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

(incorporated in Bermuda with limited liability)

(Stock code: 451)

PRELIMINARY ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The board (the "Board") of the directors (the "Directors") of GCL New Energy Holdings Limited (the "Company" or "GCL New Energy") announces the consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2016 (the "Reporting Period"), with comparative figures for the corresponding period in the previous year (the "Prior Reporting Period") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2016

	NOTES	2016 RMB'000	2015 RMB'000 (Restated)
Continuing operations			
Revenue	3	**2,246,425**	688,009
Cost of sales		**(675,748)**	(191,826)
Gross profit		**1,570,677**	496,183
Other income	4	**167,279**	234,657
Administrative expenses		**(370,599)**	(282,693)
Share-based payment expenses		**(71,409)**	(135,542)
(Loss) gain on change in fair value on convertible bonds	14	**(175,248)**	29,064
Other expenses, gains and losses, net		**44,769**	31,550
Bargain purchase from business combination		**67,111**	21,626
Share of profits of joint ventures		**873**	9,019
Finance costs	5	**(966,243)**	(321,874)
Profit before tax		**267,210**	81,990
Income tax credit (expense)	6	**42,189**	(6,266)
Profit for the year from continuing operations	7	**309,399**	75,724
Discontinued operations			
Loss for the year from discontinued operations	16	**(168,659)**	(91,196)

	NOTES	2016 RMB'000	2015 RMB'000 (Restated)
Profit (loss) for the year		**140,740**	(15,472)
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(10,959)**	32,548
Total comprehensive income for the year:		**129,781**	17,076
Profit (loss) for the year attributable to:			
owners of the Company			
— from continuing operations		**299,045**	75,967
— from discontinued operations		**(168,659)**	(91,196)
		130,386	(15,229)
Profit (loss) for the year attributable to non-controlling interests from continuing operations			
— Owners of perpetual notes		**4,846**	—
— Other non-controlling interests		**5,508**	(243)
		140,740	(15,472)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**119,427**	17,321
Non-controlling interests			
— Owners of perpetual notes		**4,846**	—
— Other non-controlling interests		**5,508**	(245)
		129,781	17,076
		RMB cents	*RMB cents* (Restated)
Earnings (loss) per share	*9*		
From continuing and discontinued operations			
— Basic		**0.70**	(0.11)
— Diluted		**0.70**	(0.30)
From continuing operations			
— Basic		**1.61**	0.54
— Diluted		**1.61**	0.32

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2016

	NOTES	At 31 December 2016 RMB'000	At 31 December 2015 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**26,755,177**	14,193,691
Prepaid lease payments		**109,359**	52,159
Interests in joint ventures		**42,159**	67,633
Amounts due from related companies		**144,700**	129,936
Deferred tax assets		**88,598**	20,941
Deposits, prepayment and other non-current assets	*10*	**3,372,316**	2,355,322
Pledged bank and other deposits		**226,871**	126,980
		30,739,180	16,946,662
CURRENT ASSETS			
Inventories		**—**	166,784
Trade and other receivables	*11*	**3,386,165**	3,150,943
Other loan receivables		**344,058**	389,378
Amounts due from related companies		**20,247**	55,972
Prepaid lease payments		**2,371**	1,772
Tax recoverable		**1**	783
Pledged bank and other deposits		**2,028,388**	825,171
Bank balances and cash		**3,826,486**	1,964,993
		9,607,716	6,555,796
Assets classified as held for sale		**1,131,282**	—
		10,738,998	6,555,796
CURRENT LIABILITIES			
Trade and other payables	*12*	**11,393,936**	7,100,248
Amounts due to related companies		**83,261**	179,632
Tax payable		**6,037**	57,637
Loan from a shareholder		**—**	16,756
Loans from fellow subsidiaries		**676,307**	629,157
Bank and other borrowings	*13*	**4,947,720**	4,466,690
Obligations under finance leases		**—**	48,201
Bonds payable		**—**	360,000
		17,107,261	12,858,321
Liabilities directly associated with assets classified as held for sale		**910,112**	—
		18,017,373	12,858,321
NET CURRENT LIABILITIES		**(7,278,375)**	(6,302,525)
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,460,805**	10,644,137

	NOTES	At 31 December 2016 RMB'000	At 31 December 2015 RMB'000
NON-CURRENT LIABILITIES			
Bank and other borrowings	*13*	**16,153,286**	7,393,429
Obligations under finance leases		**—**	47,163
Convertible bonds	*14*	**858,461**	732,856
Deferred income		**—**	6,623
Deferred tax liabilities		**29,454**	22,027
		17,041,201	8,202,098
NET ASSETS		**6,419,604**	2,442,039
CAPITAL AND RESERVES			
Share capital		**66,674**	48,491
Reserves		**4,425,179**	2,392,743
Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale		**81,101**	—
Equity attributable to owners of the Company		**4,572,954**	2,441,234
Non-controlling interests		**1,846,650**	805
TOTAL EQUITY		**6,419,604**	2,442,039

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2016

	2016	2015
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Profit (loss) for the year	**140,740**	(15,472)
Adjustments for:		
Income tax	**(12,901)**	38,803
Amortisation of prepaid lease payments	**2,798**	1,802
Amortisation of deferred income on government grants	**(153)**	(154)
Depreciation of property, plant and equipment	**722,078**	381,976
Loss on disposal of property, plant and equipment	**28**	941
Finance costs	**978,450**	335,923
Impairment loss recognised on plant and equipment	**183,942**	42,104
Interest income	**(91,907)**	(27,046)
Share-based payment expenses	**71,409**	135,542
Share of profit of joint ventures	**(873)**	(9,019)
Gain on deemed disposal of a joint venture	**(1,823)**	—
Loss (gain) on change in fair value of convertible bonds	**175,248**	(29,064)
Bargain purchase from business combination	**(67,111)**	(21,626)
Operating cash flows before movements in working capital	**2,099,925**	834,710
Increase in deposits, prepayment and other non-current assets	**(123,551)**	(162,779)
Increase in inventories	**(21,006)**	(28,926)
Increase in trade and other receivables	**(747,884)**	(1,869,325)
Decrease in amounts due from related companies	**13,637**	1,191
(Decrease) increase in trade and other payables	**(751,157)**	1,316,414
Increase (decrease) in amounts due to related companies	**1,387**	(34,616)
Cash generated from operations	**471,351**	56,669
Income taxes paid	**(21,197)**	(21,246)
NET CASH FROM OPERATING ACTIVITIES	**450,154**	35,423

	2016	2015
	RMB'000	*RMB'000*
INVESTING ACTIVITIES		
Interest received	**43,901**	27,046
Payments for construction and purchase of property, plant and equipment	**(8,311,628)**	(7,902,802)
Acquisition of subsidiaries	**48,824**	(146,914)
Settlement of payables to vendors of solar power plants	**(132,159)**	(181,371)
Deposits paid for acquisitions of solar power plants	**(31,800)**	62,614
Capital injection to joint ventures	**—**	(16,255)
Loans to third parties	**(20,556)**	(389,378)
Proceeds from disposal of property, plant and equipment	**12**	409
Loans to a joint venture	**(20,807)**	(130,248)
Dividend received from joint venture	**14,674**	—
Withdrawal of pledged bank and other deposits	**878,971**	440,258
Placement of pledged bank and other deposits	**(2,203,782)**	(944,011)
Repayment from related parties	**19,926**	—
NET CASH USED IN INVESTING ACTIVITIES	**(9,714,424)**	(9,180,652)
FINANCING ACTIVITIES		
Interest paid	**(1,268,593)**	(438,478)
Distributions paid to holders of perpetual notes	**(4,846)**	—
Proceeds from bank borrowings	**15,162,937**	12,113,395
Repayment of bank borrowings	**(6,382,566)**	(2,282,686)
Proceeds from loans from a fellow subsidiary	**1,276,307**	999,268
Repayment of loans from a fellow subsidiary	**(999,897)**	(1,120,112)
Proceeds from issuance of shares through Rights Issue	**1,963,889**	—
Transaction costs paid for the issuance of Rights Issue	**(23,005)**	—
Proceeds from issuance of convertible bonds	**—**	768,964
Proceeds from issuance of perpetual notes	**1,800,000**	—
Proceeds from issuance of bonds	**—**	360,000
Payment for redemption of bonds	**(360,000)**	—
Advance from related parties	**2,014**	—
Repayment to related parties	**(3,863)**	—
Advance from third parties	**—**	40,600
Proceeds from inception of sales and lease back of finance leases	**21,450**	76,593
Repayment of obligations under finance leases	**(51,063)**	(39,190)
Capital contribution by non-controlling interests	**21,918**	700

	2016	2015
	RMB'000	*RMB'000*
NET CASH FROM FINANCING ACTIVITIES	**11,154,682**	10,479,054
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,890,412**	1,333,825
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**1,964,993**	598,340
Effect of exchange rate changes on the balance of cash held in foreign currencies	**(2,323)**	32,828
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
Represented by		
— bank balances and cash	**3,826,486**	1,964,993
— bank balances and cash classified as held for sale	**26,596**	—
	3,853,082	1,964,993

1. GENERAL INFORMATION

GCL New Energy Holdings Limited (the "Company") is incorporated in Bermuda as exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate parent is Elite Time Global Limited, a company incorporated in British Virgin Islands. Its ultimate parent is GCL-Poly Energy Holdings Limited ("GCL-Poly"), a company incorporated in the Cayman Islands with shares listed on the Stock Exchange. The address of the registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business is at Unit 1701A–1702A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the sale of electricity, development, construction, operation and management of solar power plants ("Solar Energy Business"), as well as the manufacturing and selling of printed circuit boards ("PCB Business"). In addition, the Group entered into agreement to dispose of PCB Business during the year ended 31 December 2016 (note 16) which have been presented as discontinued operation.

The Group changed its presentation currency from Hong Kong dollar ("HK$") to Renminbi ("RMB") effective from 1 July 2015 with details disclosed in the Company's 2015 annual report.

2. BASIS OF PREPARATION

As at 31 December 2016, the Group's current liabilities exceeded its current assets by approximately RMB7,278 million. In addition, as at 31 December 2016, the Group has entered into agreements to construct solar power plants and acquire other assets which will involve capital commitments of approximately RMB4,447 million. In addition, the Group, subject to the availability of additional financial resources, is currently looking for further opportunities to increase the scale of its solar power plant operations through mergers and acquisitions. 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 31 December 2016, additional cash outflows will be required to settle further committed capital expenditure.

As at 31 December 2016, the Group's total borrowings comprising bank and other borrowings, convertible bonds, obligations under finance leases, loan from a shareholder and loans from fellow subsidiaries amounted to approximately RMB22,900 million, out of which approximately RMB5,862 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 RMB2,276 million and RMB3,853 million (including pledged bank and other deposits and bank balances and cash classified as held for sale of RMB20 million and RMB27 million respectively) as at 31 December 2016, respectively. The financial resources available to the Group as at 31 December 2016 and up to the date of approval of these consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements. The Group is actively pursuing additional financing including, but not limited to, equity and debt financing and bank borrowings.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2016. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures relating to the solar power plants, that will be due in the coming twelve months from 31 December 2016 upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

(i) Subsequent to 31 December 2016, the Group successfully obtained new borrowing of RMB2,061 million from banks in the PRC;

(ii) The Group has been negotiating with lenders for the renewal of its current borrowings as necessary when they fall due in the coming twelve months. Based on the past experience, the Group did not encounter any significant difficulties in renewing the borrowings and the Directors are confident that all borrowings can be renewed upon the Group's application when necessary;

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

(iv) In July and December 2016, the Group proposed the issuance of non-public corporate bonds and non-public green bonds to qualifying investors in the maximum principal amount of RMB2,000,000,000 and RMB1,750,000,000, respectively, which were fully underwritten and shall have a term of up to 3 years. The Group has received no-objection letters from the Shanghai Stock Exchange and the Shenzhen Stock Exchange in relation to these issues. The Group is also negotiating with other private investors for additional financing in the form of equity or debt or a combination of both; and

(v) The Group has completed the construction of 86 solar power plants with approval for on-grid connection up to 31 December 2016. The Group also has additional 22 solar power plants under construction targeting to achieve on-grid connection within the coming twelve months from the date of approval of this consolidated financial statements. The abovementioned solar power plants have an aggregate installed capacity of approximately 4.1 GW and are expected to generate operating cash inflows to the Group.

