 2015. The fair value of the convertible bonds were based on a valuation report issued by an independent professional qualified valuer.

Other gains and losses, net

During the period ended 30 June 2018, the net loss amounted to RMB159 million (2017: RMB18 million). The loss in 2018 was contributed by the unrealised non-cash exchange loss of RMB209 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 RMB33 million.

Finance Costs

	For the period ended	
	30 June 2018 RMB million	30 June 2017 RMB million
Total borrowing costs	**1,182**	787
Less: Interest expenses capitalised	**(120)**	(180)
	1,062	607

Finance costs amounting to RMB1,182 million for the period ended 30 June 2018 (2017: RMB787 million) represented an increase of 50% compared with same period last year. 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 capitalised interest for the period ended 30 June 2018 amounted to RMB120 million (2017: RMB180 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 non-capitalized finance costs is proportionately higher than the increase in average borrowing balance for the period.

Although the total finance costs increased, the average borrowing interest rate for new and existing borrowings was gradually decreasing from 6.8% 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 period ended 30 June 2018 was RMB21 million, as compared to income tax credit of RMB21 million for the period ended 30 June 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 the increase in unrealized profit of intercompany modules sales transactions caused by our expansion.

Profit attributable to other non-controlling interests

Profit attributable to other non-controlling interests increased significantly from RMB2 million for the period ended 30 June 2017 to RMB78 million for the period ended 30 June 2018, mainly because 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 period ended	
	30 June 2018 RMB million	30 June 2017 RMB million
Adjusted profit attributable to owners of the Company		
Profit attributable to the owners of the Company	**345**	485
Add: Non-operating items:		
Changes in fair value on convertible bonds	**4**	46
Non-cash foreign exchange loss	**209**	18
Adjusted profit attributable to the owners of the Company	**558**	549

	For the period ended	
	30 June 2018 RMB million	30 June 2017 RMB million
Adjusted Net Profit and Adjusted EBITDA margin		
Profit for the period from continuing operations	**489**	552
Add: Non-operating items:		
Changes in fair value on convertible bonds	**4**	46
Non-cash foreign exchange loss	**209**	18
Adjusted net profit	**702**	616
Add: Finance costs	**1,062**	607
Income tax expenses (credit)	**21**	(21)
Depreciation and amortization	**713**	459
Adjusted EBITDA	**2,498**	1,661
Adjusted EBITDA margin	**92.4%**	91.7%

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

Interim Dividend

The Board does not recommend the payment of an interim dividend for the period ended 30 June 2018 (2017: Nil).

Property, Plant and Equipment

Property, plant and equipment increased significantly from RMB38,104 million as at 31 December 2017 to RMB41,534 million as at 30 June 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 6,961MW as at 30 June 2018.

Deposits, Prepayment and Other Non-current Assets

As at 30 June 2018, non-current portion for deposits, prepayments and other non-current assets mainly included approximately RMB2,469 million (31 December 2017: RMB2,716 million) for refundable value-added tax, approximately RMB700 million (31 December 2017: RMB543 million) deposits paid for EPC contracts and constructions and approximately RMB3,036 million (31 December 2017: RMB1,836 million) of tariff adjustment 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 30 June 2018, trade and other receivables of RMB5,326 million (31 December 2017: RMB4,228 million) mainly included trade receivables of RMB3,563 million (31 December 2017: RMB2,794 million) and refundable value-added tax of RMB904 million (31 December 2017: RMB712 million.)

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

Tariff receivables (government subsidies)	Batch of subsidies	Capacity (MW)	30 June 2018 RMB million	31 December 2017 RMB million
– Current	6th batch or before	441	**685**	409
– Current	7th batch	1,142	**2,226**	1,999
– Current	Poverty alleviation project	190	**139**	–
		1,773	**3,050**	2,408
– Non-current	To be registered for the 8th batch or after	5,188	**3,036**	1,836
Total		6,961	**6,086**	4,244

Bills and Other Payables and Deferred Income

Bills and other payables and deferred income increased from RMB10,851 million as of 31 December 2017 to RMB11,100 million as of 30 June 2018. Bills and other payables and deferred income mainly consisted of payables for purchase of plant and machinery and construction of RMB6,982 million (31 December 2017: RMB7,678 million), bills payable of RMB2,315 million (31 December 2017: RMB2,058 million) and receipt in advance of RMB912 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 period ended	
	30 June 2018 RMB million	30 June 2017 RMB million
Net cash generated from operating activities	**321**	501
Net cash used in investing activities	**(2,851)**	(4,408)
Net cash generated from financing activities	**434**	2,967

The net cash from operating activities during the period ended 30 June 2018 was RMB321 million, decreased from RMB501 million of the same period last year. The decrease was mainly attributable to the cash inflow from operating activities from discontinued PCB Business of RMB59 million and net receipts of RMB132 million from providing solar modules procurement services during the period ended 30 June 2017. Both activities did not happen in 2018, so excluding the effect mentioned above, the net cash from operating activities increased from RMB310 million during the period ended 30 June 2017 to RMB321 million during the period ended 30 June 2018.

The net cash used in investing activities during the year ended 30 June 2018 primarily arose from payments and deposit paid for the acquisition and development of solar power plant projects.

For the period ended 30 June 2018, the Group's main source of funding was cash generated from financing activities amounting to RMB434 million, which mainly included the net effect of newly raised indebtedness and repayment of loan principal and interests. The decrease in cash generated from financing activities compared with last period was mainly due to increase in repayment of loan principal and interest during the period, as a result of expansion over recent years.

Indebtedness and gearing ratio

Solar Energy Business is a capital intensive industry. The business requires substantial capital investments for developing and constructing solar power plants. Thus, the average gearing ratio for the solar energy industry is relatively high. The Group normally funds the capital expenditure for building solar power plants by advance payment from EPC contractors, long term finance leases and equity, whereas most of the long term bank loans from domestic banks are only available for the repayment of bridging finance after grid connection.

Once the construction of solar power plants is completed and connected to the grid, the plants will generate steady cash inflow to the Group. In view of this relatively low risk characteristic of solar power plants, domestic banks generally provide long-term bank loans of 10 to 15 years at relatively low interest rates, and finance 70% to 80% of the total capital expenditures after the completion of construction. Thus, the average gearing ratio for the solar energy industry is relatively high.

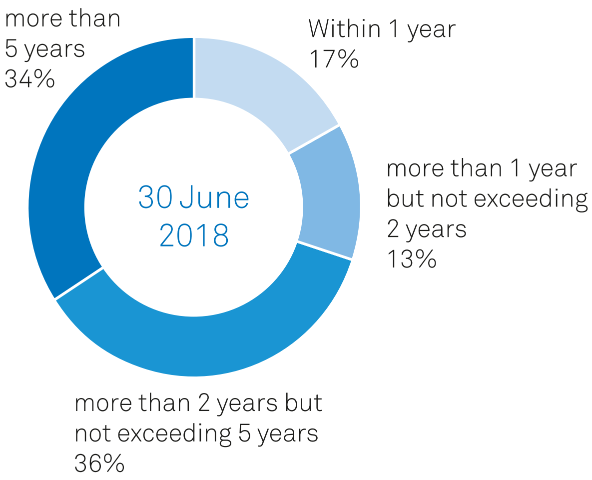
Because of the nature of the solar energy industry in the PRC, the Group was in net current liabilities position of approximately RMB9,054 million as at 30 June 2018. To address the net current liabilities position, the Group has taken several measures to generate sufficient cash inflow to the Group, which were set out in Note 1A to the unaudited condensed interim consolidated financial statements.

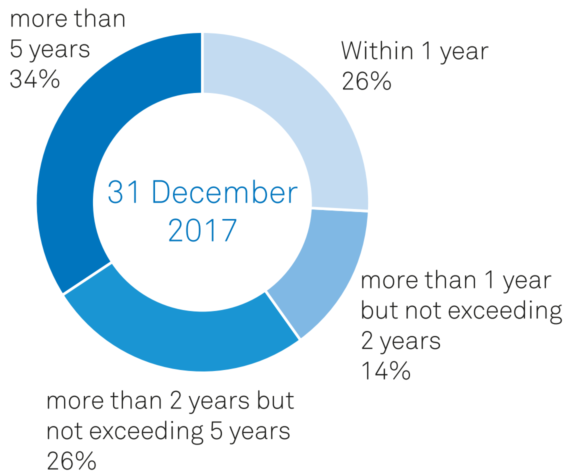
We believe that the Group has sufficient working capital to meet the financial obligations when they fall due. After taking into account the Group's business prospects, internal resources and measures, the audit committee of the Company believes that the Group has sufficient working capital to meet the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

The Group monitors capital on the basis of two gearing ratios. The first ratio is calculated as net debts divided by total equity and second ratio is calculated as total liabilities divided by total assets. The gearing ratio as at 30 June 2018 and 31 December 2017 were as follows:

	30 June 2018 RMB million	31 December 2017 RMB million
Non-current indebtedness		
Loans from a related company	210	–
Bank and other borrowings	26,831	25,482
Bonds and senior notes	3,901	883
	30,942	26,365
Current indebtedness		
Loans from related companies	1,096	1,072
Bank and other borrowings	5,142	7,068
Convertible bonds	192	925
	6,430	9,065
Total indebtedness	37,372	35,430
Less: cash and cash equivalents	(2,128)	(4,197)
Pledged bank and other deposits	(1,423)	(2,243)
Pledged deposits at a related company	(22)	–
Net debts	33,799	28,990
Total equity	9,282	8,796
Net debts to total equity	364%	330%
Total liabilities	48,961	46,638
Total assets	58,243	55,434
Total liabilities to total assets	84.1%	84.1%

The Group's debt maturity profile is summarised as follows:





Indebtedness repayable more than one year increased to 83% of total indebtedness as at 30 June 2018 from 74% as at 31 December 2017, thereby lowering the risk of using short-term financing for long-term investment and improving short-term liquidity. With the issuance of three-year USD notes, indebtedness repayable in three to five years increased to 36% of total indebtedness as at 30 June 2018 from 26% as at 31 December 2017.

