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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board (the "**Board**") of directors (the "**Directors**") of GCL New Energy Holdings Limited (the "**Company**" or "**GCL New Energy**") presents the unaudited condensed interim consolidated financial information ("**Interim Financial Information**") of the Company and its subsidiaries (together, the "**Group**" or "**GCL New Energy**") for the six months ended 30 June 2019.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2019	2018
	RMB million	*RMB million*
	(Unaudited)	(Unaudited)
Revenue	**3,173**	2,704
EBITDA*	**2,960**	2,285
Profit attributable to owners of the Company	**410**	345
	RMB cents	*RMB cents*
Earnings per share		
– Basic and diluted	**2.15**	1.81

* *Earnings before finance costs, taxation, depreciation and amortisation.*

BUSINESS REVIEW

Achieving significant results in strategic transformation

GCL New Energy resolutely faced the complex and severe situation as well as various challenges arose domestically and worldwide in the first half of 2019, while through sparing no effort to promote the strategic transformation and striving forward to achieve its development goals, encouraging results were accomplished. In order to achieve long-term successful development, the Group made sustaining a stable cash flow as its top priority in the first half of 2019 with focus on strategic transformation, financing expansion, costs control, management enhancement and other improvements to facilitate the sustainable development of the Group.

For the six months ended 30 June 2019 (the "**period**"), after deducting the disposed assets, the total installed capacity of the Group was approximately 7,182MW, and grid-connected capacity was approximately 7,038MW. The sales volume of solar electricity was approximately 4,577 million kWh, representing a year-on-year growth of 22%. During the period, the Group recorded an increase of approximately 17% and approximately 19%, respectively in revenue and profit attributable to the owners of the Company to approximately RMB3.17 billion and RMB410 million, respectively.

Embracing future opportunities through creating powerful strategic alliances

During the period, the Group created powerful strategic alliances through successfully introducing domestic centralized management enterprises (the "**Central Enterprises**") and local state-owned enterprises (the "**State-owned Enterprises**") as strategic partners at the listed company level and projects level. Leveraging on the competitive advantages of the strategic partners in financing and other aspects to complement with each other while accelerating the introduction of capital, optimizing the shareholding structure, and striving to enhance profitability of projects, thereby laying a solid foundation for embracing the huge opportunities arise from solar grid parity in the future.

At the listed company level, GCL-Poly Energy Holdings Limited ("**GCL-Poly**"), the parent company holding approximately 62.3% of the entire issued shares of GCL New Energy, announced on 4 June 2019 (the "**Announcement**") that, Elite Time Global Limited ("**Elite Time**"), a wholly owned subsidiary of GCL-Poly entered into a cooperation intent agreement with China Hua Neng Group Hong Kong Limited ("**Hua Neng Hong Kong**"), a subsidiary of China Hua Neng Group Co., Ltd., being a state-owned enterprise, regarding the possible sale of 9,727,594,875 ordinary shares in the share capital of GCL New Energy, representing approximately 51.0% of the entire issued share capital of GCL New Energy as at the date of the Announcement.

As for projects level, the Group reached two agreements in relation to asset sales transactions during the period. On 28 March 2019, the Group announced a transaction in relation to the disposal of 55% equity interests in approximately 280MW solar power plant projects to Wuling Power Corporation Ltd. ("**Wuling Power**"), a subsidiary of China Power International Development Limited, at a consideration of approximately RMB335 million. During the period, the transaction between the Group and Wuling Power has been completed, which reduced the scale of debts of the Group by approximately RMB1.60 billion.

In addition, on 23 May 2019, the Group announced the disposal of 70% equity interests in certain of its subsidiaries which own 19 solar power plants in China with an aggregate installed capacity of approximately 977MW and the related shareholder's loan to Shanghai Rongyao New Energy Co., Ltd.* (上海榕耀新能源有限公司). The aggregate cash consideration of the transaction was approximately RMB1.74 billion plus the dividends of approximately RMB322 million. The net cash proceeds from the transaction (net of estimated taxes and transaction costs) will be approximately RMB2.06 billion in aggregate, which will be used for the repayment of debts by the Group. After completion of the transaction, the debts related to such projects will be reduced by approximately RMB5.80 billion and the scale of debts of the Group will be reduced by a total of approximately RMB7.86 billion. The transaction has been approved by the shareholders at the special general meeting held by GCL New Energy on 19 July 2019 and is expected to be completed in 2019.