After taking into account the Group's business prospects, internal resources, and the available and forthcoming financing facilities, the Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the plans and measures described in (ii) to (v) 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 the approval of these consolidated financial statements is dependent on the Group's ability to generate adequate financing and operating cash flows through successful renewal of its borrowings upon expiry, compliance with the covenants under the borrowing agreements or obtaining waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements, successful securing of the financing from banks with repayment terms beyond twelve months from the date of approval of these consolidated financial statements and other short-term or long-term financing; 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 consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sale of electricity.

Sales of electricity included RMB1,529,794,000 (2015: RMB418,694,000) 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. Details of payment arrangement of tariff is disclosed in note 11.

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. For continuing operation, the Group has been operating in one reportable segment, being the Solar Energy Business. The Group's chief operating decision maker ("CODM"), being the executive directors of the Company, who reviews the consolidated results before tax and before fair value adjustment of financial instruments and share-based payment expenses, if any, when making decisions about allocating resources and assessing performance.

Details of the discontinued operations of the PCB Business are described in note 16.

Geographical information

Substantially all of the Group's non-current assets, production facilities and capital expenditure are located or utilised in the PRC and all the revenue arising on sale of electricity is generated from PRC customers. Therefore, no further analysis of geographical information is presented.

Information about major customers

None of the Group's customers contributed over 10% of the total revenue of the Group for both years.

4. OTHER INCOME

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Bank interest income	**26,133**	7,505
Commission income on modules procurement *(note a)*	**—**	89,245
Consultancy income *(note b)*	**18,224**	81,678
Government grants — Incentive subsidies *(note c)*	**5,515**	3,270
Interest income from loan to joint venture	**9,649**	1,589
Interest income from other loan receivables	**42,482**	17,572
Imputed interest on discounting effect on tariff adjustment receivables	**10,939**	—
Management services income	**42,936**	33,302
Others	**11,401**	496
	167,279	234,657

Notes:

(a) Commission income on modules procurement represents commission for providing sourcing and procurement services of solar modules for third parties.

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

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

5. FINANCE COSTS

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Interest on:		
Bank and other borrowings	**1,171,699**	399,391
Bonds payables	**12,002**	12,118
Loan from fellow subsidiaries	**51,343**	27,763
Imputed interest expenses on payables (note)	**—**	21,383
Total borrowing costs	**1,235,044**	460,655
Less: amounts capitalised in the cost of qualifying assets	**(268,801)**	(138,781)
	966,243	321,874

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 9.55% (2015: 8.03%) per annum to expenditure on qualifying assets.

Note: Imputed interest expenses arose from a discounting effect of the engineering procurement and constructions ("EPC") payable.

6. INCOME TAX (CREDIT) EXPENSE

	2016 *RMB'000*	2015 *RMB'000* (Restated)
Continuing operations		
PRC Enterprise Income Tax ("EIT"):		
Current tax	**8,112**	7,168
Overprovision in prior years	**(3,516)**	—
	4,596	7,168
PRC withholding tax	**—**	1,456
Deferred tax	**(46,785)**	(2,358)
	(42,189)	6,266

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

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

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the years. No provision for taxation in Hong Kong Profits Tax was made for the year as the assessable profits were off-set by the tax losses brought forward.

7. PROFIT FOR THE YEAR

	2016 *RMB'000*	2015 *RMB'000* (Restated)
Continuing operations		
Profit for the year has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	**2,625**	1,631
Auditor's remuneration	**3,879**	2,971
Depreciation of property, plant and equipment	**559,923**	152,799
Operating lease rental in respect of properties	**18,005**	9,637
Staff costs (including directors' remuneration but excluding share-based payments)		
— Salaries, wages and other benefits	**242,694**	134,804
— Retirement benefit scheme contributions	**30,237**	15,975
Share-based payment expenses (Administrative expenses in nature)		
— Directors and staff	**52,555**	103,958
— Consultancy services	**18,854**	31,584

8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2016, nor has any dividend been proposed since the end of the reporting period (2015: nil).

9. EARNINGS (LOSS) PER SHARE

For continuing and discontinued operations

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

	2016	2015
	RMB'000	*RMB'000*
Profit (loss) for the purposes of calculation of basic earnings (loss) per share		
Profit (loss) for the year attributable to owners of the Company	**130,386**	(15,229)
Effective of dilutive potential ordinary shares:		
Gain on change in fair value of convertible bonds	**—**	(29,064)
Profit (loss) for the purpose of diluted earnings (loss) per share	**130,386**	(44,293)

	2016	2015
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	**18,615,821**	13,995,252
Effect of dilutive potential ordinary shares:		
Convertible bonds	**—**	549,974
Weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share	**18,615,821**	14,545,226

Diluted earnings (loss) per share did not assume (i) the exercise of the share options since the exercise price is higher than the average share price of the Company for both reporting periods nor (ii) the conversion of convertible bonds since their assumed conversion had an anti-dilutive effect on earnings per share for the year ended 31 December 2016.

The Company completed the rights issue of shares on the basis of three rights shares for every eight existing shares held on a pro rata basis ("Rights Issue") in February 2016 which is before the date of approval of the consolidated financial statement of the Group for the year ended 31 December 2015 ("2015 Group Accounts") for issuance. Accordingly, retrospective adjustment has already been made to the weighted average number of ordinary shares in the 2015 Group Accounts.

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:

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Profit (loss) for the year attributable to owners of the Company	**130,386**	(15,229)
Add: Loss for the year from discontinued operations attributable to owners of the Company	**168,659**	91,196
Profit for the year attributable to owners of the Company from continuing operations	**299,045**	75,967
Effective of dilutive potential ordinary shares:		
Gain on change in fair value of convertible bonds	**—**	(29,064)
Profit for the year for the purpose of diluted earnings (loss) per share from continuing operation	**299,045**	46,903

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

From discontinued operations

Basic loss per share for the discontinued operations is RMB0.91 cent per share (2015: RMB0.65 cent per share) and diluted loss per share for the discontinued operations is RMB0.91 cent per share (2015: RMB0.62 cent per share), based on the loss for the year from the discontinued operations attributable to owners of the Company of RMB168,659,000 (2015: RMB91,196,000) and the denominators detailed above for both basic and diluted loss per share.

10. DEPOSITS, PREPAYMENT AND OTHER NON-CURRENT ASSETS

	2016	2015
	RMB'000	*RMB'000*
Deposits paid for EPC contracts and constructions *(note a)*	**659,597**	929,739
Refundable value-added tax	**2,114,127**	1,036,986
Deposits paid for acquisitions of solar power plants	**38,300**	13,410
Prepaid rent for parcels of land	**264,274**	160,715
Trade receivables *(note 11) (note b)*	**249,555**	175,700
Others	**46,463**	38,772
	3,372,316	2,355,322

Notes:

(a) Deposits for EPC contracts and constructions represent deposits paid to contractors which will be transferred to property, plant and equipment in accordance with the percentage of completion of the constructions.

(b) The Directors expected certain part of the tariff adjustment receivables will be recovered after twelve months from the reporting date and are discounted at an effective interest rate of 2.65% per annum as at 31 December 2016.

11. TRADE AND OTHER RECEIVABLES

	2016	2015
	RMB'000	*RMB'000*
Trade receivables	**2,280,402**	865,270
Bills receivable	**128,517**	682,813
Prepayment and deposits	**113,190**	130,566
Other receivables		
— Consultancy service fee receivables	**9,127**	82,079
— Interest receivables	**45,611**	18,772
— Receivables for modules procurement	**526,476**	1,325,203
— Refundable value-added tax	**382,480**	153,440
— Others	**149,917**	68,500
	3,635,720	3,326,643
Analysed as:		
Current	**3,386,165**	3,150,943
Non-Current *(note 10)*	**249,555**	175,700
	3,635,720	3,326,643

Trade receivables primarily comprise amounts receivable for the sale of PCB products and receivables for electricity sales which include tariff adjustment receivables to be received from the state grid companies.

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 adjustments 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. As at 31 December 2016, tariff adjustment receivables amounting to approximately RMB2,116,095,000 (2015: RMB456,673,000) are included in the trade receivables. The Directors expected certain part of the tariff adjustment receivables will be recovered after twelve months from the reporting date which amounted to approximately RMB249,555,000 (2015: RMB175,700,000) (included in note 10).

Certain bills receivable issued by third parties endorsed with recourse for settlement of amounts due to fellow subsidiaries, payables for purchase of plant and machinery and construction costs, and loan from fellow subsidiaries continue to recognise its full carrying amount at the end of both reporting periods.

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 (2015: 180 days to 1 year).

For sales of PCB products for 2015, the Group generally allowed credit period of 30 to 120 days.

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.

All bills receivables of the Group are with a maturity period of less than 180 days and not yet due at the end of the reporting period, and management considers the default rate is low based on historical information and experience.

The following is an aged analysis of trade receivables classified as current assets, which are presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2016	2015
	RMB'000	*RMB'000*
Unbilled *(note)*	**2,093,632**	456,673
0–90 days	**101,993**	347,492
91–180 days	**28,807**	38,762
Over 180 days	**55,970**	22,343
	2,280,402	865,270

Note: Unbilled receivables mainly represent tariff adjustments to be billed and received based on the prevailing national government policies on renewable energy.

Consultancy service fee receivables and receivables for modules procurement are aged from 180 days to 1 year (2015: 180 days to 1 year).

Included in these trade receivables are debtors with aggregate carrying amount of RMB94,964,000 (2015: RMB72,902,000) which are past due as at the end of the reporting date. These trade receivables relate to a number of customers for whom there is no recent history of default. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

	2016	2015
	RMB'000	*RMB'000*
0–90 days	**20,783**	69,008
91–150 days	**18,211**	3,024
Over 150 days	**55,970**	870
	94,964	72,902

Based on the track record of regular repayment of receivables from sales of electricity, all trade receivable from sales of electricity were expected to be recoverable. Regarding tariff adjustment receivables, the collection is well supported by the government policy, all tariff adjustment receivables were expected to be recoverable. Consequently, no provision for impairment of trade receivables was recognised as at 31 December 2016 (2015: Nil).

12. TRADE AND OTHER PAYABLES

	2016	2015
	RMB'000	*RMB'000*
Trade payables	**—**	326,862
Bills payable	**2,208,219**	986,008
Payables for purchase of plant and machinery and construction costs	**8,314,758**	4,095,487
Payables to vendors of solar power plants	**130,851**	179,741
Payables for module procurement	**221,410**	1,211,075
Other tax payables	**61,165**	44,601
Other payables	**208,659**	87,667
Receipt in advance	**14**	8,500
Accruals		
— Staff costs	**150,801**	78,648
— Legal and professional fees	**21,117**	25,363
— Utilities	**—**	6,219
— Interest expenses	**72,075**	43,774
— Others	**4,867**	6,303
	11,393,936	7,100,248

The credit period for purchase of goods is normally ranged from 90 to 120 days. The Group has financial risk management policies in place to ensure settlement of payables within the credit time frame.