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

	30 June 2018 RMB million	31 December 2017 RMB million
Total banking and other facilities granted	**38,038**	46,705
Facilities utilised	**(36,647)**	(44,137)
Available facilities	**1,391**	2,568

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

	30 June 2018 RMB million	31 December 2017 RMB million
Renminbi ("RMB")	**31,480**	31,990
Hong Kong dollars ("HK$")	**192**	925
United States dollars ("US$")	**5,519**	2,320
Euro dollars ("Euro")	**116**	126
Japanese Yen ("JPY")	**65**	69
	37,372	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	The proceeds were fully utilised as intended.

Pledge of Assets

As at 30 June 2018, the following assets were pledged for bank and other facilities granted to the Group:

– property, plant and equipment of RMB26,380 million (31 December 2017: RMB26,720 million);

– bank and other deposits (including deposits placed at a related company) of RMB1,445 million (31 December 2017: RMB2,243 million);

– rights to collect the sales of electricity for certain subsidiaries. As at 30 June 2018, the trade receivables and contract assets of those subsidiaries amounted to RMB6,212 million (31 December 2017: RMB4,193 million); and

– prepaid lease payments of RMB14 million (31 December 2017: Nil).

Contingent Liabilities

The Group did not have any other significant contingent liabilities as at 30 June 2018.

Capital Commitments

As at 30 June 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 RMB5,594 million and RMB243 million, respectively (31 December 2017: RMB3,626 million and RMB243 million, respectively).

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures in the course of the Period

For the period ended 30 June 2018, the Group acquired several subsidiaries, which is engaged in solar power plant business in the PRC of aggregated 40MW. The construction of the solar power plant project has been completed as at the date of acquisitions. Thus, the acquisition is classified as business combination.

On 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 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.

Save as disclosed above, there were no other significant investments during the period ended 30 June 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 period ended 30 June 2018.

EVENTS AFTER THE REPORTING PERIOD

On 31 July 2018, the Group as a customer and Hanwha Q CELLS (Qidong) Co., Ltd.* (韓華新能源（啟東）有限公司) and Wuxi Suntech Power Co., Ltd.* (無錫尚德太陽能電力有限公司) as suppliers entered into module purchase framework agreements for the supply and purchase of 100MW of solar modules from each supplier at a unit price of not higher than RMB2.03 per watt and RMB2.0 per watt respectively for certain solar power plant projects of the Group at a total consideration of not higher than RMB203 million and RMB200 million respectively.

On 9 August 2018, the Group entered into finance lease agreements with 北銀金融租賃有限公司 (“Beijing Financial Leasing”) for a term of 8 years at an aggregate estimated rent of approximately RMB482 million and pay an asset management fee of RMB35 million. Details of the transaction have been set out in the Company’s announcement on 9 August 2018.

* *English name for identification only*

RISK FACTORS AND RISK MANAGEMENT

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

1. Policy risk

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

2. Grid curtailment risk

With the growth in power generating capacity outpaced electricity consumption growth, it has led to utilization decline for power generating capacity particularly in certain provinces. 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 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. In addition, thanks to economies of scale, the Company will continuously lower operating and maintenance costs of solar power plants.

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 is seeking strategic investors on the listed company, domestic holding company and project levels, thereby aiming at lower its gearing ratio below 80%.

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 30 June 2018, the Group had approximately 2,255 employees (31 December 2017: approximately 2,341 employees) 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. Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) for the period ended 30 June 2018 were approximately RMB159 million (30 June 2017: approximately RMB110 million).

Our Directors

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

As at 30 June 2018 and up to the date of this report, the composition of the Board is set out below:

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Mr. ZHU Yufeng *(Chairman)*	Ms. SUN Wei	Mr. WANG Bohua
Mr. 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
		Dr. CHEN Ying

CHANGES IN DIRECTORS' INFORMATION

1. Mr. HE Deyong has been appointed as a non-executive Director of the Company with effect from 1 May 2018.

2. Ms. HU Xiaoyan is currently a director of Sumin Investment Holdings Co., Ltd and was appointed as a member of the strategic planning committee of the company on 26 April 2018.

Save as disclosed above, the Company is not aware of any other change in Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company's 2017 Annual Report.

AUDIT COMMITTEE

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

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

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 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	–	–	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 30 June 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.

(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	34.28%
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 18,592,373,207 shares of GCL-Poly in issue as at 30 June 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 30 June 2018, none of the Directors or chief executive of the Company had an interest or short position in any Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, so far as is known to the Directors, the following persons (other than the Directors and chief executive of the Company as disclosed above) had interests in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the Part XV of the SFO:

Long Position in the Shares

Name	Nature of interest	Number of Shares	Approximate percentage in issued Shares *(Note 1)*
Elite Time Global Limited[2]	Beneficial owner	11,880,000,000	62.28%
GCL-Poly[2]	Corporate interest	11,880,000,000	62.28%
Asia Pacific Energy Fund Limited[3]	Corporate interest	1,909,978,301	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 30 June 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 30 June 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.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 15 October 2014. The purpose of the Share Option Scheme is to enable the Company to grant options to personnel as incentives or rewards for their contribution or potential contribution to the Group. The Share Option Scheme shall be valid and effective for a period of 10 years from 15 October 2014, after which no further share options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting share options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Further details of the Share Option Scheme are set out in the Company's 2017 Annual Report.

During the Reporting Period, a total of 41,552,448 share options were lapsed and no option was granted, exercised or cancelled. A total of 549,835,118 share options were outstanding under the Share Option Scheme as at 30 June 2018. Particulars of the Share Option Scheme are set out in note 27 to the Unaudited Condensed Interim Consolidated Financial Statements.

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

Name or category of participants	Date of grant	Exercise period	Exercise price HK$	Adjusted Exercise Price HK$ (Note)	Number of shares options: As at 1.1.2018 (Note)	Lapsed during the Reporting Period	As at 30.6.2018 (Note)
Directors:							
Mr. ZHU Yufeng	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,523,100	–	3,523,100
Mr. SUN Xingping	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	16,105,600	–	16,105,600
Ms. HU Xiaoyan	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	16,105,600	–	16,105,600
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,019,800	–	3,019,800
Mr. TONG Wan Sze	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	8,052,800	–	8,052,800
Ms. SUN Wei	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	24,158,400	–	24,158,400
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,019,800	–	3,019,800
Mr. SHA Hongqiu	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	8,052,800	–	8,052,800
Mr. YEUNG Man Chung, Charles	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	12,079,200	–	12,079,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,019,800	–	3,019,800
Mr. WANG Bohua	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	–	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	603,960	–	603,960
Mr. XU Songda	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	–	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	603,960	–	603,960
Mr. LEE Conway Kong Wai	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	–	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	603,960	–	603,960
Mr. WANG Yanguo	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	1,006,600	–	1,006,600
Dr. CHEN Ying	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	1,006,600	–	1,006,600
Sub-total					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:

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 per Share were adjusted to HK$1.1798 and HK$0.606 for the grant of share options on 23 October 2014 and 24 July 2015 respectively. Details can be referred to the Company's announcement dated 2 February 2016.

Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

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.

COMPLIANCE WITH MODEL CODE

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Each of the companies in the Golden Concord Group (a general reference to the companies in which Mr. ZHU Yufeng and his family have a direct or indirect interest) operates within its own legal, corporate and financial framework. As at 30 June 2018, the Golden Concord Group might have had or developed interests in business similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Company has in practice complied with the requirements under the CG Code relating to risk management and internal control during the Reporting Period. Details of the Group's risk management and internal control systems (the "Systems"), as well as risk management procedures were set out in the Corporate Governance Report of the Company's 2017 Annual Report.

During the Reporting Period, the Group engaged Protiviti for an external review of compliance with the relevant corporate governance requirements as well as the effectiveness of risk management of the Group. Protiviti has prepared a review report and presented the same to the Corporate Governance Committee and the Board. Moreover, 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.

During the Reporting Period, the Internal Control Function of the Group 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.

Based on the ongoing efforts devoted by the Group, 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 Group.

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.

CORPORATE SOCIAL RESPONSIBILITY REPORTING

GCL New Energy has issued standalone annual Corporate Social Responsibility Report since 2015, to report on the performance of the Group in environmental, social and governance issues annually. The Company's Corporate Social Responsibility Report 2017 ("CSR Report 2017") has been published on the websites of the Stock Exchange and the Company.

Our CSR Report 2017 received a rating of 4.5 star out of 5 star by Chinese Academy of Social Sciences, which was prepared in accordance with the Guidelines for Chinese Corporate Social Responsibility Reports for Power Generation Businesses issued by the Chinese Academy of Social Sciences, the latest version of the Sustainability Reporting Standards of the Global Reporting Initiative and core options in its Power Sector Disclosures as well as the Environmental, Social and Governance Reporting Guide published by the Stock Exchange.