The following is an aged analysis of trade payables, presented based on the invoice date at the end of the reporting period:

	2016	2015
	RMB'000	*RMB'000*
0–90 days	**—**	198,134
91–180 days	**—**	117,278
Over 180 days	**—**	11,450
	—	326,862

All bills payable of the Group is aged within 180 days (2015: 180 days) and not yet due at the end of the reporting period.

Included in trade and other payables are obligations arising from endorsing bills receivable with recourse issued by third parties for settlement of payables for purchase of plant and machinery and construction costs with an aggregate amount of RMB61,246,000 (2015: RMB349,192,000).

13. BANK AND OTHER BORROWINGS

	2016	2015
	RMB'000	*RMB'000*
Bank loans	**10,928,064**	7,241,761
Other loans	**10,172,942**	4,618,358
	21,101,006	11,860,119
Secured	**18,504,281**	6,826,307
Unsecured	**2,596,725**	5,033,812
	21,101,006	11,860,119
The carrying amounts of the above borrowings are repayable*:		
Within one year	**4,947,720**	4,466,690
More than one year, but not exceeding two years	**3,984,328**	2,363,488
More than two years, but not exceeding five years	**5,977,263**	2,382,933
More than five years	**6,191,695**	2,647,008
	21,101,006	11,860,119
Less: Amounts due within one year shown under current liabilities	**(4,947,720)**	(4,466,690)
Amounts due after one year	**16,153,286**	7,393,429
Analysed as:		
Fixed-rate borrowings	**7,630,903**	6,388,522
Variable-rate borrowings	**13,470,103**	5,471,597
	21,101,006	11,860,119

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

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are analysed as follows:

	2016	2015
Fixed-rate borrowings	**2.5% to 11.45%**	4.6% to 11.45%
Variable-rate borrowings	**100% to 110% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")**	100% to 110% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")

The Group's borrowings are denominated in the currencies other than the functional currency of the relevant group entities are set out below:

	2016	2015
	RMB'000	*RMB'000*
HK$	—	9,490
US$	**395,785**	11,478

Included in other loan is an amount of RMB1,000,000,000 (2015: RMB1,000,000,000) obtained by the Group through an investment fund established in the form of a limited partnership ("Limited Partnership"), the capital of which is contributed by two subsidiaries of the Group as to approximately 20% with the remainder contributed by a third party asset management company (the "Limited Partner"). Pursuant to the investment agreement and fund repurchase agreement entered into between the Group and the Limited Partner in conjunction with the formation of the Limited Partnership, the Limited Partner does not entitle to any variable returns (including profit distribution) from the Limited Partnership but receives a fixed return of 8.9% per annum ("Fixed Return"), the transaction as a whole has been considered as a loan granted to the Group in these consolidated financial statements to reflect the economic substance of the arrangement. The Group has agreed to repurchase the Limited Partner's interest in the Limited Partnership upon the occurrence of certain events but in any case before 29 May 2017, for a consideration equal to the outstanding capital of the Limited Partner plus the Fixed Return. As the investment fund has been fully utilised for the acquisition of new energy businesses of the Group, this arrangement is accounted for as financing to the Group with the equity interest in the invested project companies as collateral.

As at 31 December 2015, included in short-term bank borrowings are obligations arising from bills receivable issued by the Group's entities with aggregate carrying amount of approximately RMB2,158 million discounted to banks with recourse at interest rates of 10% per annum. As at 31 December 2016, no such balance exist.

The Group is required to comply with certain restrictive financial covenants and undertaking requirements. During 2015, certain subsidiaries of the Group did not comply with a required debt to asset ratio requirement as set out in the loan agreements entered into between the subsidiaries and a PRC bank. On discovery of the breach, the Directors informed the lender and the relevant bank has agreed to grant a grace period to the Group up to 31 December 2015 in order for the subsidiaries to remediate and meet the required covenant requirement. As at 31 December 2015, the relevant covenant requirement has been remediated. The Directors had reviewed all required covenant requirements of the Group and no breach of covenants was noted during the year ended 31 December 2016.

14. CONVERTIBLE BONDS

	RMB'000
As at 1 January 2015	—
Issue of convertible bonds on 27 May 2015	611,244
Issue of convertible bonds on 20 July 2015	157,720
Payment of interests	(7,044)
Change in fair value charged to profit or loss	(29,064)
As at 31 December 2015 and 1 January 2016	732,856
Payment of interests	(49,643)
Change in fair value charged to profit or loss	175,248
As at 31 December 2016	**858,461**

Note: Exchange difference of the convertible bonds of approximately RMB51,948,000 (2015: RMB47,536,000) has been recognised with changes in fair value to profit or loss for the year ended 31 December 2016.

On 27 May 2015 and 20 July 2015, the Company issued three-year convertible bonds at a nominal value of HK$775,100,000 (equivalents to approximately RMB611,244,000) ("Talent Legend Issue") and HK$200,000,000 (equivalents to approximately RMB157,720,000) ("Ivyrock Issue"), respectively. The major terms and conditions of the convertible bonds are as follows:

(a) Interest rate

The Company shall pay an interest on the convertible bond at 6% per annum.

(b) Conversion price

The bond matures three years from the date of issuance at its nominal value of HK$775,100,000 and HK$200,000,000 respectively or can be converted into ordinary shares of the Company at an original conversion price of HK$1.20 per share, subject to adjustments, after six months from the date of issuance to the date of maturity.

The conversion price will be subject to adjustments upon the occurrence of certain events as set out below:

(i) Consolidation, subdivision or reclassification of shares, capitalisation of profits or reserve, capital distribution, rights issues of shares or options over shares, issues at a certain discount to current market price, change of control and other usual adjustment events. The conversion price may not be reduced so that the conversion shares may fall to be issued at a discount to their par value.

(ii) In addition, (1) if at any time after the date falling six months from the date of the instrument (i.e. 27 May 2015 and 20 July 2015), the 30-day average price falls below 80% of the applicable conversion price, the conversion price shall be adjusted to a price equal to the higher of (i) the then prevailing conversion price multiplied by 0.80 and (ii) the Minimum Conversion Price (see definition below) of HK$0.78 (the conversion price so adjusted being the "First Adjusted Conversion Price"). The First Adjusted Conversion Price shall be effective from the close of business in Hong Kong on the business day following the last dealing day within the period of the 30 consecutive dealing days in which such 30-day average price is ascertained; and (2) if at any time after the date falling three months from the date of the First Adjusted Conversion Price, the 30-day average price falls below 80% of the then prevailing conversion price, the conversion price shall be further adjusted to a price equal to the higher of (i) the then applicable conversion price multiplied by 0.80; and (ii) the Minimum Conversion Price of HK$0.78 (the conversion price so adjusted being the "Further Adjusted Conversion Price"). The Further Adjusted Conversion Price shall be effective from the close of business in Hong Kong on the business day following the last dealing day within the period of the 30 consecutive dealing days in which such 30-day average price is ascertained. For these purposes, "Minimum Conversion Price" means HK$0.78 subject to adjustments in the same manner as the conversion price. The Minimum Conversion Price has been further adjusted to HK$0.754 with effect from 6 January 2016 as a result of the determination of entitlements to the Rights Issue.

    Pursuant to the terms of the Talent Legend Issue, the 30-day average price has fallen below 80% of the applicable conversion price. Accordingly, the conversion price of the Talent Legend Issue was adjusted from HK$1.20 per share to HK$0.96 per share with effect from 30 October 2015. The Company further announced that the conversion price of such convertible bonds was adjusted down to HK$0.93 with effect from 6 January 2016 as a result of the determination of entitlements to the Rights Issue. On 29 February 2016, the Company announced that the conversion price of Talent Legend Issue was adjusted further down to HK$0.754 per share as a result of the 30-day average price has fallen below 80% of the applicable conversion price.

    Pursuant to the terms of Ivyrock Issue, the Company announced that the conversion price of such convertible bond was adjusted from HK$1.20 to HK$1.16 with effect from 6 January 2016 as a result of the determination of entitlements to the Rights Issue. On 21 January 2016, the Company announced that the conversion price of such convertible bond was adjusted further down to HK$0.93 per share and further adjusted down to HK$0.754 per share on 21 April 2016 as a result of the 30-day average price has fallen below 80% of the applicable conversion price.

(c) Maturity

The maturity for Talent Legend Issue and Ivyrock Issue are 26 May 2018 and 19 July 2018, respectively.

(d) Redemption

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem all the principal amount of the convertible bond outstanding on the maturity dates at 112% of the outstanding principal amount.

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

The fair value of the convertible bond, was determined by an independent qualified valuer based on the Binomial Lattice Model.

The following assumptions were applied.

	Talent Legend Issue		**Ivyrock Issue**	
	2016	2015	**2016**	2015
Discount rate	**24.48%**	30.97%	**24.51%**	31.03%
Fair value of each share of the Company	**HK$0.455**	HK$0.460	**HK$0.455**	HK$0.460
Conversion price (per share)	**HK$0.754**	HK$0.960	**HK$0.754**	HK$1.200
Risk free interest rate	**0.95%**	0.62%	**0.98%**	0.68%
Time to maturity	**1.40 years**	2.41 years	**1.55 years**	2.56 years
Expected volatility	**50.97%**	64.85%	**56.71%**	64.42%
Expected dividend yield	**0%**	0%	**0%**	0%

15. CAPITAL COMMITMENTS

	2016	2015
	RMB'000	*RMB'000*
Contracted for but not provided:		
Construction commitments in respect of solar power plants	**4,441,273**	4,847,312
Property, plant and equipment and leasehold improvements	**5,839**	15,998
Commitment to contribute share capital to a joint venture	**—**	36,000
	4,447,112	4,899,310

16. DISCONTINUED OPERATIONS

On 30 December 2016, the Group entered into a sale and purchase agreement ("S&P Agreement") to dispose of the entire interest in PCB Business (the "Disposal") to Mr. Yip Sum Yin ("Mr. Yip"), a former director of the Company, at a consideration of HK$250,000,000 (equivalent to RMB223,625,000) plus, as the case may be, adjustment amounts pursuant to the S&P Agreement. The disposal of PCB Business is consistent with the Group's long-term policy to focus on its core solar power business, which will allow the Group and its management team to focus its resources on the business area where it has the most competitive strengths. 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 Directors consider that the disposal transaction is highly probable completed with 12 months from the end of reporting period.

The loss for the year from the discontinued PCB Business is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the PCB Business as discontinued operations.

Analysis of loss for the period from discontinued operations

The results of the discontinued operations for the year were as follows:

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Revenue	**1,491,564**	1,281,890
Cost of sales	**(1,389,065)**	(1,255,539)
Other income	**29,577**	42,920
Distribution and selling expenses	**(19,811)**	(17,133)
Administrative expenses	**(71,549)**	(76,112)
Other expenses, gains and losses	**16,062**	21,468
Impairment loss recognised on property, plant and equipment	**—**	(42,104)
Finance costs	**(12,207)**	(14,049)
Profit (loss) before tax	**44,571**	(58,659)
Income tax expense	**(29,288)**	(32,537)
Profit (loss) for the year from discontinued operations	**15,283**	(91,196)
Loss on measurement to fair value less costs to sell	**(183,942)**	—
Loss for the year from discontinued operations	**(168,659)**	(91,196)

Loss for the year from discontinued operations include the following:

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Amortisation of deferred income on government grants	**(153)**	(154)
Amortisation of prepaid lease payments	**173**	171
Auditor's remuneration	**694**	321
Cost of inventories recognised as an expense *(note)*	**1,389,065**	1,255,539
Depreciation of property, plant and equipment	**162,155**	229,177
Operating lease rental in respect of properties	**6,416**	5,789
Staff costs (including directors' remuneration but excluding share-based payments)		
— Salaries, wages and other benefits	**236,661**	212,742
— Retirement benefit scheme contributions	**19,128**	20,711

Note: Included in staff cost and depreciation and amortisation were approximately RMB212,528,000 (2015: RMB187,991,000) and RMB158,024,000 (2015: RMB224,055,000), respectively, capitalised as cost of inventories during the year ended 31 December 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

On 30 December 2016, the Group entered into a sale and purchase agreement to dispose of entire interest in Printed Circuit Board Business (i.e. the "Disposal"). The Disposal was approved by the shareholders in a special general meeting on 13 February 2017. The completion of the Disposal was subject to the fulfilment of certain conditions precedent as set out in the sale and purchase agreement. As the Group will cease to carry on Printed Circuit Board Business ("PCB Business") and expected the Disposal will be completed within coming several months, its operating result was classified as discontinued operations and the comparative figures have been restated accordingly. The Disposal enables the Group to focus its resources on the development of Solar Energy Business.

For the year ended 31 December 2016, the revenue of the Group amounted to RMB2,246 million, representing an increase of 226% as compared to RMB688 million for the same period last year. Profit attributable to owners of the Company from continuing operations amounted to RMB299 million (Year ended 31 December 2015: RMB76 million). The profit/(loss) attributable to owners of the Company during the year ended 31 December 2016 and 31 December 2015 was as follows:

	2016	2015
	RMB million	*RMB million*
Continuing operations ("Solar Energy Business")	**299**	76
Discontinued operations ("PCB Business")	**(169)**	(91)
Profit/(loss) for the year	**130**	(15)

The significant improvement of the results in the Solar Energy Business during the year was mainly attributable to:

1. The increase in the generation volume of electricity of the solar power plants by 220% from approximately 870 million kWh in 2015 to approximately 2,790 million kWh in 2016. The total installed capacity was increased by 114% from 1,640 megawatts ("MW") in 2015 to 3,516 MW in 2016.

2. The drop in average operating and maintenance cost from approximately RMB0.08 per watt in 2015 to RMB0.06 per watt in 2016 as a result of cost control measurement and economic of scale.

3. A bargain purchase on business combinations of approximately RMB67 million was recorded as a result of business combinations.

4. The decrease in amortization of share-based payment expenses from RMB136 million for the year ended 31 December 2015 to RMB71 million for the year ended 31 December 2016.

5. The increase in profit was partly offset by increase in finance costs which in line with business expansion and the loss on change in fair value on convertible bonds.

Business Review

Our Capacity

During the year ended 31 December 2016, the Group continued to expand Solar Energy Business through joint development, acquisition and in-house development.

	As at 31 December			
	2016		2015	
Development Type	**No. of solar power plants**	**MW**	No. of solar power plants	MW
Joint development	**43**	**1,831**	28	1,170
Acquisition	**16**	**570**	6	300
In-house development	**31**	**1,115**	7	170
Total	**90**	**3,516**	41	1,640

Electricity Generation

As at 31 December 2016, the aggregated installed capacity of the 90 grid-connected solar power plants of the Group (31 December 2015: 41) increased by 114% to 3,516MW (31 December 2015: 1,640MW). Details of the electricity sales volume and revenue for the year ended 31 December 2016 are set out below.

	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	8	326	327[2]	452	0.77	348
Ningxia	1	4	150	150	205	0.74	152
Qinghai	1	3	100	107[2]	118	0.91	108[5]
Xinjiang	1	2	80	81[2]	82	0.69	57
Sub-total	Zone 1	17	656	665	857	0.78	665
Shaanxi	2	7	590	466	308	0.78	240
Hebei	2	1	85	89[2]	133	1.03	137
Qinghai	2	2	80	80	80	0.79	63
Yunnan	2	2	80	71	84	0.73	61
Sichuan	2	1	50	50	20	0.80	16
Jilin	2	2	25	25	15	0.80	12
Liaoning	2	1	20	7	—	—	—
Sub-total	Zone 2	16	930	788	640	0.83	529
Henan	3	7	325	287	153	0.84	128
Jiangsu	3	15	314	261	237	0.87	206
Hebei	3	4	137	139	126	1.02	128
Anhui	3	6	230	228	136	0.85	116
Hubei	3	2	216	219[2]	125	0.92	115
Shanxi	3	5	180	161	222	0.85	189
Jiangxi	3	3	120	121[2]	67	0.86	57
Shandong	3	4	115	116[2]	87	1.00	87
Guangdong	3	1	100	2	—	—	—
Hainan	3	2	50	50	66	0.87	57
Hunan	3	1	60	45	2	0.90	2
Guizhou	3	1	30	5	—	—	—
Zhejiang	3	2	23	21	20	0.95	19
Sub-total	Zone 3	53	1,900	1,655	1,241	0.89	1,104
Total of subsidiaries		86	3,486	3,108	2,738	0.84	2,298
Joint ventures[4]							
PRC	2	1	25	25	46	0.85	40[5]
Overseas	—	3	5	5	6	2.21	12
Total		**90**	**3,516**	**3,138**	**2,790**	**0.84**	**2,350**

Representing:	
Electricity sales	742
Tariff adjustment – government subsidies received and receivable	1,556
	2,298
Less: effect of discounting non-current tariff adjustment receivables[3]	(52)
Total revenue of the Group	2,246

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

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

(3) Certain portion of the tariff adjustment (government subsidies) receivables will be recovered after twelve months from the reporting date. The non-current tariff adjustment receivables are discounted at an effective interest rate of 2.65% per annum.

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

(5) In 2016, the Group further acquired the interest in one of the joint venture, 海南州世能光伏發電有限公司, which became a subsidiary of the Group.

Most of the solar power plants of the Group are located in China and almost all of the revenue is obtained from the subsidiaries of State Grid Corporation of China (the "State Grid"). The State Grid is a State-owned enterprise in China, which possesses low default risk. Therefore, the Directors considered that the credit risk was minimal and no provision for impairment was considered necessary for the year ended 31 December 2016 and 2015.

Financial Review

Upon the fulfillment of the condition precedents for the Disposal, the Group will retain one single reportable segment which is principally engaged in development, construction, operation and management of solar power plants ("Solar Energy Business"). PCB Business, being the manufacturing and selling of printed circuit boards, is classified as discontinued operations. The following table sets forth the financial highlight of the Group's profit from continuing operations — Solar Energy Business:

	2016 *RMB million*	2015 *RMB million*	**% of changes**
Revenue	**2,298**	688	234%
Effect of discounting non-current tariff adjustment receivables (government subsidies)	**(52)**	—	N/A
Revenue, after discounting	**2,246**	688	226%
Gross profit	**1,571**	496	217%
Adjusted EBIT*	**1,341**	264	408%
Adjusted EBITDA*	**1,901**	417	356%
Profit for the year from continuing operations	**309**	76	307%

* Adjusted EBIT is defined as earnings before finance costs, taxation and non-recurring items including changes in fair value on convertible bonds, bargain purchase from business combination and commission income on modules procurement, while adjusted EBITDA also excludes depreciation allowance.

Revenue

During the year ended 31 December 2016, the revenue of the Group mainly comprised sales of electricity and related tariff adjustment (i.e. government subsidies) amounting to approximately RMB2,246 million (2015: RMB688 million), net of effect of discounting the tariff receivables to its present value of approximately RMB52 million (2015: Nil). The significant increase in revenue was mainly attributable to the increase in sales of electricity of the solar power plants by 220% as a result of intensive developments and acquisitions of solar power plants in 2016 and full year operation for those solar power plants achieving on-grid connection in the fourth quarter of 2015. The average tariff (net of tax) was approximately RMB0.84/kWh (2015: RMB0.84/kWh). Majority of our power plants get grid-connected before 30 June 2016 which can enjoy prior year tariff. Thus, the impact on tariff cut in 2016 did not materially affect the average tariff price for 2016 when compared with same period last year.

In terms of revenue generated by tariff zone, for the year ended 31 December 2016, approximately 29%, 23% and 48% of revenue were generated from zone 1, zone 2 and zone 3 respectively (2015: zone 1 of 48%, zone 2 of 13% and zone 3 of 39%). During 2016, the Group focused more on developing solar power plants in well-developed areas with strong domestic power demand (ie zone 2 and zone 3) to minimize the grid curtailment risk in zone 1 area. For the year ended 31 December 2016, approximately 9% (2015: 14%) of total revenue was generated from high grid curtailment area.

Gross Profit

The Group's gross margin for the year ended 31 December 2016 was 70.0%, as compared to 72.1% for the year ended 31 December 2015. The decrease in gross margin was mainly due to 1) effect from discounting tariff adjustment to its present value, the impact of which is not significant in 2015; 2) the impact of grid curtailment in early 2016 and 3) the drop in revenue caused by lower solar radiation due to smog in late 2016.

Other Income

During the year ended 31 December 2016, other income mainly included interest income from other loan receivables of RMB42 million (2015: RMB18 million), management services income for managing and operating solar power plants owned by the parent company, GCL-Poly, of RMB43 million (2015: RMB33 million), bank interest income of RMB26 million (2015: RMB8 million) and consultancy fees for design and planning for constructing solar power plants of RMB18 million (2015: RMB82 million).

Administrative Expenses

The administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses increased by 31% to RMB371 million for the year ended 31 December 2016 from RMB283 million in the year ended 31 December 2015. The increase in administrative expenses was mainly due to the increase in salaries expenses driven by the expansion of Solar Energy Business, but thanks to achieving economic of scale the percentage of increase in administrative expenses was much lower than the surge in revenue by 226%.

Share-based Payment Expenses

Share-based payment expenses amounted to RMB71 million for the year ended 31 December 2016 (2015: RMB136 million). The amount represented the share option expenses arising from granting 536,840,000 share options and 473,460,000 share options on 23 October 2014 and 24 July 2015, respectively, under the Company's share option scheme. The decrease was due to drop in the amortization charged according to the shares vesting schedule.

(Loss) gain on change in fair value of convertible bonds

During the year ended 31 December 2016, the Group recognised a fair value loss of approximately RMB175 million (2015: fair value gain of RMB29 million) as a result of subsequent re-measurement of the fair value of the convertible bond of a nominal value of HK$775 million (equivalent to approximately RMB693 million) and HK$200 million (equivalent to approximately RMB179 million) issued on 27 May 2015 and 20 July 2015 respectively. The loss is mainly attributable to the changes in the parameter in the valuation model, such as decrease in discount rate, conversion price and closer to the maturity date, resulting in the increase in the fair value of the convertible bonds. The fair value of the convertible bonds were based on a valuation report issued by an independent and professional qualified valuer.

Other expenses, gains and losses, net

During the year ended 31 December 2016, the net gain amounted to RMB45 million (2015: RMB32 million). The increase in net gain was contributed by the increase in exchange gain from RMB32 million for the year ended 31 December 2015 to RMB43 million for the year ended 31 December 2016. The exchange gain was mainly attributable to the appreciation of HKD and USD deposits, as well as exchange gain arising from investment in Japan.

Bargain purchase on business combination

During the year ended 31 December 2016, the Group recognised a bargain purchase the consideration paid by the Group was less than the fair value of the solar power plants acquired from an independent third party. The fair value was assessed by an independent professional valuer using an estimated discounted cashflows generated by the solar power plant, exceeded the total consideration paid.