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

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

Communication with Shareholders

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

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

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

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

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

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

Report on Review of Unaudited Condensed Interim Consolidated Financial Statements

Deloitte. 德勤

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

INTRODUCTION

We have reviewed the unaudited condensed interim consolidated financial statements of GCL New Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 87, which comprise the unaudited condensed consolidated statement of financial position as of 30 June 2018 and the related unaudited condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these unaudited condensed interim consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these unaudited condensed interim consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 1A in the unaudited condensed interim consolidated financial statements, which indicates that as of 30 June 2018, the Group's current liabilities exceeded its current assets by RMB9,054 million. These events or conditions, along with other matters as set forth in Note 1A to the unaudited condensed interim consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
29 August 2018

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

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 RMB'000 (Unaudited)	 2017 RMB'000 (Unaudited)
Continuing operations			
Revenue	3	**2,704,185**	1,812,113
Cost of sales		**(846,887)**	(530,593)
Gross profit		**1,857,298**	1,281,520
Other income	4	**126,454**	89,433
Administrative expenses			
– share-based payment expenses	27	**(6,916)**	(17,575)
– other administrative expenses		**(249,862)**	(151,523)
Loss on change in fair value of convertible bonds	23	**(3,888)**	(46,253)
Other gains and losses, net	5	**(159,380)**	(18,107)
Share of profits of joint ventures		**7,998**	414
Finance costs	6	**(1,062,458)**	(606,626)
Profit before tax		**509,246**	531,283
Income tax (expense) credit	7	**(20,667)**	20,567
Profit for the period from continuing operations	8	**488,579**	551,850
Discontinued operations			
Loss for the period from discontinued operations	10	**–**	(4,184)
Profit for the period		**488,579**	547,666
Other comprehensive income:			
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") attributable to changes in credit risk		**(108)**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**15,736**	2,152
Other comprehensive income for the period		**15,628**	2,152
Total comprehensive income for the period		**504,207**	549,818
Profit for the period attributable to:			
Owners of the Company			
– from continuing operations		**345,241**	485,015
– from discontinued operations		**–**	(4,184)
		345,241	480,831
Profit for the period attributable to non-controlling interests from continuing operations			
– Owners of perpetual notes		**65,700**	65,315
– Other non-controlling interests		**77,638**	1,520
		488,579	547,666
Total comprehensive income for the period attributable to:			
Owners of the Company		**360,869**	482,983
Non-controlling interests			
– Owners of perpetual notes		**65,700**	65,315
– Other non-controlling interests		**77,638**	1,520
		504,207	549,818

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

For the six months ended 30 June 2018

		Six months ended 30 June	
	Note	**2018** **RMB cents** **(Unaudited)**	2017 RMB cents (Unaudited)
Earnings per share	11		
From continuing and discontinued operations			
– Basic and diluted		**1.81**	2.52
From continuing operations			
– Basic and diluted		**1.81**	2.54

Unaudited Condensed Consolidated Statement of Financial Position

At 30 June 2018

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**41,533,779**	38,104,300
Prepaid lease payments		**103,550**	113,094
Interest in an associate	13	**1,000**	1,000
Interests in joint ventures	14	**88,992**	63,261
Amounts due from related companies	15	**196,641**	151,700
Other investments	19	**100,000**	100,000
Deposits, prepayment and other non-current assets	16	**3,671,415**	5,518,674
Contract assets	17B	**3,036,350**	–
Pledged bank and other deposits		**639,159**	515,005
Deferred tax assets		**164,701**	146,275
		49,535,587	44,713,309
CURRENT ASSETS			
Trade and other receivables	17A	**5,326,074**	4,227,637
Other loan receivables	18	**251,989**	118,989
Other investments	19	**–**	240,040
Amounts due from related companies	15	**213,403**	206,581
Prepaid lease payments		**2,203**	2,082
Tax recoverable		**1,140**	1,042
Pledged bank and other deposits		**784,129**	1,728,068
Bank balances and cash		**2,128,153**	4,196,596
		8,707,091	10,721,035
CURRENT LIABILITIES			
Bills and other payables and deferred income	20	**11,100,239**	10,851,194
Amounts due to related companies	15	**214,426**	102,784
Tax payable		**17,232**	7,052
Loans from related companies	21	**1,096,280**	1,071,876
Bank and other borrowings	22	**5,141,361**	7,067,596
Convertible bonds	23	**191,902**	925,642
		17,761,440	20,026,144
NET CURRENT LIABILITIES		**(9,054,349)**	(9,305,109)
TOTAL ASSETS LESS CURRENT LIABILITIES		**40,481,238**	35,408,200

Unaudited Condensed Consolidated Statement of Financial Position

At 30 June 2018

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Loans from a related companies	21	**209,587**	–
Bank and other borrowings	22	**26,831,391**	25,482,406
Bonds and senior notes	25	**3,901,714**	882,760
Deferred income	20	**210,523**	211,613
Deferred tax liabilities		**46,283**	35,479
		31,199,498	26,612,258
NET ASSETS		**9,281,740**	8,795,942
CAPITAL AND RESERVES			
Share capital	24	**66,674**	66,674
Reserves		**5,921,981**	5,554,196
Equity attributable to owners of the Company		**5,988,655**	5,620,870
Equity attributable to non-controlling interests			
– owners of perpetual notes		**1,931,785**	1,866,085
– other non-controlling interests		**1,361,300**	1,308,987
TOTAL EQUITY		**9,281,740**	8,795,942

The unaudited condensed interim consolidated financial statements on pages 40 to 87 were approved and authorised for issue by the Board of Directors on 29 August 2018 and are signed on its behalf by:

Zhu Yufeng
DIRECTOR

Sun Xingping
DIRECTOR

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 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 reserves RMB'000 (note c)	Special reserve RMB'000 (note d)	Financial liabilities at FVTPL credit risk reserve RMB'000 (note e)	Share options reserves RMB'000	(Accumulated losses) retained earnings RMB'000	Sub-total RMB'000	Perpetual notes RMB'000	Other non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017 (Audited)	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 period	–	–	–	–	–	–	–	–	480,831	480,831	65,315	1,520	547,666
Other comprehensive income for the period	–	–	–	–	2,152	–	–	–	–	2,152	–	–	2,152
Total comprehensive income for the period	–	–	–	–	2,152	–	–	–	480,831	482,983	65,315	1,520	549,818
Transfer to legal reserves	–	–	–	4,403	–	–	–	–	(4,403)	–	–	–	–
Recognition of equity settled share-based payments (note 27)	–	–	–	–	–	–	–	17,575	–	17,575	–	–	17,575
Forfeitures of share options (note 27)	–	–	–	–	–	–	–	(5,925)	5,925	–	–	–	–
Acquisition of additional interest in an existing subsidiary	–	–	–	–	–	(8,950)	–	–	–	(8,950)	–	(10,050)	(19,000)
Distribution paid to owners of perpetual notes	–	–	–	–	–	–	–	–	–	–	(65,315)	–	(65,315)
At 30 June 2017 (Unaudited)	66,674	4,265,230	15,918	189,637	26,417	(8,950)	–	209,561	300,075	5,064,562	1,800,000	38,120	6,902,682
At 1 January 2018 (Audited)	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 (Restated)	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 period	–	–	–	–	–	–	–	–	345,241	345,241	65,700	77,638	488,579
Other comprehensive income for the period	–	–	–	–	15,736	–	(108)	–	–	15,628	–	–	15,628
Total comprehensive income for the period	–	–	–	–	15,736	–	(108)	–	345,241	360,869	65,700	77,638	504,207
Redemption of convertible bonds	–	–	–	–	–	–	10,898	–	(10,898)	–	–	–	–
Transfer to legal reserves	–	–	–	31,105	–	–	–	–	(31,105)	–	–	–	–
Recognition of equity settled share-based payments (note 27)	–	–	–	–	–	–	–	6,916	–	6,916	–	–	6,916
Forfeitures of share options (note 27)	–	–	–	–	–	–	–	(7,933)	7,933	–	–	–	–
Non-controlling interest arising on acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	20	20
Capital contribution by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	16,090	16,090
Distribution paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(41,435)	(41,435)
At 30 June 2018 (Unaudited)	66,674	4,265,230	15,918	371,867	(89,868)	491,218	345	208,749	658,522	5,988,655	1,931,785	1,361,300	9,281,740

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

(c) Translation reserves included cumulative amount of RMB85,286,000 as at 30 June 2017 relating to the disposal group classified as held for sale recognised in other comprehensive income and included in equity. The cumulative amount has been reclassified to profit or loss upon the date of disposal.

(d) 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 difference between the consideration to dispose of interest in subsidiaries without losing controls and the carrying amounts of the attributable net assets disposal of.

(e) 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.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES		**321,042**	501,212
INVESTING ACTIVITIES			
Interest received		**11,924**	19,390
Payments for construction and purchase of property, plant and equipment and land use rights		**(3,955,076)**	(4,580,773)
Acquisition of subsidiaries	28	**10,988**	284
Settlement of payables to vendors of solar power plants		**(8,165)**	(14,196)
Capital injection to joint ventures		**(3,630)**	(33,040)
Capital refunded from a joint venture		**–**	2,330
Repayment from third parties		**–**	10,919
Proceeds from disposal of property, plant and equipment		**–**	1,480
Loan to a joint venture		**–**	(5,000)
Withdrawal of pledged bank and other deposits		**1,435,448**	397,035
Placement of pledged bank and other deposits		**(637,798)**	(266,780)
Investment in asset management plans		**–**	(300,050)
Proceeds from redemption of asset management plans		**256,830**	–
Advance to related parties		**(262)**	–
Repayment from related parties		**318**	281
Proceeds from disposal of subsidiaries	29	**38,802**	–
Deposits received from disposal of PCB Business (defined in note 10)		**–**	109,874
Deposits received from disposal of solar power plant projects		**–**	250,600
NET CASH USED IN INVESTING ACTIVITIES		**(2,850,621)**	(4,407,646)
FINANCING ACTIVITIES			
Interest paid		**(1,224,552)**	(743,098)
Distributions paid to holders of perpetual notes		**–**	(65,315)
Proceeds from bank and other borrowings		**4,182,672**	7,026,283
Repayment of bank and other borrowings		**(4,381,251)**	(3,614,206)
Proceeds from loans from an associate of ultimate holding company		**215,000**	–
Repayment of loans from an associate of ultimate holding company		**(268,815)**	–
Proceeds from loans from fellow subsidiaries		**–**	1,000,000
Repayment of loan from a fellow subsidiary		**(1,071,876)**	(600,000)
Proceeds from loan from ultimate holding company		**691,691**	–
Proceeds from issuance of senior notes		**3,166,950**	–
Transaction costs paid for the issuance of senior notes		**(47,681)**	–
Repurchase of bonds		**(250,000)**	–
Redemption of convertible bonds		**(701,348)**	–
Acquisition of additional interest in an existing subsidiary		**–**	(2,559)
Repayment to related parties		**(4,646)**	(13,123)
Advance from related parties		**149,740**	37
Repayment of obligations under finance leases		**–**	(21,431)
Capital contribution by non-controlling interests		**16,090**	–
Dividend paid to non-controlling interests		**(38,389)**	–
NET CASH FROM FINANCING ACTIVITIES		**433,585**	2,966,588
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,095,994)**	(939,846)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**4,196,596**	3,853,083
Effect of exchange rate changes on the balance of bank balances and cash held in foreign currencies		**27,551**	6,800
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
Represented by			
– bank balances and cash		**2,128,153**	2,796,585
– bank balances and cash classified as assets held for sale		**–**	123,452
		2,128,153	2,920,037

1A. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting issued by International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017.