Adjusted Net Margin, Adjusted EBITDA and Adjusted EBITDA margin

	2016	2015
	RMB million	*RMB million*
For the year ended 31 December:		
Profit for the year from continuing operations	**309**	76
Less: non-operating or non-recurring items:		
Changes in fair value on convertible bonds	**175**	(29)
Bargain purchase from business combination	**(67)**	(22)
Commission income on modules procurement	**—**	(89)
Adjusted net margin (loss)	**417**	(64)
Adjusted net margin ratio	**18.6%**	(9.3)%
Less:		
Finance costs	**966**	322
Income tax (credit)/expenses	**(42)**	6
Adjusted EBIT	**1,341**	264
Adjusted EBIT margin	**59.7%**	38.4%
Less:		
Depreciation allowance	**560**	153
Adjusted EBITDA	**1,901**	417
Adjusted EBITDA margin	**84.6%**	60.6%

As a result of continued growth of Solar Energy Business, the Group can enjoy economies of scale, thereby lowering the average costs per unit of power generated. Thus, the adjusted EBITDA margin for Solar Energy Business increased from 60.6% for the year ended 31 December 2015 to 84.6% for the year ended 31 December 2016. The average cost of operating and maintenance costs dropped from RMB0.08 per watt in 2015 to RMB0.06 per watt in 2016.

Finance Costs

	For the year ended 31 December	
	2016	2015
	RMB million	*RMB million*
Total borrowing costs	**1,235**	461
Less: Interest capitalised	**(269)**	(139)
	966	322

Finance costs amounting to RMB1,235 million for the year ended 31 December 2016 (2015: RMB461 million) represented an increase of 168% compared with the year ended 31 December 2015. The increase was mainly due to the significant increase in average bank borrowing balance as a result of the capital expenditure incurred by the Solar Energy Business, which is capital intensive and high gearing in nature. The interest rates were ranging from 2.6% to 11.45% for the Reporting Period (2015: 4.6% to 11.45%).

Although the total finance costs increased, the average borrowing interest rate was gradually decreasing from 7.7% in 2015 to 7.3% in 2016. The decrease was mainly due to the drawn down of low-cost long term project loans and long term finance leases financing to replace high cost short-term bridge loans.

Income Tax (Credit) Expense

Income tax credit for the year ended 31 December 2016 was RMB42 million as compared to income tax expense RMB6 million for the year ended 31 December 2015. The income tax credit for the current year is mainly attributable to deferred tax asset recognized as a result of the increase in unrealized profit of intercompany modules sales transactions caused by our rapid expansion. 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.

Discontinued Operations

The Group entered into a sale and purchase agreement on 30 December 2016 to dispose of the entire interest in the PCB Business. The Disposal was subsequently approved by the shareholders of the Company on 13 February 2017. Accordingly, the Group's PCB Business will cease in the coming several months and the results were classified as discontinued operations. The loss for the discontinued operations during the current reporting year was RMB169 million against the loss of RMB91 million for the year ended 31 December 2015. The significant increase in the loss was mainly due to the loss arising from the fair value less the consideration, amounting to approximately RMB184 million as a result of the Disposal.

Profit(loss) Attributable to Owners of the Company

The Group recorded a profit attributable to the owners of the Company from continuing operations of RMB299 million for the year ended 31 December 2016 (2015: RMB76 million).

The Group recorded a loss attributable to the owners of the Company from discontinued operations (i.e. PCB Business) of RMB169 million for the year ended 31 December 2016 (2015: RMB91 million).

Dividend

The Board does not recommend the payment of a dividend for the year ended 31 December 2016 (2015: Nil).

Property, Plant and Equipment

Property, plant and equipment increased significantly from RMB14,194 million as at 31 December 2015 to RMB26,755 million as at 31 December 2016. This is mainly attributable to the increase in solar power plant assets contributed by the Solar Energy Business. The total installed capacity was increased from 1,585 MW in 2015 to 3,486 MW in 2016.

Deposits, Prepayment and Other Non-current Assets

Non-current portion for deposits, prepayments and other non-current assets mainly included approximately RMB2,114 million for refundable value-added tax, approximately RMB660 million deposits paid for EPC contracts and constructions and approximately RMB250 million of tariff adjustments (i.e. the government subsidies) expected to be received after twelve months. The amounts increased from RMB2,355 million as of 31 December 2015 to RMB3,372 million as of 31 December 2016. The increase was mainly attributable to the increase in refundable value-added tax arising from purchase of materials for construction of solar power plants as a result of business expansion.

Trade and Other Receivables

Trade and other receivables increased from RMB3,151 million as of 31 December 2015 to RMB3,386 million as of 31 December 2016. The increase was mainly due to combined effect of increase in current portion of trade receivables of RMB1,341 million and decrease in receivables for modules procurement of RMB799 million. The trade and other receivables included approximately RMB1,866 million tariff adjustments expected to be received in twelve months, for which approximately RMB702 million was registered to 6th batch or before of Renewable Energy Tariff Subsidy Catalogue ("Catalogue") while approximately RMB1,164 million will be registered to the 7th batch of Catalogue.

Trade and Other Payables

Trade and other payables increased from RMB7,100 million as of 31 December 2015 to RMB11,394 million as of 31 December 2016. As a significant amount of solar power plant projects was developed during the year, bills payable and other payables related to purchase of plant and machinery and construction of solar power plants have increased from RMB986 million and RMB4,095 million as of 31 December 2015 to RMB2,208 million and RMB8,315 million as of 31 December 2016 respectively.

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, obligations under finance leases and loans from fellow subsidiaries, bonds payable, convertible bonds and loan from a shareholder of a subsidiary. The cash flow activities for the Group are summarised as follows:

	2016	2015
	RMB million	*RMB million*
Net cash from operating activities	**450**	35
Net cash used in investing activities	**(9,714)**	(9,181)
Net cash generated from financing activities	**11,155**	10,479

The net cash from operating activities during the year ended 31 December 2016 was RMB450 million which was mainly attributable to the cash received from electricity sales and modules procurement.

The net cash used in investing activities during the year ended 31 December 2016 primarily arose from payments and deposit paid for the acquisition and development of solar power plant projects.

For the year ended 31 December 2016, the Group's main sources of funding were cash generated from financing activities totalling RMB11,155 million including newly raised bank and other borrowings of RMB15,163 million, issuance of perpetual notes of RMB1,800 million and the net proceeds from Rights Issue of RMB1,941 million. The repayment of bank loans and other borrowings amounted to RMB6,383 million.

Indebtedness and gearing ratio

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

Once the construction of solar power plants is completed and connected to the grid, the plants will generate steady cashflow to the Group. In view of this relatively low risk characteristics 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 its completion. Thus, the average gearing ratio for the solar energy industry is relatively high.

In order to manage the gearing ratio of the Group, the Group completed a rights issue for a net proceeds of RMB1,941 million in February 2016. In November 2016, the Group entered into an agreement for issuing RMB1,800 million perpetual notes to certain subsidiaries of GCL-Poly, the parent company of the Group. The perpetual notes have no maturity date and classified as equity instruments of the Group. As a result, the gearing ratio dropped from 89.6% in 2015 to 84.5% in 2016.

Because of the nature of the solar energy industry in the PRC, the Group was in net current liabilities position of approximately RMB7,278 million as at 31 December 2016. In July and December 2016, the Group proposed an issuance of non-public corporate bonds and green bonds to qualifying investors in China with the maximum principal amount of RMB2,000 million and RMB1,750 million respectively, both of which are fully underwritten and have a term of up to 3 years. The Group has received no-objection letters from the Shanghai Stock Exchange and Shenzhen Stock Exchange respectively in relation to these issues. Also, the Group is considering different long-term financing strategy such as asset-light business model through off-balance sheet financing and introduction of equity investors on solar power plants level to address the net current liabilities position of the Group.

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 31 December 2016 and 2015 were as follows:

	31 December 2016 *RMB million*	31 December 2015 *RMB million*
Non-current indebtedness		
Bank and other borrowings	**16,153**	7,393
Obligations under finance leases	**—**	47
Convertible bonds	**858**	733
	17,011	8,173
Current indebtedness		
Loan from a shareholder	**—**	17
Loans from fellow subsidiaries	**676**	629
Bank and other borrowings	**4,948**	4,467
Obligations under finance leases	**—**	48
Bonds payable	**—**	360
	5,624	5,521
Indebtedness for discontinued operations		
Loan from a shareholder	**18**	—
Bank borrowings — due within one year	**181**	—
Obligations under finance leases — due within one year	**39**	—
Obligations under finance leases — due after one year	**27**	—
	265	—
Total indebtedness	**22,900**	13,694
Less: cash and cash equivalents — continuing operations	**(3,826)**	(1,965)
— discontinued operations	**(27)**	—
Net debts	**19,047**	11,729
Total equity	**6,420**	2,442
Net debts to total equity	**297%**	480%
Total liabilities	**35,059**	21,060
Total assets	**41,478**	23,502
Total liabilities to total assets	**84.5%**	89.6%

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

	31 December 2016 *RMB million*	31 December 2015 *RMB million*
Total banking and other facilities granted	**23,398**	12,933
Facilities utilised	**(21,313)**	(11,860)
Available facilities	**2,085**	1,073

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

	31 December 2016 *RMB million*	31 December 2015 *RMB million*
Renminbi ("RMB")	**21,628**	12,924
Hong Kong dollars ("HK$")	**876**	759
United States dollars ("US$")	**396**	11
	22,900	13,694

Use of Proceeds

The Company conducted below fund raising activities during the year ended 31 December 2016:

Date of announcement/ prospectus	**Events**	**Net proceeds and intended use**	**Actual use of proceeds**
6 January 2016 and 2 February 2016	Issuance of 5,201,922,393 rights shares at HK$0.45 per rights share	The net proceeds of approximately RMB1,941 million were intended to be applied as follows: (i) approximately RMB1,014 million for project developments; (ii) approximately RMB754 million for reducing its indebtedness; and (iii) approximately RMB173 million for its general working capital.	All the net proceeds were utilized as intended.
18 November 2016	Issuance of RMB1,800 million perpetual notes	The net proceeds of RMB1,800 million were intended to be applied as follows: (i) approximately RMB700 million for projects developments; and (ii) approximately RMB1,100 million for reducing its indebtedness.	Approximately RMB400 million was used for projects developments; and approximately RMB800 million was used for reducing indebtedness. The unused proceeds will be used as intended.

Pledge of Assets

As at 31 December 2016, the following assets were pledged for bank and other facilities of RMB23,398 million (31 December 2015: RMB12,933 million) granted to the Group:

- property, plant and equipment of RMB15,619 million (31 December 2015: RMB6,348 million);
- prepaid lease payments of RMB6 million (31 December 2015: RMB6 million);
- bank and other deposits of RMB2,276 million (31 December 2015: RMB952 million); and
- rights to collect the sales of electricity for certain subsidiaries. As at 31 December 2016, the trade receivables of those subsidiaries amounted to RMB1,860 million (31 December 2015: RMB144 million).

At 31 December 2016, the Group's property, plant and equipment with a net book amount of RMB124 million (31 December 2015: RMB146 million) were pledged as security for obligations under finance leases of the Group amounting to RMB66 million (31 December 2015: RMB95 million).

Contingent Liabilities

The Group did not have any other significant contingent liabilities as at 31 December 2016.

Capital Commitments

As at 31 December 2016, the Group's capital commitments in respect of construction commitments related to solar power plants, purchase of machinery and leasehold improvements and share capital commitment to a joint venture contracted for but not provided amounted to approximately RMB4,441 million, RMB6 million and nil, respectively (31 December 2015: RMB4,847 million, RMB16 million and RMB36 million, respectively).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

For the year ended 31 December 2016, the Group acquired nine subsidiaries which are engaged in solar power plant business at a total consideration of RMB121 million. The construction of the respective solar power plant projects for the acquired subsidiaries are either close to completion or have been completed as at the date of respective acquisitions. Thus, the acquisitions are classified as business combination.

On 30 December 2016, the Group entered into a sale and purchase agreement to dispose of the entire interest in Printed Circuit Board Business for a consideration of a fixed price of HK$250 million, equivalent to approximately RMB224 million plus, as the case may be, adjustment amounts pursuant to the sale and purchase agreement.

Save as disclosed above, there were no other significant investments during the year ended 31 December 2016, or plans for material investments as at the date of this announcement, nor were there other material acquisitions and disposals of subsidiaries during the year ended 31 December 2016.

Employee and Remuneration Policies

We consider our employees to be our most important resource. As at 31 December 2016, the Group had approximately 6,509 employees (31 December 2015: 5,795) in Hong Kong, the PRC and overseas, for which 4,130 employees (31 December 2015: 4,298) are from discontinued operations. 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.

Events after the Reporting Period

1. *Disposal of Printed Circuit Board Business*

   On 30 December 2016, the Group entered into a sale and purchase agreement to dispose of the entire interest in Printed Circuit Board Business. The Disposal was approved by the shareholders of the Company in a special general meeting on 13 February 2017. As at the date of this announcement, the Disposal was not yet completed and subject to the fulfilment of certain conditions precedent.

2. *Agreements with 信達金融租賃有限公司 ("Cinda Financial Leasing")*

   On 19 January 2017, the Group entered into certain agreements regarding a sales and leaseback arrangement with Cinda Financial Leasing. The Group sold to Cinda Financial Leasing certain equipment at a consideration of RMB504,523,164 and leased back the equipment for a term of 8 years at an estimated rent of RMB538,005,073. In addition, the Group will pay Cinda Financial Leasing a finance lease service fee of RMB21,072,000.

3. *Proposed non-public issuance of green bonds by Suzhou GCL New Energy Investment Company Limited*

   On 27 February 2017, the Group received no-objection letter from the Shenzhen Stock Exchange in relation to an issuance of non-public green bonds to qualifying investors for a maximum principal amount of RMB1,750,000,000 which were fully underwritten and shall have a term of up to 3 years and outstanding for issuance as at the date of this announcement.

4. *Modules Purchase agreement with 江陰海潤太陽能電力有限公司 ("Jiangyin Hareon")*

   On 2 March 2017, Nanjing GCL New Energy Development Co., Ltd. ("Nanjing GCL New Energy"), as customer, and Jiangyin Hareon, a third party supplier, entered into a 100MW module purchase agreement for the supply and purchase of 100MW solar modules for Nanjing GCL New Energy's photovoltaic power station projects located in Anhui, Guizhou, Liaoning, Jiangsu, Shandong, Shaanxi, Shanghai, Gansu, and Guangxi in the PRC at a consideration of RMB320,000,000.

5. *Formation of joint venture with GCL System Integration (Suzhou) Limited* ("協鑫集成科技(蘇州)有限公司")*

On 3 March 2017, Suzhou GCL New Energy Development Company Limited* ("蘇州協鑫新能源發展有限公司") ,a subsidiary of the Group and GCL System Integration (Suzhou) Limited* ("協鑫集成科技(蘇州)有限公司") , a subsidiary of GCL System Integration Technology Co., Ltd. 協鑫集成科技股份有限公司") , entered into the joint venture agreement, pursuant to which the parties agreed to establish the joint venture Company ("JV") in the PRC.

Pursuant to the JV agreement, Suzhou GCL New Energy Development Company Limited and GCL System Integration (Suzhou) Limited agreed to invest RMB102,000,000 and RMB98,000,000 respectively into the JV Company, and will each hold 51% and 49% of the equity interests in the JV Company respectively. The JV Company's scope of business will cover the development, investment, construction and sale of photovoltaic power station projects; photovoltaic power technology consulting services; and procurement of photovoltaic materials and equipment.

GCL System Integration Technology Co., Ltd. is a company incorporated in the PRC with its shares listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange with stock code 2506. As at 3 March 2017, approximately 22.40% and 28.19% of the issued shares in GCL System Integration Technology Co., Ltd. is held by the Zhu Family Trust and Mr. Zhu Yufeng, respectively.

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.

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, 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.

Grid curtailment risk

As impacted by economic slowdown, structural changes in the economy, and the implementation of energy conservation policy, China has experienced a mild rise in electricity consumption. With the growth in power generating capacity outpaced electricity consumption growth, it has led to utilization decline for power generating capacity across the country since 2014. Although solar power has a higher dispatch priority over conventional power generation in China, given electricity generated from areas with rich solar energy resources cannot be fully consumed in the provinces, and the excess electricity cannot be transmitted to other regions with higher power demand given limited power transmission capacity, grid curtailment has become an issue with high degree of concern for solar power. In this regard, the Group mainly focuses on developing solar power projects in regions with well-developed inter-provincial power transmission network or with strong domestic power demand, particularly in Zone 2 and 3, hence, minimizing grid curtailment risk. 9% revenue generated in high curtailment area.

Risk associated with tariff

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

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 construction of solar power plants. To cope with the gearing risk, the Group mainly uses long-term finance lease as opposed to short-term financing to fund construction before obtaining low cost long-term bank loans. In addition, the Company is pursuing an asset light model by selling the majority stake of some solar-farms, thereby lowing its gearing level to 80–85%.

Risk related to interest rate

Given that our company highly relies on financing with costs based on PBOC rates, any interest rate changes affect the Company's capital expenditure and finance expenses. Because of this, we are pursuing an asset light model to reduce debts and the impact from interest rate changes.

Foreign Currency Risk

Almost all of the solar power plants are located in China, so most of the revenue, expenses, assets and liabilities are denominated in RMB. On the other hand, HK$ and US$ denominated loans, were mainly used for development of overseas markets, and as a result a natural hedge was formed, and the Group considered that the foreign currency risk is minimal.

For the year ended 31 December 2016, the Group did not purchase any foreign currency derivatives or related hedging instruments. However, management will closely monitor the foreign exchange risk profile and will consider hedging significant foreign currency exposure should the need arises.

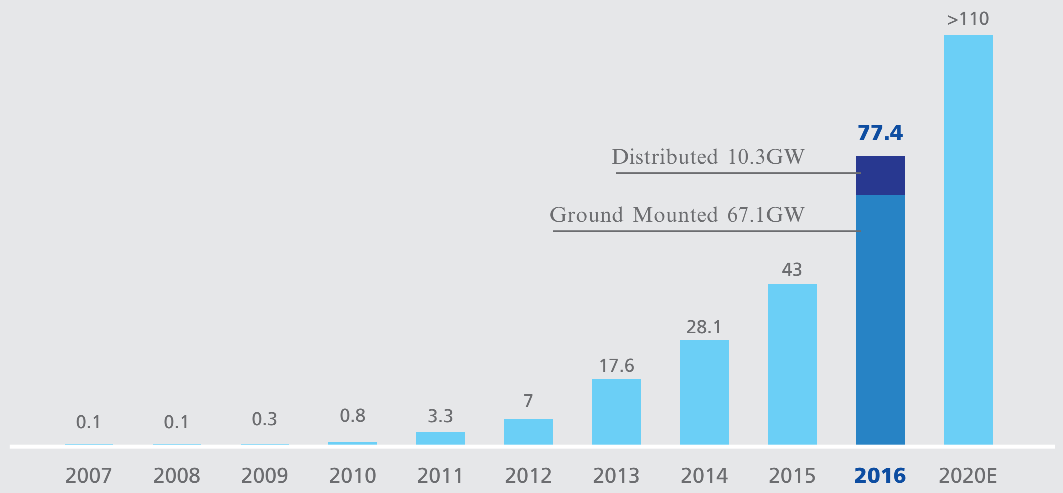
CHAIRMAN'S STATEMENT

Dear Shareholders and investors,

The global energy landscape has undergone profound changes driven by the balancing energy demand and supply. In view of the changes domestically and internationally, GCL New Energy has been devoted to exploring the best strategies for accelerating its development. Riding on the national 13th Five-Year Plan for the energy sector, the Company is combining its long-term vision with advancing technologies, enhanced management and greater collaboration to relentlessly facilitate sustainable growth for its businesses in 2016.

As of 31 December 2016, GCL New Energy had a total installed capacity of approximately 3,511MW in China, representing a significant growth of 114% year-on-year, making it the world's second largest by installed capacity. In light of the Company's long-term strategic development, the shareholders of GCL New Energy approved the disposal of its printed circuit board business in February 2017 for a consideration of approximately HK$250 million and the disposal is scheduled to be completed by the end of May 2017. The disposal will allow resources to be more focus on the Solar Energy Business, fortifying its leading position on the world's solar energy platform. Excluding the impact of the printed circuit board business, profit of the Company's Solar Energy Business for 2016 amounted to approximately RMB309 million, representing approximately a surging 309% growth over the previous year.

Accumulative Installed Capacity of Solar Power in China (GW)



Energy reform development

Paris Agreement guides the development of renewable energy

In April 2016, leaders of 167 countries signed the Paris Agreement on Climate Change ("Paris Agreement") in New York, pledging to control greenhouse gas emissions and limit the world's average temperature rise to not more than 2 degrees Celsius by 2100. The Paris Agreement was ratified by China and the United States, the two largest economies of the world, in September in a further move to implement the plan for reducing greenhouse gas emissions.

The execution of the Paris Agreement signifies the international collaboration to form a jointly operated and mutually beneficial global climate governance system. To achieve the goal of "2 degrees Celsius" in temperature control, radical changes are required for energy production and consumption, providing guidance for the application and development of renewable energy. As a form of clean energy, the importance of solar power is becoming more prominence in the process of energy reform, bringing new opportunities to the solar industry.

Also during the year under review, the solar power industry continued to drive grid parity through technological innovation, as large-scale production was achieved using advanced technologies such as PERC and black silicon, while the solar power conversion ratios of polycrystalline and monocrystalline components reached 19% and 20.5%, respectively. The growing economic viability of solar power generation has made it an important force for the energy revolution in more countries. Newly installed capacity in solar power generation in the global market amounted to more than 70GW, representing year-on-year growth of approximately 34%. China reported newly installed capacity in solar power generation of approximately 34.5GW, representing an approximately 82% year-on-year growth, as it continued to lead in the global solar power market.

Deepening of 13th Five-Year Plan paves the way for new developments in green energy

"Green development" has by now become a strong motif in China. The national "13th FYP" for the energy sector has called for sophisticated efforts to drive the energy revolution. Effective development and use of low-carbon energy has become a major theme in the adjustment of the national energy agency. In the NPC and CPPCC sessions convened in March 2017, the government has made it clear in its work report that "emphatic effort should be made to resolve problems in mechanisms and technologies" and "hydropower, wind power and solar power curtailments should be effectively alleviated". Such statements have underlined the determination of the Chinese Government to develop green energy and the extent of effort it is prepared to commit.

The "Energy Development Strategic Action Plan (2014–2020)" issued by the State Council has also stated the goal of reducing the weighting of coal consumption to below 58% by 2020 and increasing that of non-fossil energy to above 15%, which will give rise to enormous opportunities in China's solar power sector.