As at 30 June 2018, the Group's current liabilities exceeded its current assets by approximately RMB9,054 million. In addition, as at 30 June 2018, the Group has entered into agreements to construct solar power plants and inject capital to joint ventures which will involve capital commitments of approximately RMB5,838 million. In the event that the Group is successful in securing more solar power plant investments or expanding the investments in the existing solar power plants in the coming twelve months from 30 June 2018, additional cash outflows will be required to settle further committed capital expenditure.

As at 30 June 2018, the Group's total borrowings comprising bank and other borrowings, convertible bonds, bonds and senior notes, and loans from related companies amounted to approximately RMB37,372 million, out of which approximately RMB6,430 million will be due in the coming twelve months provided that the covenants under the borrowing agreements are satisfied. The Group's pledged bank and other deposits and bank balances and cash amounted to approximately RMB1,423 million and RMB2,128 million as at 30 June 2018, respectively. The financial resources available to the Group as at 30 June 2018 and up to the date of approval of these unaudited condensed interim consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements. The Group is actively pursuing additional financing including, but not limited to, 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 30 June 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 30 June 2018 upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

(i) Subsequent to 30 June 2018, the Group successfully obtained new borrowings of approximately RMB1,132 million, including other loan of RMB360 million mentioned in (ii), from banks and other financial institutions in the PRC and HK;

(ii) On 9 August 2018, the Group entered into certain agreements regarding a sales and leaseback arrangement with 北銀金融租賃有限公司 ("Beijing Financial Leasing"). Pursuant to the agreements, the Group sold to Beijing Financial Leasing certain assets at a consideration of RMB360 million, which is classified as other loan, and leased back the equipment for a term of 8 years at an estimated total rent of RMB482.1 million. In addition, the Group will pay Beijing Financial Leasing an asset management fee of RMB34.6 million. Details of the transaction have been set out in the announcement of the Company dated 9 August 2018. In addition, the Group is currently negotiating with several banks in both Hong Kong and the PRC for additional financing. The Group also received letters of intent from certain other financial institutions which indicated that these financial institutions preliminarily agreed to offer credit facilities to the Group. The Group is also seeking other form of financing to improve liquidity;

1A. BASIS OF PREPARATION (Continued)

(iii) On 22 November 2017, 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. It is expected that the notes will be issued in one or more tranches and that each tranche of the notes shall have a maturity of three years. The Group is also negotiating with other private investors for additional financing in the form of equity or debt or a combination of both;

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

(v) On 20 November 2017, the Company entered into a non-legally binding co-operation framework agreement with Taiping Financial Holdings Company Limited, an overseas investment platform of China Taiping Insurance Group, pursuant to which Taiping Financial Holdings Company Limited agreed that it or its affiliated companies will lead the establishment of an investment fund with a fund size of approximately HK$8,000 million (equivalent to RMB6,410 million), for the purpose of investing in the Company; and

(vi) As at 30 June 2018, the Group has completed the construction of 205 solar power plants with approval for on-grid connection and it also has 2 solar power plants under construction targeting to achieve on-grid connection within the coming twelve months from the date of approval of these unaudited condensed interim consolidation financial statements. The abovementioned solar power plants have an aggregate installed capacity of approximately 7.0GW and are expected to generate operating cash inflows to the Group.

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

After taking into account the Group's business prospects, internal resources, 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 unaudited condensed interim consolidated financial statements on a going concern basis.

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

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

1B. SIGNIFICANT EVENTS AND TRANSACTIONS

The Group made certain acquisitions and entered into agreements to sell solar power plant projects during the current interim period and the details of which are set out in notes 28 and 29, respectively.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to IFRSs, the accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's unaudited condensed interim consolidated financial statements:

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 IFRSs 2014 – 2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

The new and amendments to IFRS have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies on application of IFRS 15 Revenue from Contracts with Customers and the related amendments

The Group has applied IFRS 15 for the first time in the current interim period. IFRS 15 superseded IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

The Group recognised revenue from the sales of electricity upon electricity is generated and transmitted. In addition, tariff adjustments are recognised as revenue based on the management's assessment and judgement that all of the Group's operating power plants have qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants.

Certain part of the tariff adjustments are subject to approval for registration in the Renewable Energy Tariff Subsidy Catalogue (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.

Moreover, since certain of the tariff adjustments are yet to obtain approval for registration in the Catalogue by the PRC government, the management considers that these electricity sales contracts contains a significant financing component.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

2.1 Impacts and changes in accounting policies on application of IFRS 15 Revenue from Contracts with Customers and the related amendments (Continued)

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.

2.1.1 Key changes in accounting policies resulting from application of IFRS 15

IFRS 15 introduces a 5-step approach when recognising revenue:

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

Under IFRS 15, 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 and service (or a bundle of goods or services) that is distinct or 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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

2.1 Impacts and changes in accounting policies on application of IFRS 15 Revenue from Contracts with Customers and the related amendments (Continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 15 (Continued)

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

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.

Variable consideration

For contracts that contain variable consideration in relation to sale 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 either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

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.

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 circumstances 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.

Under IFRS 15, revenue from sale of electricity is recognised at a point in time upon electricity is generated and transmitted.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

2.1 Impacts and changes in accounting policies on application of IFRS 15 Revenue from Contracts with Customers and the related amendments (Continued)

2.1.2 Summary of effects arising from initial application of IFRS 15

The following adjustments were made to the amounts recognised in the unaudited condensed interim 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, prepayment 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 Catalogue, were reclassified and presented as contract assets.

The following tables summarise the impacts of applying IFRS 15 on the Group's unaudited condensed consolidated statement of financial position as at 30 June 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

2.1 Impacts and changes in accounting policies on application of IFRS 15 Revenue from Contracts with Customers and the related amendments (Continued)

2.1.2 Summary of effects arising from initial application of IFRS 15 (Continued)

Impact on the unaudited condensed interim 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)	3,671,415	3,036,350	6,707,765
Contract assets	(b)	3,036,350	(3,036,350)	–

Note:

(b) As at 30 June 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 interim period.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

2.2 Impacts and changes in accounting policies on application of IFRS 9 Financial Instruments

In the current period, the Group has applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRSs. 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 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 requirements 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.

2.2.1 Key changes in accounting policies resulting from application of IFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with IFRS 15.

All recognised financial assets that are within the scope of IFRS 9 are subsequently measure at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under IAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect cash flow; and

- the contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

2.2 Impacts and changes in accounting policies on application of IFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (Continued)

Financial assets 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 includes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

The Directors reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at the date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 2.2.2.

Impairment under ECL model

The Group assesses for ECL on financial assets which are subject to impairment under IFRS 9 (including trade and other receivables, contract assets, other loan receivables, amounts due from related companies, pledged bank and other deposits and bank balances). The assessment 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, 12-month ECL ("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 life time 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 debtors which 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 of conditions at the reporting date.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

2.2 Impacts and changes in accounting policies on application of IFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (Continued)

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 at the reporting date with the risk of a default occurring on the financial instrument as at 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;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, 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 payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

2.2 Impacts and changes in accounting policies on application of IFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (Continued)

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.

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

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.

As at 1 January 2018, the Directors reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9. No impairment allowance was recognised at 1 January 2018 and the results of the assessment and the impact thereof are detailed in Note 2.2.2.

Classification and measurement of financial liabilities

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income ("OCI"), unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. For financial liabilities contain embedded derivatives, such as convertible bonds, the change in fair values of the embedded derivatives are excluded in determining the amount to be presented in OCI. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

2.2 Impacts and changes in accounting policies on application of IFRS 9 Financial Instruments (Continued)

2.2.2 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 HKAS 39 at the date of initial application, 1 January 2018.

	Notes	Available-for-sale 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	–	209,766	–
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	220,211	(10,445)

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

2.2 Impacts and changes in accounting policies on application of IFRS 9 Financial Instruments (Continued)

2.2.2 Summary of effects arising from initial application of IFRS 9 (Continued)

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

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 deposits and other deposits, bank balances, other loan receivables, other receivables and amounts due from related companies, are assessed on 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 notes 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 liabilities (excluding the change in fair value of the derivative components) will be recognised in 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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

2.3 Impacts on opening unaudited condensed interim 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 unaudited condensed interim consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each individual line item.

	31 December 2017 (Audited) RMB'000	IFRS 15 RMB'000	IFRS 9 RMB'000	1 January 2018 (Restated) RMB'000
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 receivable	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

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sale of electricity which is recognised at a point in time. 99.7% (six months ended 30 June 2017: 99.5%) of revenue is derived from electricity sales to state grid companies for the six months ended 30 June 2018.

Sales of electricity included RMB1,634,353,000 (six months ended 30 June 2017: RMB1,161,790,000) tariff adjustment received and receivable from the state grid companies in the PRC based on the prevailing nationwide government policies on renewable energy for solar power plants.