To drive energy revolution and realise green development, the national "13th FYP" for the energy sector has provided a positive, institutional environment for the sound and systematic development of the solar power industry. To assist the market-oriented, deregulated and fair development of the green energy sector, the State has been making strong efforts to develop the green power certificate trading system on the basis of the previous renewable energy quota system. Similar green power certificate trading systems have been implemented in more than 20 countries including the United States, United Kingdom and the Netherlands. This system will facilitate the take-up and consumption of green energy while reducing direct subsidies from the Government. Hopefully, this will help to alleviate the deficit in providing renewable energy subsidies in China and provide assurance for the positive development of solar power companies. Moreover, the Chinese Government has adjusted its macro policy framework for the industry to procure more reasonable and mature planning for the category, geographic distribution and form of power plants of solar power generation quotas, while driving large-scale development of the solar power industry through diverse approaches such as distributed solar power generation and "Solar Power+".

Review of the solar power industry and the Company's business in 2016

Capitalising on favourable government policies to strengthen its leading position

In 2016, solar power generation continued to grow rapidly, increasing by approximately 72.0% to approximately 66.2 billion kWh as compared to the corresponding period of last year and reaching 1.0% for the first time in its share of total annual power generation in the country.

To drive the adjustment of the energy mix and facilitate ongoing development of the industry, the National Development and Reform Commission ("NDRC") has raised the rate of tariff surcharge for power generation using renewable energy by approximately 27% to RMB0.019 with effect from January 2016, in order to increase the total amount of subsidies for renewable energy and mitigate the longstanding delay of renewable energy subsidies. During the second half of 2016, the sixth batch of renewable energy subsidies was granted and GCL New Energy was entitled to subsidies in relation to a capacity of approximately 461MW, providing assurance for the subsequent development of the Company.

At the same time, to alleviate the problem of solar power curtailment in certain regions, the Government has announced the minimum annual power generation utilisation hours for solar power generation projects of 1,300 to 1,500 hours per annum. In line with the national trend in solar energy development, the Company has worked vigorously to resolve the problem of solar power curtailment. While focusing the central-eastern regions which claims rich resources, the Company has also made strong efforts to develop central-western regions with rich resources, readiness for on-grid connection and strong take-up. In 2016, the shift of the domestic market focus from the northwestern region to the central-eastern region accelerated and the annual indicators for the central-eastern region accounted for an approximately 74% share. Approximately 80% of the Company's solar power plants are located outside the northwestern region. These solar power plants will not only enjoy higher benchmark on-grid tariff, but will also be able to effectively avoid solar power curtailment.

Further diversify its development in the domestic market

Grasping hold of the favorable government policies with our insights into the solar energy market, we have established a firm foothold in the domestic market through a diversified development strategy and enhanced our core competitiveness by increasing in-house development and promoting technological progress. Through enhancing internal management, we strengthen our capabilities and by pushing forward high standard of development and intelligentisation of operation and maintenance, we further achieve technological advancement, cost reduction and thereby maximise profitability, setting stage for sustainable long-term development.

In 2016, we leveraged on the transformation of the energy sector and maintained our leading position in the industry through participating in solar poverty alleviation ("poverty alleviation") projects, Solar Frontrunner Program ("Frontrunner Program") and distributed solar power projects.

The poverty alleviation projects aim to connect the impoverished regions with power and improve the living standard of families in these regions. Launched by the NDRC, these projects are supported by bank loans with favourable terms, thereby generating stable income for solar power operators, offering mutual benefits to all. In 2016, we obtained approximately 250MW of poverty alleviation projects approved by the NEA, ranking first in the country.

The Frontrunner Program aims to promote technological progress in the solar energy industry and introduce a competitive pricing mechanism to expedite market consolidation through the construction of technological advanced pilot sites. As projects of the Forerunner Program are not affected by curtailment and receive high priority of dispatch, stringent requirements are employed to the application, erecting high entry barriers for obtaining such projects. Notwithstanding, the Company managed to award 5 projects with a total capacity of approximately 360MW at 7 national open tendering for Frontrunner Program, making it ranked third in the nation.

Distributed solar energy projects have been expanding rapidly with newly installed capacity increased approximately 200% year-on-year to approximately 4.2GW nationwide. The Company launched GCL Rooftop ("鑫屋頂") to establish large-scale industrial and commercial distributed solar power plants business as well as building collaborations with numerous sizable domestic enterprises to effectively promote its distributed solar energy business.

Expanding into potential overseas markets

Building on the analysis of international economic developments and anticipation of a sustainable growth of global solar energy market, the Company rolled out a new strategy to "equally focus on the domestic and overseas businesses" in 2016. In accordance with the planning and construction requirements of countries along the "One Belt, One Road" route, we consolidated our overseas resources and stepped up with the development of our overseas business network on the back of our largest shareholder and local government resources. The Company is currently having projects under construction with an aggregate capacity of approximately 133MW in North Carolina and Oregon in the US that are scheduled for completion in 2017, while also holding distributed solar energy projects in Japan.

In the future, we will continue to tap our own resources and rely on our competitive edge to develop business overseas where resources are rich, regulations are mature and risk levels are moderate, in order to seek projects with potentially very stable returns. We will continue seizing new markets such as India and Australia as well as other emerging markets and take advantage of their favourable government policies on land acquisition, taxation and financing.

Corporate mission and social responsibility

As a leader in the solar energy sector, GCL New Energy upholds its responsibilities and commitments at various levels towards environment, society and governance. We are committed to maximising values for shareholders, staff, consumers and the society, and we have been enhancing corporate governance to protect shareholders' interests. Since 2015, the Group has been publishing environmental, social and governance reports on a voluntary basis, so that shareholders and investors can learn more about GCL New Energy through different perspectives, building good reputation for the Company in the industry and the capital market. In the meantime, the Company has been actively organising and participating in social and educational charity activities while continuously providing support for the "Solar Poverty Alleviation" Program to improve livelihood of the impoverished and make contribution to the society. In 2016, 18,163 underprivileged households received assistance through the "Solar Poverty Alleviation" projects and each household received an average additional annual income of RMB3,000.

2017 Prospect

2017 is a pivotal year for GCL New Energy to strategically transform and accelerate its development. Embracing the opportunities and challenges arise from the international energy sector, we will continue to grow in line with the national energy policies, capitalizing on its solid domestic platform to increase its overseas presence.

Staying up to date on the latest market development with achieving grid parity as our vision, we are striving to serve as an industry role model. Through persistently enhancing our competitive advantages by increasing in-house development, expanding geographic presence, strengthening centralized regional operation and maintenance and exercising cost control, we continue to expedite our stable growth of development with the diversity of poverty alleviation, Frontrunner Program, Solar Energy+ and the Internet-based operations. Meanwhile, we will consolidate our prime domestic and overseas resources to explore opportunities to introduce strategic partner for establishing strategic partnership. To transform from solely-owned operation to strategic cooperation, this will enable the Company to move from an asset-heavy model to an asset-light one. And a "financial platform + operation and maintenance platform" model will be built by providing management services to third parties.

I believe with our concerted effort and dedication to technological advancement, GCL New Energy will develop into a "most professional and competitive new energy developer and operator together with the strongest growth potential on the international platform"

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all shareholders and business partners for their longstanding support and care for GCL New Energy, as well as the contributions of our employees.

Zhu Yufeng
Chairman

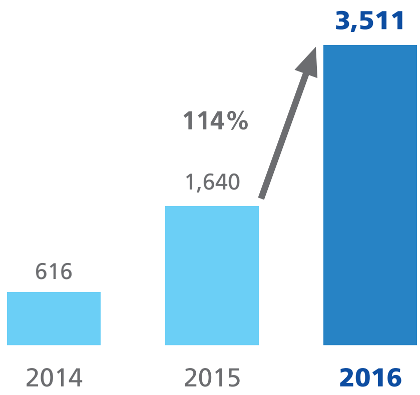
PRESIDENT'S MESSAGE

In 2016, GCL New Energy achieved a remarkable progress in its organizational management and stepped up the implementation of its 13th Five-Year Plan strategy. Under the leadership of the Board and management, our team made a concerted effort to successfully accomplish our goals for the year, amidst challenges and opportunities presented in the industry and economy. As compared to 2015, the pace of growth and quality of our development were greatly enhanced, driving our profitability to a new level.

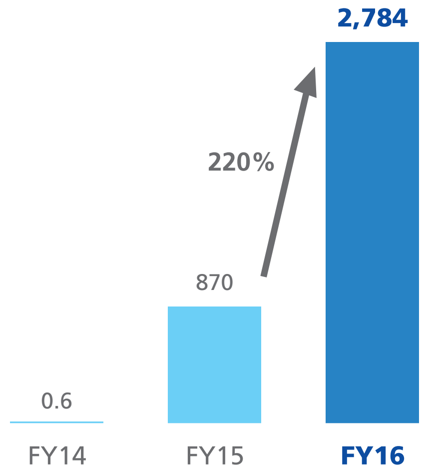
SOLAR ENERGY BUSINESS SUSTAINED RAPID GROWTH

The number solar power plants under the Group in China increased to 87 from 41 last year, spanning across 22 provinces. Total installed capacity rose by approximately 114%, year-on-year, to 3,511MW, while electricity sales amounted to approximately 2,784 million kWh, representing a phenomenal growth of approximately 220% as compared to the previous year. During the period, our solar energy business reported a significant growth, as revenue and profit surged by approximately 226% and 309%, year-on-year, to approximately RMB2,246 million and RMB309 million, respectively.

Total installed capacity of GCL New Energy in China
(MW)



Total electricity sales volume of GCL New Energy in China
(million kWh)



CONTINUE TO DEVELOP QUALITY PROJECTS

Since the second half of 2016, noticeable changes had taken place in the investing environment of the solar energy sector in China. Project construction in certain regions in China was affected not only by the more stringent examination applied to project application, but also by the delayed distribution of quotas. As a result, the industry transformed from developing mainly ground-mounted solar power plants to a model comprising ground-mounted solar power plants and distributed solar power plants, with Frontrunner Program and poverty alleviation program to gradually become the mainstream developments. In view of this, the Group adopted the differentiated competition strategy and optimized its project investment and development process during the year to best equipped for the development of Frontrunner Program and solar poverty alleviation program. The management designed the development blueprint for laying the well planned development strategies, which allowed the Group to achieved an aggregate capacity of approximately 1GW of projects under construction with various type of development quotas as of 31 December 2016. In addition, the Group leveraged its technological strengths to obtain an aggregate capacity of approximately 360MW Frontrunner Program and an aggregate capacity of approximately 250MW poverty alleviation projects, ranking 3rd and 1st nationwide respectively.

During the year, the Group expanded its foothold in distributed solar power plants business by launching the "GCL Rooftop" ("鑫屋頂") program. With the development of distributed solar power projects continue to grow, certain of our projects have already obtained rooftop leasing agreements or energy management agreements.

In terms of corporate management and project development, GCL New Energy has taken a broad view of the overseas market. In February 2016, the Group announced the acquisition of development rights of solar power plants in the US state of North Carolina with project construction took place subsequently. Followed by the acquisition of development rights of solar project in the US state of Oregon, an aggregate capacity of approximately 133MW of solar power plants are expected to be operational in 2017, gaining momentum for our overseas business. Apart from developing solar power plant projects in the US, GCL New Energy also holds an aggregate capacity of approximately 5MW of distributed joint venture in Japan, while the construction of an approximately 4MW of ground-mounted solar power plant in Sannohe, Japan has already begun. With our insights into the overseas market, the Group will further explore opportunities in countries with bountiful solar resources.

In view of the rising concerns on environmental protection across the globe and the dedicated efforts of the Chinese Government to promote the use of renewable energy, the solar energy industry is set to sustain its growth momentum. As the Group is one of the leading solar energy enterprises, the management has laid a blueprint for its future development to capitalise on favourable government policies by adopting a strong and orderly development strategy.

TECHNOLOGICAL INNOVATION STRENGTHENED CORE COMPETITIVENESS

The Group has always placed great emphasis on technological innovation and research. Leveraged on its cutting-edge in-house design and research institute, the Group has continuously kept up with the industry trends and made training and recruiting top talents as one of its priorities. Meanwhile, through the promotion of applying new technologies and implementing major technological projects, more than 20 patents application were filed and achieved impressive endorsements from the industry for its certain technologies and research developments. Through adopting and exploring the feasibility of technologies such as wind load carrier coefficient, flexible solar panels and floating solar power plants, the Group managed to reduce the overall construction costs of its solar power plants. During the year, the Group gained further recognition from the industry for the development of its advanced agricultural photovoltaic solar power plant being awarded at "TW-grade Diamond Award" at the 10th SNEC International Solar Energy Conference & Exhibition. Besides, the Group has also strengthened its technological management and accelerated the application of new materials, mechanism and technologies, in hopes of bolstering our competitive advantages in such as cost control and system efficiency.

PROJECT CONSTRUCTION AND MANAGEMENT

In terms of project construction and management, the Group has leveraged the technological strength of its design and research institute to design the most comprehensive and suitable solar power plant prior to construction to minimize cost at the onset and maximize the asset value and quality of the power plant. This takes into account various factors such as the geographical environment, climate and public facilities etc. New technologies and mechanisms such as horizontal single axis, flexible support panels and 1,500V high-pressure system were adopted as the basic requirements in the preliminary assessment of project designs to increase power generation and competitiveness.

In 2016, the Group strengthened the quality control of whole procurement process to reinforce the quality of products. Through the formation PM-NC system, procurement logistics and big-data analysis have been further enhanced, strengthened management efficiency, lowered procurement costs and maximized economic efficiency.

Through the implementation of a range of cost control measures, such as the employment of new products and more advanced technologies, and enhancement of procurement process, the unit cost per watt of certain in-house developed power plants was reduced to RMB6 in 2016, encouraging the Company to step up its in-house development. As a result, the in-house development projects as a percentage of newly installed capacity increased substantially from 18% in 2015 to 48% in 2016. Moreover, the average unit cost per watt for typical solar power plants decreased by 16% from approximately RMB8.6 in 2015 to approximately RMB7.2 in 2016. The Group is aiming to further reduce the average unit cost per watt of its solar power plant to a range of approximately RMB6.0 to RMB6.5 in 2017.

OPERATIONAL MANAGEMENT

The Group continues to place great emphasize on operational management and power generation management, with a view to comprehensively improve the fundamental management of the operation and maintenance. In 2016, the Group completed the application of nano–coating and installation of automatic de-hydro cleaning robot system, modified capacity expansion projects at power plants with feasible conditions to increase efficiency and power generation. In terms of innovations in operation and maintenance and information management, centralized regional operation and maintenance centres and real-time operation platforms were introduced to perform functional inter-connection and central monitoring for projects, and achieve unattended operations step-by-step, in hope of improving the operation and maintenance standard of its solar power plants. In Ningxia, a centralized regional operation and maintenance centre covering within 200-km was established to simultaneously monitor the operation of over 6 solar power plants. The Group is planning to establish at least 5 regional centres in 2017, so as to strengthen central monitoring and effectively reduce operation and maintenance costs to approximately RMB0.06 per watt in 2016, from approximately RMB0.08 per watt (excluding land fees) in 2015, with an aim to further lower to a range of RMB0.05 to RMB0.055 in 2017. In terms of safety management, further improvements were made in construction control and supervision, while relevant standards were also revised in 2016 to ensure a safe working environment as well as lead the way for boosting the efficiency of our power plants and facilities in 2017.

INNOVATIVE FINANCING

As the Company continue to grow rapidly and the capital-intensive nature of the solar energy business, substantial capital investment is required in the early stages of development. In view of this, the Group dedicated to adopting a wide range of diversified and innovative financing models.

The Group has optimized its financing structure through accelerating the replacement of existing short-term loans to counter risks associated with short-term funds. In 2015, the Group utilized mainly short-term bridging loans or short-term construction funds for project construction prior to obtaining long-term loans, whereas in 2016, the Group managed to obtain 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.

During the year, the Group entered in finance lease agreements with several financial institutions, including Cinda Financial Leasing, CITIC Financial Leasing, China Financial Leasing and Bank of Beijing Financial Leasing, to obtain long-term finance leases at a lower interest rate.

Moreover, the Group managed to secure more favourable interest rates for long-term project loans from banks with which the Group had developed close ties and forged mutually beneficial working relationships over years of continuous business growth. For long-term loans, we were offered interest rates representing decreasing spreads above the benchmark rate or even at par with the benchmark rate, resulting in significant savings in long-term project loan costs.

In order to maintain its total liabilities to total assets ratio below 85%, the Group raised approximately RMB1,941 million by completing a rights issue in early 2016 at a subscription price of HK$0.45 per rights share on the basis of 3 rights shares for every 8 shares held. In addition, the Group issued perpetual notes with an amount of approximately RMB1,800 million for an indefinite term in late 2016,.

Meanwhile, the Group is strive to enhance its integrated financing ability. On 11 November 2016, the Group announced the proposed non-public issuance of corporate bonds for a maximum principal amount of approximately RMB2,000 million for a term of up to 3 years on the Shanghai Stock Exchange ("SHSE"). The no–objection letter was issued by SHSE and the corporate bonds are expected to be issued in 2017. Furthermore, the Group announced on 7 December 2016 the proposed non-public issuance of green bonds in the maximum principal amount of RMB1,750 million on the Shenzhen Stock Exchange ("SZSE"). The green bonds have been approved by SZSE and are expected to be issued in 2017.

In terms of financing costs control, traditional financing channels were furthered expanded to enhance bargaining power in securing better financing terms. The financing cost of new projects for 2016 was approximately 6.9%, a reduction by 0.8 percentage points from 7.7% for 2015.

To support its fast growing development, it is important for the Group to further adopt innovative financing models. As its solar power plants are able to generate predictable and stable revenue, the Group is seeking to launch warehouse funds and introduce investors by disposing of majority interests in certain solar power plants with the Group providing operation and maintenance services for the projects. This approach could retrieve capital back at premium, allowing funds to be recycled and used for investing in new projects, directly improving asset liquidity and the efficiency of funds use.

OPTIMISING ORGANISATIONAL STRUCTURE

During the year, the Group optimized its organisational structure through continuously establishing provincial companies to facilitate the development and construction of projects in different provinces, which enabled the provincial companies to enhance its capabilities in investment and development, engineering construction, and operations and maintenance. In the meantime, the Group established a distributed solar power business department, overseas offices and consolidated certain functional departments, to strengthen its future development and business network and bolster its competitive edge on the fast track of development.

PROSPECTS

We are optimistic and confidence in the development of the solar energy industry in the coming year. Currently, we have an aggregate capacity of approximately 1GW of projects under construction, an aggregate capacity of approximately 360MW of Frontrunner Program projects and an aggregate capacity of approximately 250MW of poverty alleviation solar energy projects, which have given us the confidence in achieving our goal of reaching a total installed capacity of approximately 1.5 to 2 GW for the year. Meanwhile, by optimising our strategy for development and construction, we will fulfill our development objective of achieving "transformation and upgrade in 5 key areas":

1. Transform from a heavy-asset model to a light-asset model through disposing of majority equity interests in certain projects while providing management services for increasing capital inflow, alleviating pressure of project financing and maintaining its total liabilities to total assets ratio for 2017 below 85%. The light-asset model could also lower the capital required for investment and, enable the Group to further enhance its return on invested capital while receiving stable management fees each year from providing the project management services;

2. Expand its presence in not only the domestic market but also internationally, aiming to increase the level of international business to account for 30% of the overall business by 2020;

3. Leverage on the success of its existing ground-mounted solar power plants business to develop distributed solar power plant business, expecting the percentage contribution from distributed solar power business to increase substantially by 2020 ;

4. Diversify its project models to poverty alleviation projects, Frontrunner Program projects, agricultural, fishery, animal husbandry, forestry and poultry photovoltaic solar power plants;

5. Introduce strategic partner to form strategic partnership for transforming from solely-owned operations to strategic cooperation.

Leading by a strong management team, we expect to make the best of utilizing the operation and maintenance platform and big-data analysis , with an aim to further reducing our gearing ratio. Meanwhile, we will continue to lower our development and operation and maintenance costs to pave the way for sustainable growth. The Group's total revenue and profit is expected to thrive along the fast growing business development.

2015-2017 KEY PERFORMANCE INDICATORS

	Average Unit Cost of Construction *(RMB)*	Financing Cost of New Projects	Operation and Maintenance cost *(RMB)*
2015	RMB8.6/watt	7.7%	RMB0.08/watt
2016	RMB7.2/watt	6.9%	RMB0.06/watt
2017 Target	RMB6.0-6.5/watt	6.3-6.5%	RMB0.05-0.055/watt

ACKNOWLEDGEMENTS

Lastly, on behalf of the management of GCL New Energy, I would like to express sincere gratitude to the Board and shareholders for their continuous support, and for the ongoing contributions of our colleagues for during the year.

SUN Xingping
President

CORPORATE GOVERNANCE

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. Throughout the Reporting Period, the Company complied with all the code provisions set out in the Appendix 14 Corporate Governance Code and Corporate Governance Report in the Rules Governing the Listing of Securities on the Stock Exchange.

AUDIT COMMITTEE AND FINANCIAL INFORMATION

The financial information in this announcement does not constitute the Group's consolidated financial statements for the year, but represents an extract from those consolidated financial statements. The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, and the final results of the Group for the Reporting Period in conjunction with the external auditor of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

AUDIT OPINION

The auditor of the Group has issued an opinion with a material uncertainty related to going concern paragraph on the consolidated financial statements of the Group for the period under audit. An extract of the auditor's report is set out in the section headed "EXTRACT OF THE AUDITOR'S REPORT" below.

EXTRACT OF THE AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that as of 31 December 2016, the Group's current liabilities exceeded its current assets by RMB7,278 million. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 18 May 2017 to Tuesday, 23 May 2017, both days inclusive, during which period no transfer of shares will be effected and for the purpose of determining the identity of members who are entitled to attend and vote at the annual general meeting ("**AGM**") of the Company to be held on Tuesday, 23 May 2017 at 11:30 a.m.. In order to be eligible to attend and vote at the AGM, all completed share transfer documents must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 17 May 2017. The notice of AGM will be published and despatched to shareholders of GCL New Energy in April 2017.

* *All of the English titles or names of the PRC laws and regulations, as well as certain items contained in this announcement have been included for identification purpose only and may not necessarily be the official English translations of the corresponding Chinese titles or names. If there is any inconsistency between the English translations and the Chinese titles or names, the Chinese titles or names shall prevail.*

By order of the Board
GCL New Energy Holdings Limited
協鑫新能源控股有限公司
Zhu Yufeng
Chairman

Hong Kong, 29 March 2017

As at the date of this announcement, the Board comprises Mr. Zhu Yufeng, Mr. Sun Xingping, Ms. Hu Xiaoyan and Mr. Tong Wan Sze as executive Directors; Ms. Sun Wei, Mr. Sha Hongqiu and Mr. Yeung Man Chung, Charles as non-executive Directors; and Mr. Wang Bohua, Mr. Xu Songda, Mr. Lee Conway Kong Wai, Mr. Wang Yanguo and Dr. Chen Ying as independent non-executive Directors.