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

The Directors consider the electricity sales contract contains a significant financing component. For the six months ended 30 June 2018, the respective tariff adjustment was adjusted for this financing component based on an effective interest rate ranged from 3.06% to 3.49% per annum (six months ended 30 June 2017: 2.59% to 3.27% per annum) and the Group’s revenue was adjusted by approximately RMB75.4 million (six months ended 30 June 2017: RMB38.5 million) and interest income amounting to approximately RMB56.9 million (six months ended 30 June 2017: RMB20.5 million) (note 4) was recognised.

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

Details of the discontinued operations are described in note 10.

Geographical information

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

	Revenue from external customers Six months ended	
	30 June 2018 RMB’000	30 June 2017 RMB’000
PRC	**2,681,855**	1,797,915
Other countries	**22,330**	14,198
	2,704,185	1,812,113

4. OTHER INCOME

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	**13,764**	15,232
Consultancy fees income (Note a)	**3,052**	1,143
Compensation income	**3,308**	2,027
Government grants – incentive subsidies (Note b)	**11,346**	8,849
Government grant – Investment Tax Credit ("ITC") (note 20c)	**3,668**	–
Imputed interest on discounting effect on tariff adjustment receivables (note 3)	**–**	20,475
Interest arising from contracts containing significant financing component (note 3)	**56,907**	–
Interest income from other loan receivables (note 18)	**3,052**	12,826
Interest income from loans to joint ventures (note 33b)	**4,542**	3,548
Management services income from related companies (note 33a)	**18,949**	18,354
Others	**7,866**	6,979
	126,454	89,433

Notes:

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

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

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Exchange losses, net (Note)	**(209,355)**	(17,852)
Gain on disposal of solar power plant projects (note 29)	**33,185**	–
Fair value change on other investments (note 19)	**16,790**	–
Others	**–**	(255)
	(159,380)	(18,107)

Note: Exchange losses mainly arose from the exchange losses on loan from ultimate holding company and the senior notes, which are denominated in US$, because US$ appreciated against RMB during the six months ended 30 June 2018.

6. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on:		
Bank and other borrowings	**996,118**	763,202
Bonds and senior notes	**122,815**	–
Loans from related companies (note 33c)	**63,870**	23,854
Total borrowing costs	**1,182,803**	787,056
Less: amounts capitalised in the cost of qualifying assets	**(120,345)**	(180,430)
	1,062,458	606,626

Borrowing costs capitalised during the period arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.20% (six months ended 30 June 2017: 8.01%) per annum to expenditure on qualifying assets.

7. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("EIT"):		
Current tax	**30,824**	9,478
Overprovision in prior periods	**–**	(21)
	30,824	9,457
Deferred tax	**(10,157)**	(30,024)
Total	**20,667**	(20,567)

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

Certain subsidiaries of the Group, being enterprises engaged in public infrastructure projects, under the PRC Tax Law and its relevant regulations, are entitled to tax holidays of the 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. For the six months ended 30 June 2018, certain subsidiaries of the Company engaged in the public infrastructure projects had their first year of 3-year 50% exemption period.

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

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 will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The two-tiered profits tax rates regime will be applicable to the Group for its annual reporting periods ending on or after 1 April 2018.

The Federal and State income tax rate in the US are calculated at 35% and 8.84%, respectively for the six months ended 30 June 2018. The US Tax Cuts and Jobs Act (the "Act") was executed into law on 22 December 2017. The Act includes significant changes to the US corporate income tax system that are effective on 1 January 2018, including a reduction of the US corporate income tax rate from 35% to 21%.

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Continuing operations		
Profit for the period has been arrived at after charging:		
Amortisation of prepaid lease payments	**1,092**	1,166
Depreciation of property, plant and equipment	**711,992**	457,500
Operating lease rental in respect of properties	**61,430**	29,624
Staff costs (including directors' and chief executive's remuneration but excluding share-based payments)		
– Salaries, wages and other benefits	**132,280**	79,959
– Retirement benefit scheme contributions	**19,771**	12,874
Share-based payment expenses (note 27) (Administrative expenses in nature)		
– Directors and staff	**5,628**	14,098
– Consultancy services	**1,288**	3,477

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended 30 June 2018, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2017: Nil).

10. DISCONTINUED OPERATIONS

On 30 December 2016, the Group entered into the sale and purchase agreement ("S&P Agreement") to dispose of the entire interest in the operating segment regarding the manufacturing and selling of printed circuit board ("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 RMB223,625,000) plus, as the case may be, adjustment amounts pursuant to the S&P Agreement. Part of the consideration, amounting to RMB109,874,000 was received during the six months ended 30 June 2017. The disposal of PCB Business is consistent with the Group's long-term policy to focus on its core solar power business, which will allow the Group and its management team to focus its resources on the business area where it has the most competitive strengths. The completion of the Disposal was subject to the fulfilment of certain conditions precedent as set out in the S&P Agreement. 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. The Disposal was completed on 2 August 2017.

The loss for the period ended 30 June 2017 from the discontinued PCB Business is set out below.

10. DISCONTINUED OPERATIONS (Continued)

Analysis of loss for the period from discontinued operations

The results of the discontinued operations for the period ended 30 June 2017 were as follows:

	Six months ended 30 June 2017 RMB'000 (Unaudited)
Revenue	713,630
Cost of sales	(679,010)
Other income	15,946
Distribution and selling expenses	(9,275)
Administrative expenses	(31,212)
Other expenses, gains and losses, net	(8,996)
Finance costs	(6,326)
Loss before tax	(5,243)
Income tax expense	(3,292)
Loss for the period from discontinued operations	(8,535)
Reversal of loss on measurement to fair value less costs to sell	4,351
Loss for the period from discontinued operations	(4,184)

Loss for the period from discontinued operations include the following:

	Six months ended 30 June 2017 RMB'000 (Unaudited)
Amortisation of deferred income on government grants	(77)
Amortisation of prepaid lease payments	87
Cost of inventories recognised as an expense (note)	679,010
Depreciation of property, plant and equipment	56,184
Operating lease rental in respect of properties	3,057
Staff costs (including directors' remuneration)	
– Salaries, wages and other benefits	112,332
– Retirement benefit scheme contributions	9,392

Note: For the six months ended 30 June 2017, staff costs and depreciation and amortisation of approximately RMB104,919,000 and RMB53,898,000, respectively, were capitalised as cost of inventories during the six months ended 30 June 2017.

10. DISCONTINUED OPERATIONS (Continued)

Cash flows from discontinued operations:

	Six months ended 30 June 2017 RMB'000 (Unaudited)
Net cash inflows from operating activities	59,342
Net cash outflows from investing activities	(37,958)
Net cash outflows from financing activities	(17,529)
Net cash inflows	3,855

11. 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:

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Profit for the period attributable to owners of the Company	**345,241**	480,831
Add: Loss for the period from discontinued operations attributable to owners of the Company	**–**	4,184
Profit for the period attributable to owners of the Company from continuing operations	**345,241**	485,015
Effect of dilutive potential ordinary shares:		
Loss on changes in fair value of convertible bonds	**3,888**	–
Profit for the purpose of diluted earnings per share	**349,129**	485,015

	Six months ended 30 June	
	2018 '000 (Unaudited)	2017 '000 (Unaudited)
Average number of ordinary shares for the purposes of calculation of basic and diluted earnings per share	**19,073,715**	19,073,715
Effect of dilutive potential ordinary shares:		
Convertible bonds	**265,252**	–
	19,338,967	19,073,715

Diluted earnings per share did not assume (i) the exercise of the share options for both the six months ended 30 June 2018 and 2017, since the exercise price is higher than the average share price for both reporting periods nor (ii) the conversion of convertible bonds for the six months ended 30 June 2017 since their assumed conversion has an anti-dilutive effect on earnings per share.

11. EARNINGS PER SHARE (Continued)

For continuing and discontinued operations

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

	Six months ended 30 June	
	2018 **RMB'000** **(Unaudited)**	2017 RMB'000 (Unaudited)
Profit for the purposes of calculation of basic earnings per share		
Profit for the period attributable to owners of the Company	**345,241**	480,831
Effect of dilutive potential ordinary shares:		
Loss on changes in fair value of convertible bonds	**3,888**	–
Profit for the purpose of diluted earnings per share	**349,129**	480,831

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

From discontinued operations

For the six months ended 30 June 2017, basic and diluted loss per share for the discontinued operations is RMB0.02 cent per share, based on the loss for the period from the discontinued operations attributable to owners of the Company of RMB4,184,000 and the denominators detailed above for both basic and diluted loss per share.

12. PROPERTY, PLANT AND EQUIPMENT

Six months ended 30 June 2018

	RMB'000
Carrying amount at 1 January 2018 (Audited)	**38,104,300**
Additions	**3,737,666**
Exchange differences	**8,494**
Acquisition of subsidiaries (note 28)	**523,742**
Disposal of subsidiaries (note 29)	**(128,431)**
Depreciation	**(711,992)**
Carrying amount at 30 June 2018 (Unaudited)	**41,533,779**

At 30 June 2018, the Group was in the process of obtaining property ownership certificates in respect of property interests held by the Group in the PRC with a carrying amount of approximately RMB1,034,897,000 (31 December 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.

13. INTEREST IN AN ASSOCIATE

Same as disclosed in the Company's 2017 annual report, there is no change for the six months ended 30 June 2018.

14. INTERESTS IN JOINT VENTURES

Same as disclosed in the Company's 2017 annual report, there is no material change for the six months ended 30 June 2018, except for the addition of two new joint ventures as a result of the disposal of the Group's 50% beneficial interest in AD Solar No. 3 Godo Kaisha ("AD3") and Himeji Tohori Taiyo-No-Sato No. 1 Godo Kaisha ("Himeji"), solar power plant projects in Japan then wholly-owned by the Group to an independent third party in February 2018. Details are set out in note 29.

15. AMOUNTS DUE FROM/TO RELATED COMPANIES

The related companies included joint ventures and fellow subsidiaries of the Group, and companies controlled by Mr. Zhu Yufeng and his family member which hold in aggregate more than 20% of the Company's share capital as at 30 June 2018 and 31 December 2017 and exercise significant influence over the Company.

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Amounts due from related companies – non-current		
– Loans to joint ventures (Notes a, b, and c)	**196,641**	151,700
Amounts due from related companies – current		
– Loans to a joint venture (Note b)	**64,000**	102,815
– Amounts due from joint ventures (Note d)	**94,182**	89,318
– Amounts due from fellow subsidiaries (Note e)	**33,084**	14,236
– Amounts due from the companies controlled by Mr. Zhu Yufeng and his family (Note f)	**2**	212
– Amounts due from an associate of ultimate holding company (note g)	**22,135**	–
	213,403	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)	**55,430**	97,348
– Amount due to ultimate holding company (Note d)	**10,626**	–
– Amounts due to the companies controlled by Zhu Yufeng and his family (Note f)	**148,320**	740
	214,426	102,784

15. AMOUNTS DUE FROM/TO RELATED COMPANIES (Continued)

Notes:

(a) The Group, as lender, entered into a loan agreement with 伊犁協鑫能源有限公司 (Yili GCL New Energy Limited*) ("Yili") to finance its operation for a facility up to RMB160,000,000, and RMB151,700,000 (31 December 2017: RMB151,700,000) was drawn down as at 30 June 2018. The loan is unsecured and interest-bearing at a fixed rate of 6% (31 December 2017: 6%) per annum with no fixed repayment term. The Directors expected the loans to be repaid after twelve months from the end of the reporting period and according is classified as non-current assets.

(b) The Group, as lender, entered into two loan agreements with 金湖正輝太陽能電力有限公司 (Jinhu Zhenghui Photovoltaic Co., Ltd.*) ("Jinhu") to finance its operation for RMB64,000,000 and RMB38,815,000, respectively. The loans are unsecured and interest-bearing at a fixed rate of 6% per annum with repayment terms of six months and five years, respectively.

(c) The Group entered into a loan agreement with Himeji to finance its operation for JPY102,270,000 (equivalent to approximately RMB6,126,000) during the six months ended 30 June 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 in 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 RMB32,543,000 (31 December 2017: RMB13,852,000) which are service fee receivables with credit term of 30 days.

(f) The amounts due from/to companies controlled by Mr. Zhu Yufeng and his family are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for an amount due to companies controlled by Mr. Zhu Yufeng and his family of RMB538,000 (31 December 2017: RMB334,000) which is service fee payables with credit term of 30 days. The maximum amount outstanding during the six months ended 30 June 2018 is RMB212,000 (31 December 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. Details of the loans are set out in note 21.

* *English name for identification only*

16. DEPOSITS, PREPAYMENT AND OTHER NON-CURRENT ASSETS

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Prepayments paid for EPC contracts and constructions (Note)	**700,218**	543,301
Refundable value-added tax	**2,469,274**	2,715,802
Deposits paid for acquisitions of solar power plant projects	**1,032**	1,032
Prepaid rent for parcels of land	**478,181**	378,849
Trade receivables (note 17A)	**–**	1,836,092
Others	**22,710**	43,598
	3,671,415	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 construction.

17A.TRADE AND OTHER RECEIVABLES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade receivables	3,562,681	4,630,459
Prepayments and deposits	283,228	209,473
Other receivables		
– Advance to Borrowers (as defined in note 18)	150,440	115,981
– Consultancy service fee receivables	15,539	13,228
– Interest receivables	32,260	29,193
– Receivables for modules procurement	115,697	164,004
– Refundable value-added tax	904,097	711,635
– Others	262,132	189,756
	5,326,074	6,063,729
Analysed as:		
Current	5,326,074	4,227,637
Non-current trade receivables (note 16)	–	1,836,092
	5,326,074	6,063,729

Trade receivables represent receivables for electricity sales and the balance 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.

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Unbilled (note)	3,212,307	4,365,887
0 – 90 days	151,658	106,472
91 – 180 days	32,497	24,488
Over 180 days	103,430	47,630
	3,499,892	4,544,477

Note: As at 30 June 2018, amount represents unbilled tariff adjustment receivables of solar power plants registered in the Catalogue.

As at 31 December 2017, amount represents unbilled tariff adjustment receivables of all solar power plants. 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.

17A.TRADE AND OTHER RECEIVABLES (Continued)

Included in these trade receivables are debtors with aggregate carrying amount of RMB174,826,000 (31 December 2017: RMB104,964,000) which are past due as at the end of the reporting period. The Group does not hold any collateral over these balances.

Total bills received amounting to RMB62,789,000 (31 December 2017: RMB85,982,000) are 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. The Group continues to recognise their full carrying amount at the end of both reporting periods and details are disclosed in note 20. All bills received by the Group are with a maturity period of less than 1 year.

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

Receivables for modules procurement comprise modules procurement cost and commission earned by the Group and the Group allows credit period of 180 days to 1 year.

Consultancy service fee receivables and receivables for modules procurement are aged from 180 days to 1 year.

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

Based on the track record of regular repayment of receivables from sales of electricity and the settlement of tariff adjustment receivables is in accordance with the prevailing government policies, all trade receivable from sales of electricity, including tariff adjustments receivables, are expected to be recoverable and the ECL provision on trade receivables is considered to be insignificant.

For the purpose of impairment assessment of advance to Borrowers, receivables for modules procurement and consultancy service fee receivables, the loss allowance is measured at an amount equal to 12m ECL. In determining the expected credit losses for these assets, the Directors have taken into account the financial position of the counterparties, the industries they operate, as well as their latest operating results where available, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. Since all debtors are engaged in solar power industries in which their collection of tariff receivables are well supported by government policies, the ECL provision is considered to be insignificant.

17B. CONTRACT ASSETS

The contract assets primarily relate to the Group's right to tariff adjustments for the electricity sold to the local state grid companies in the PRC. The contract assets are transferred to trade receivables 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 Directors considered that the ECL for contract assets is insignificant as at 30 June 2018, as the collection is well supported by the government policies.

18. OTHER LOAN RECEIVABLES

The Group, as lender, entered into loan agreements with independent third parties (the "Borrowers") to provide credit facilities to finance their development and operation of certain solar power plant projects in the PRC (the "Projects"). Approximately RMB251,989,000 (31 December 2017: RMB118,989,000) was drawn down and not yet past due at the end of the reporting period. The loans are repayable within twelve months from 30 June 2018, and carry interest at ranged from 6% to 10% (31 December 2017: 10%) per annum with repayment term from 6 months to 1 year.

Certain loan receivables are secured by pledge of equity interest of the borrowers, pledge of the rights over electricity fee receivables by 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.

None of the loan receivables at the end of the reporting period is past due, and taking into account the historical default experience, the industries in which the Borrowers operate is well supported by prevailing government policies, and together with the value of the collaterals held over these loan receivables, the Directors consider that no receivables is impaired.

19. OTHER INVESTMENTS

The Group invested in asset management plans managed by financial institutions in the PRC. The principal is not guaranteed by the relevant financial institution while the expected return rate as stated in the contract ranges from 7% to 7.5% per annum. On 28 April 2018, part of the investment amounting to RMB240,040,000 was recouped with a return of RMB16,790,000.

As at 31 December 2017, all the above investments were classified as AFS at initial recognition, and reclassified to financial assets at FVTPL upon the application of IFRS 9 on 1 January 2018.

20. BILLS AND OTHER PAYABLES AND DEFERRED INCOME

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Bills payable	**2,315,116**	2,058,487
Payables for purchase of plant and machinery and construction costs (Note a)	**6,982,081**	7,677,662
Payables to vendors of solar power plants	**97,458**	105,533
Payables for modules procurement	**12,916**	32,324
Other tax payables	**81,251**	102,600
Other payables	**305,807**	465,862
Advance from EPC contractors (Note b)	**911,785**	47,510
Deferred income (Note c)	**218,041**	219,038
Dividend payable	**3,046**	–
Accruals		
– Staff costs	**51,380**	137,923
– Legal and professional fees	**11,803**	17,099
– Consultancy fees	**94,263**	92,564
– Others	**225,815**	106,205
	11,310,762	11,062,807
Analysed as		
– Current	**11,100,239**	10,851,194
– Non-current deferred income	**210,523**	211,613
	11,310,762	11,062,807

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

All bills payable of the Group is aged within 1 year and not yet due at the end of the reporting period.

Notes:

a. Included in the amounts are obligations arising from endorsing bills receivable with recourse with an aggregate amount of RMB21,373,600 (31 December 2017: RMB8,965,000).

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

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

   Against this, the Group entered into an inverted lease arrangement for its qualified solar power plant projects in the US ("Qualified Assets") with a third party financial institution, which acts as a tax equity investor, and the arrangement allows the Group to pass its entitled ITC ("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. 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 that year. Approximately US$568,000 (equivalent to approximately RMB3,668,000) (six months ended 30 June 2017: Nil) of the Grant was recognised in profit or loss for the six months ended 30 June 2018 as a government grant income and included in other income.

21. LOANS FROM RELATED COMPANIES

As at 30 June 2018, the Group has obtained a loan from its ultimate holding company, GCL-Poly Energy Holdings Limited, ("GCL-Poly") of US$110,000,000 (equivalent to RMB727,826,000). The loan is unsecured, interest bearing at 7.3% per annum and repayable on 18 February 2019.

On 1 January 2018, Xinxin became an associate of GCL-Poly, and other loans of approximately RMB628,476,000 were reclassified as loans from a related company. As at 30 June 2018, the loans balance of approximately RMB578,041,000 are secured, interest bearing at 6.0% to 7.8% per annum and have a repayment term of three to eight years. Loans of approximately RMB209,587,000 are repayable after twelve months from the end of the reporting period and according are classified as non-current liabilities.

As at 31 December 2017, the Group has obtained loans from fellow subsidiaries of approximately RMB1,071,876,000. The loans are unsecured, interest-bearing at 7% to 8% per annum and have a repayment period of 1 year. The amounts were fully repaid during the current interim period.

22. BANK AND OTHER BORROWINGS

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Bank loans	**17,756,655**	18,355,613
Other loans	**14,216,097**	14,194,389
	31,972,752	32,550,002
Secured	**29,170,335**	28,947,949
Unsecured	**2,802,417**	3,602,053
	31,972,752	32,550,002
Less: Amounts due within one year (shown under current liabilities)	**5,141,361**	7,067,596
Amounts due after one year	**26,831,391**	25,482,406

23. CONVERTIBLE BONDS

	RMB'000
As at 1 January 2017 (Audited)	858,461
Payment of interests	(26,382)
Change in fair value charged to profit or loss	46,253
As at 30 June 2017 (Unaudited)	878,332
Payment of interests	(25,181)
Change in fair value charged to profit or loss	72,491
As at 31 December 2017 and 1 January 2018 (Audited)	925,642
Payment of interests	(36,388)
Change in fair value charged to profit or loss	3,888
Change in fair value charged to other comprehensive income	108
Redemption of Talent Legend Issue (defined below)	(701,348)
As at 30 June 2018 (Unaudited)	191,902

Note: Exchange gain of the convertible bonds of approximately RMB16,979,000 (six months ended 30 June 2017: loss of RMB23,355,000) has been recognised together with changes in fair value to profit or loss for the six months ended 30 June 2018.

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 to the Group's 2017 annual report.

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

Upon the application of IFRS 9 on 1 January 2018, the change in the fair value of these financial liabilities that is attributable to changes in the credit risk of those liabilities is recognised in OCI with the remaining fair value change recognised in profit or loss.

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

The following assumptions were applied:

	Ivyrock Issue	
	30 June 2018	31 December 2017
Discount rate	**16.78%**	17.73%
Fair value of each share of the Company	**HK$0.320**	HK$0.550
Conversion price (per share)	**HK$0.754**	HK$0.754
Risk free interest rate	**1.31%**	1.01%
Time to maturity	**0.05 year**	0.55 year
Expected volatility	**40.88%**	63.28%
Expected dividend yield	**0%**	0%

Talent Legend Issue was redeemed during the six months ended 30 June 2018 on its maturity at HK$868,112,000 (equivalent to RMB701,348,000). Ivyrock Issue has been subsequently redeemed on 20 July 2018, its maturity date, at HK$224,000,000 (equivalent to RMB188,854,000).

24. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised: At 1 January 2017, 30 June 2017, 31 December 2017 and 30 June 2018 – Ordinary shares of HK$0.00416̇ each	36,000,000,000	150,000

	Number of shares	Amount HK$'000	Shown in unaudited condensed interim consolidated financial statements as RMB'000
Issued and fully paid: At 1 January 2017 (audited), 31 December 2017 (audited) and 30 June 2018 (unaudited) – Ordinary shares of HK$0.00416̇ each	19,073,715,441	79,474	66,674

25. BONDS AND SENIOR NOTES

Bonds

Same as disclosed in the Company's 2017 annual report, there is no material change for the six months ended 30 June 2018 except for the Group acquired part of the first tranche and second tranche of the non-public green bonds amounting to RMB52,000,000 and RMB198,000,000, respectively, via an external trust during current interim period. As at 30 June 2018, the first tranche and second tranche of the non-public green bonds, amounting to RMB52,000,000 and RMB 248,000,000 are held by the Group, respectively.

Senior Notes

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).

26. PERPETUAL NOTES

Same as disclosed in the Company's 2017 annual report there is no material change for the six months ended 30 June 2018.

The perpetual notes are classified as equity instruments in the Group's unaudited condensed interim consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the perpetual notes. Any distributions made by 南京協鑫新能源發展有限公司 (Nanjing GCL New Energy Development Co., Ltd)* ("Nanjing GCL") to the holders are recognised in equity in the unaudited condensed interim consolidated financial statements of the Group. During the current interim period, distribution of RMB65,700,000 (2016: RMB65,315,000) was attributable to perpetual notes holders in accordance with the term of the agreement. The distribution payment of RMB65,700,000 was deferred by the Group in the current interim period while the distribution payment of RMB65,315,000 for the six months ended 30 June 2017 was paid.

* *English name for identification only*

27. SHARE-BASED PAYMENT TRANSACTIONS

Equity settled share option scheme

There is no material change relating to the share-based payment transactions for the six months ended 30 June 2018, except for the following:

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

				Number of share options		
	Exercise price	Date of grant	Exercise period	Outstanding at 1 January 2018	Forfeited during the period	Outstanding at 30 June 2018
Directors	HK$1.1798	23.10.2014	24.11.2014 – 22.10.2024	58,382,800	–	58,382,800
	HK$0.606	24.07.2015	24.07.2015 – 23.07.2025	48,618,780	–	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$0.606	24.07.2015	24.07.2015 – 23.07.2025	247,271,290	(35,512,848)	211,758,442
				591,387,566	(41,552,448)	549,835,118
Exercisable at the end of the period				236,720,109		231,566,317
Weighted average exercise price (HK$)				0.8972	0.6894	0.9081

During the six months ended 30 June 2018, share-based payment expense of RMB6,916,000 (six months ended 30 June 2017: RMB17,575,000) has been recognised in profit or loss. In addition, certain share options granted to employees and Directors have been forfeited after the vesting period, and the respective share options reserve of approximately RMB7,933,000 (six months ended 30 June 2017: RMB5,925,000) is transferred to the Group's retained earnings.

28. ACQUISITIONS OF SUBSIDIARIES

For the six months ended 30 June 2018, the Group had two business acquisitions due to business expansion for a controlling stake of certain companies at a total consideration of approximately RMB90,000.

These solar power plant project companies are in on-grid stage with relevant economics resources as at the respective dates of acquisition which are considered as business. Therefore, these acquisitions are considered as business combinations under IFRS 3 and accounted for using acquisition method.

(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.

28. ACQUISITIONS OF SUBSIDIARIES (Continued)

(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 40 MW in operation.

	Yixian RMB'000	Guotai RMB'000	Total RMB'000
Fair value at assets and liabilities recognised at the date of acquisition:			
Property, plant and equipment	164,010	359,732	523,742
Trade receivables	–	2,541	2,541
Contract assets	–	35,777	35,777
Prepayments and other receivables	32,319	147,144	179,463
Bank balances and cash	5,677	5,311	10,988
Other payables	(83,798)	(353,532)	(437,330)
Borrowings	(118,198)	(196,873)	(315,071)
Total fair value of identifiable net assets acquired	10	100	110
Non-controlling interests	–	(20)	(20)
Consideration payable to the former owner	(10)	(80)	(90)
Cash consideration paid	–	–	–
Bank balance and cash acquired	5,677	5,311	10,988
Net cash inflow	5,677	5,311	10,988

Impact of acquisition on the results of the Group

Had the acquisition as mentioned in above been effected at the beginning of the period, total amounts of revenue and profit for the period of the Group would have been RMB2,715,679,000 and RMB489,942,000, 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 period, 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 current interim period are RMB15,171,000 and RMB5,272,000, respectively.

The fair value and gross contractual amount of trade and other receivables at the date of acquisition amounted to RMB168,260,000. The estimate at acquisition date of contractual cash flows not expected to be collected is insignificant.

Same as disclosed in the Group's 2017 annual report relating to the acquisition, the Group completed four asset acquisitions and five business acquisitions during the year ended 31 December 2017.

29. DISPOSAL OF SUBSIDIARIES

(a) Disposal of a solar power plant project in the PRC

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.*) at a consideration of RMB22,000,000.

	RMB'000
Consideration:	
Consideration received	22,000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	109,403
Other non-current assets	20,335
Trade and other receivables	18,873
Trade and other payables	(146,933)
Net assets disposed of	1,678
Gain on disposal of subsidiaries:	
Total consideration	22,000
Net assets disposed of	(1,678)
Gain on disposal	20,322
Net cash inflow arising on disposal:	
Cash consideration received	22,000
Less: bank balances and cash disposed of	–
	22,000

(b) Disposal of two 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, GCL New Energy Japan LLC ("GCL Japan") 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 the fulfilment of certain conditions. Accordingly, AD3 is classified as a joint venture of the Group since 9 February 2018.

29. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Disposal of two solar power plant projects in Japan (Continued)

(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 GCL Japan and the independent third party have joint control over Himeji, as under the contractual agreement that, 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.

	AD3 RMB'000	Himeji RMB'000	Total RMB'000
Fair value of 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 identifiable 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 identifiable 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

Same as disclosed in the Group's 2017 annual report relating to the disposal, the Group completed disposal of PCB Business and three solar power plant projects during the year ended 31 December 2017.

30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ (financial liabilities)	Fair values at 30.6.2018 RMB'000 (Unaudited)	Fair values at 31.12.2017 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Asset management plan investment measured at financial assets 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% (31 December 2017: 7%-7.5%)
Convertible bonds (note b)	(191,902)	(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 40.88% (31 December 2017: 63.28%-69.69%) and discount rate of 16.78% (31 December 2017: 17.73%-18.26%)

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 RMB1,062,000 (31 December 2017: RMB2,042,000)/decrease by approximately RMB1,051,000 (31 December 2017: RMB2,024,000).

(b) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the loss on change in fair value of the convertible bonds issued by the Company would increase by approximately Nil (31 December 2017: RMB6,028,000)/decrease by approximately Nil (31 December 2017: RMB7,442,000).

If the discount rate used was multiplied by 95% or 105% while all the other variables were held constant, the loss on change in fair value of the convertible bonds issued by the Company would increase by approximately RMB73,000 (31 December 2017: RMB2,487,000) or decrease by approximately RMB90,000 (31 December 2017: RMB2,474,000).

No significant changes in fair value resulting from credit risk for the six months ended 30 June 2018 and year ended 31 December 2017.

There is no transfer between the different levels of the fair value hierarchy for the period.

30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 fair value measurements

	Other investments RMB'000	Convertible bonds RMB'000
At 1 January 2018 (Audited)	340,040	(925,642)
Fair value change in profit or loss	16,790	(3,888)
Fair value loss on financial liabilities designated as at FVTPL attributable to changes in credit risk	–	(108)
Redemption of other investments	(256,830)	–
Payment of interests	–	36,388
Redemption of Talent Legend Issue	–	701,348
At 30 June 2018 (Unaudited)	100,000	(191,902)

Fair value measurements and valuation processes

The Directors have engaged independent professional qualified valuers to determine the appropriate valuation techniques and inputs for fair value measurements.

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 above.

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

31. COMMITMENTS

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Capital commitments		
Construction commitments in respect of solar power plants contracted for but not provided	**5,594,249**	3,625,741
Other commitments		
Commitments to contribute share capital to joint ventures contracted for but not provided	**243,460**	243,460
	5,837,709	3,869,201

32. 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:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Property, plant and equipment	**26,379,880**	26,720,213
Prepaid lease payments	**13,601**	–
Pledged bank and other deposits	**1,423,288**	2,243,073
Trade receivables and contract assets	**6,212,498**	4,192,659
Amount due from a related company	**22,135**	–
	34,051,402	33,155,945

The Group's secured bank and other borrowings were secured individually or in combination of the following by (i) the Group's property, plant and equipment; (ii) the Group's prepaid lease payments situated in the PRC; (iii) pledged bank and other deposits; (iv) certain subsidiaries' trade receivables, contract assets and fee collection rights in relation to the sales of electricity; (v) charge on equity interest of fellow subsidiaries; and (vi) equity interests in some project companies.

The loans from a related company were secured by pledged other 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 20.

33. RELATED PARTY DISCLOSURES

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

(a) Management services income from related companies

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Fellow subsidiaries		
蘇州保利協鑫光伏電力投資有限公司 Suzhou GCL-Poly Solar Power Investment Ltd.* ("Suzhou GCL-Poly")	**16,651**	16,651
GCL Solar Energy Limited	**1,593**	1,703
Joint ventures		
Jinhu	**371**	–
山東萬海電力有限公司 Shandong Wanhai Solar Power Co., Ltd* ("Wanhai")	**334**	–
	18,949	18,354

Nanjing GCL and 蘇州協鑫新能源運營科技有限公司 (Suzhou GCL New Energy Operation and Technology Co., Ltd.*), indirect wholly-owned subsidiaries of the Company, provides operation and management services to the solar power plants of Suzhou GCL-Poly and its subsidiaries, Jinhu and Wanhai under the terms and conditions set out in the relevant operation service agreement. Suzhou GCL-Poly is a subsidiary of GCL-Poly. Jinhu and Wanhai are the wholly owned subsidiaries of 西安中民協鑫新能源有限公司 (Xi'an Zhongmin GCL New Energy Company Limited*), a joint venture of the Group.

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

(b) Interest income from joint ventures

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Yili	**3,602**	3,548
Jinhu	**940**	–
	4,542	3,548

Loan to Yili is unsecured, interest-bearing at fixed rate of 6% (31 December 2017: 6%) per annum for operation purpose and with no fixed repayment terms. The loans are denominated in RMB.

Loans to Jinhu are unsecured, interest-bearing at fixed rate of 6% per annum for operation purpose with repayment terms of six months to five years. The loans are denominated in RMB.

33. RELATED PARTY DISCLOSURES (Continued)

(c) Interest expense on loans from related companies

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Fellow subsidiaries		
保利協鑫(蘇州)新能源有限公司 GCL-Poly (Suzhou) New Energy Company Limited* ("GCL-Poly (Suzhou)")	**22,911**	20,756
太倉港協鑫發電有限公司 Taicang Harbour Golden Concord Electric-Power Generation Co., Ltd* ("Taicang Harbour")	**3,889**	111
揚州協鑫光伏科技有限公司 Yangzhou GCL Photovoltaic Technology Co. Ltd* ("Yangzhou GCL")	**3,889**	111
GCL Solar Energy Limited	**1,584**	2,876
	32,273	23,854
Ultimate holding company		
GCL-Poly	**10,219**	–
Associate of ultimate holding company		
Xinxin	**21,378**	–
	63,870	23,854

Loans from GCL-Poly (Suzhou), Taicang Harbour and Yangzhou GCL were unsecured, interest-bearing at a fixed rate of 8% per annum and matured and fully repaid on 24 April 2018. The loan balances were denominated in RMB.

Loan from GCL Solar Energy Limited is unsecured, interest-bearing at a fixed rate of 7% per annum and matured and fully repaid on 30 April 2018. The loan balances are denominated in United States dollar.

Loan from GCL-Poly is unsecured, interest bearing at a fixed rate 7.3% per annum and repayable on 18 February 2019. The loan balance is denominated in United States dollar.

Loans from Xinxin are secured, interesting-bearing at 6.0% to 7.8% per annum with repayment terms of three to eight years. The loan balances are dominated in RMB.

* *English name for identification only*

33. RELATED PARTY DISCLOSURES (Continued)

(d) Profit attributable/distribution to perpetual noteholders

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
GCL-Poly (Suzhou)	**25,550**	25,672
Suzhou GCL-Poly	**18,250**	18,230
太倉協鑫光伏科技有限公司 Taicang GCL Photovoltaic Technology Co., Ltd*	**7,300**	7,381
江蘇協鑫矽材材料科技發展有限公司 Jiangsu GCL Silicon Material Technology Development Co., Ltd*	**14,600**	14,032
	65,700	65,315

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

* *English name for identification only*

(e) Guarantees granted by related companies and a shareholder

At 30 June 2018, certain bank and other borrowings of the Group amounting to RMB3,755,333,000 (31 December 2017: RMB4,355,384,000) were guaranteed by ultimate holding company or fellow subsidiaries.

33. RELATED PARTY DISCLOSURES (Continued)

(f) Compensation of key management personnel

The remuneration of senior management personnel, including executive directors' remuneration during the period was as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	**5,470**	5,795
Post-employment benefits	**451**	313
Share-based payments expenses	**1,402**	3,400
	7,323	9,508

The remuneration of Directors and other key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

34. EVENTS AFTER REPORTING PERIOD

Other than the sales and leaseback arrangement entered into with Beijing Financial Leasing, and the redemption of Ivyrock Issue disclosed in notes 1A(ii) and 23, respectively, the Group as a customer and 韓華新能源(啟東)有限公司 Hanwha Q CELLS (Qidong) Co., Ltd.* and 無錫尚德太陽能有限公司 Wuxi Suntech Power Co., Ltd.* as suppliers entered into module purchase framework agreements on 31 July 2018 for the supply and purchase of 100 MW of solar modules from each supplier at a unit price of not higher than RMB2.03 per watt and RMB2.0 per watt respectively for certain solar power plant projects of the Group at a total consideration of not higher than RMB203 million and RMB200 million respectively.

* *English name for identification only*

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. ZHU Yufeng *(Chairman)*
Mr. SUN Xingping *(President)*
Ms. HU Xiaoyan
Mr. TONG Wan Sze

Non-executive Directors

Ms. SUN Wei
Mr. SHA Hongqiu
Mr. YEUNG Man Chung, Charles
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. TONG Wan Sze
Mr. YEUNG Man Chung, Charles
Mr. XU Songda
Mr. LEE Conway Kong Wai

Investment Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. SUN Xingping *(Vice-Chairman)*
Ms. HU Xiaoyan *(Vice-Chairman)*
Mr. TONG Wan Sze
Mr. CHENG Dedong
Mr. XU Yang
Mr. AN Lingyi
Mr. LIU Song
Mr. REN Feng
Mr. ZHOU Haibing

Strategic Planning Committee

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

COMPANY SECRETARY

Mr. TONG Wan Sze

AUTHORISED REPRESENTATIVES

Mr. TONG Wan Sze
Mr. YEUNG Man Chung, Charles

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1701B-1702A, Level 17
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL BANKERS

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

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Share Registrar and Transfer Agent

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 30 June 2018:	19,073,715,441 shares

LINKS TO OFFICIAL WEBSITE/ WECHAT PLATFORM OF THE COMPANY

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

Glossary

"Adjusted Exercise Price"	adjusted exercise price due to rights issue
"associate(s)" and "substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Company" or "GCL New Energy"	GCL New Energy Holdings Limited
"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
"Director(s)"	the director(s) of the Company from time to time
"GCL-Poly"	GCL-Poly Energy Holdings Limited
"Golden Concord Group"	Golden Concord Group 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
"kWh"	kilowatt hour
"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
"PCB(s)"	printed circuit boards
"PCB Business" or "discontinued operations"	the manufacturing and selling of PCB
"PRC" or "China"	The People's Republic of China
"Protiviti"	Protiviti Consulting (Shanghai) Company Limited
"PV"	photovoltaic
"Reporting Period"	the six months ended 30 June 2018
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK$$0.0041\dot{6}$) in the share capital of the Company

Glossary

"Shareholder(s)"	holder(s) of the Share(s)
"Share Option Scheme"	the share option scheme adopted by the Company on 15 October 2014
"Solar Energy Business"	the development, construction, operation and management of solar power plants
"State Grid"	State Grid Corporation of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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-Poly"	Suzhou GCL Poly Solar Power Investment Ltd.* 蘇州保利協鑫光伏電力投資有限公司
"U.S."	United States of America
"US$" or "USD"	US Dollars, the lawful currency of the United States

* *English name for identification only*

GCL New Energy

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