Furthermore, the Group also completed two asset sales transactions announced at the end of 2018 during the period. In October 2018, the Group disposed of 80% equity interests in approximately 160MW solar power plant projects and the corresponding shareholder's loan to CGN Solar Energy Development Co., Ltd. ("**CGN Solar**") at a consideration of approximately RMB306 million. After the completion of the transaction, the scale of debts of the Group was reduced by approximately RMB1.13 billion. In addition, in December 2018, the Group sold its the entire equity interests in approximately 140MW solar power plant projects to China Three Gorges New Energy Co., Ltd. ("**Three Gorges New Energy**") at a consideration of approximately RMB251 million, which reduced the scale of debts of the Group by approximately RMB703 million.

Based on the above four transactions, the total cash received and to be received by the Group of approximately RMB2.95 billion (after deducting transaction costs) will be used to repay debts and as the debts related to such projects will no longer be consolidated, the scale of debts of the Company will reduce by approximately RMB9.23 billion in aggregate.

As the Group will continue to provide operation and maintenance ("**O&M**") services for most of the disposed solar power plant projects, stable management fees are generated every year to increase its source of revenue. At the same time, the strategic partners will leverage on its financial strength to replace the solar power plants related debts and reduce financial costs so as to enhance the yield of projects.

Expanding financing channels to sustain cash flow

Despite the financial market were full of challenges in the first half of 2019, GCL New Energy strove to minimize the negative impacts by adopting every effective measures such as persistently exploring innovate financing models, expanding financing channels, and optimizing its financial structures to increase the long-term facilities replacement, which effectively replaced the higher costs short-term financing by long-term financing with lower interests. The Group adopted 5 to 10 years long-term finance leases to replace short-term construction funds for securing not only lower interest financing but also longer use of funds. The Group further entered into lease agreements to obtain long-term financing with several financial institutions and increased the proportion of long-term loans to significantly reduce the liquidity risk resulting from using short-term financing for long-term investment. In 2018, the Group was approved to issue medium term notes with an aggregate principal amount of not exceeding RMB3 billion and a maturity of three years to institutional investors of the domestic bond market, and to issue small public offering bonds with an aggregate principal amount of not exceeding RMB3 billion and a maturity of three years to qualified investors, which are providing capitals for the future development, and the Group is actively considering the issuance.

Strictly controlling costs and expanding O&M business

The Group has been actively expanding its O&M business since 2018 and has achieved satisfactory development. During the period, the Group provided O&M services for approximately 1GW of solar power plant projects of GCL-Poly and other domestic solar power companies to generate a stable source of income. Through five of its provincial monitoring centers, the Group centrally monitored various regional O&M centers in each of the provincial centers, providing real-time centralized management and intelligent inter-connection to its solar power plants projects, which not only greatly reduced electricity loss caused by equipment failure and O&M costs, but also improved the reliability and profitability of the entire life cycle of the solar power plants. During the period, the O&M costs of the Group was maintained at approximately RMB4.0 cents per kWh (excluding land costs).

Solar policies stepping up the pace for grid parity

With the introduction of solar policies by the National Development and Reform Commission (the "**NDRC**") and the National Energy Administration (the "**NEA**"), the solar power industry gradually recovered in the first half of 2019. According to information published by the NDRC, China's domestic electricity generation recorded a year-on-year increase of 3.3% in the first half of 2019, in which the solar electricity generation recorded a year-on-year increase of 11.2%, reflecting that the proportion of solar power generation in total electricity generation has been increasing continuously.

As solar power technologies have continued to improve and the cost of development and construction has been declining, it is believed that solar power grid parity can be achieved in the near future. In order to improve the competitiveness of solar power and facilitate the development of subsidy-free grid parity projects, the NDRC and NEA jointly published The Notice on Active Promotion of the Work on Grid Parity of Wind Power and Photovoltaic Power without Subsidies (《關於積極推進風電、光伏發電無補貼平價上網有關工作的通知》) in January 2019, which expressly requires local authorities to expedite the development of grid parity projects and low power price pilot projects, improve the investment environment of projects, encourage enterprises to obtain reasonable compensation through the trading of green certificates, promote the market-oriented transactions of solar power, facilitate the construction of local consumption projects and promote the construction of subsidy-free solar power generation projects through the construction of inter-provincial and inter-regional electricity transmission channels. This document officially establishes various frameworks for the solar power grid parity policies, marking an important event for the development of grid parity.

As required by the Work Plan of Promoting the Non-subsidized Generation of Wind and PV Power (Grid-parity Projects) (draft for comments) (《關於推進風電、光伏發電無補貼平價上網項目建設的工作方案(徵求意見稿)》) issued by the NEA on 10 April 2019, the building of grid parity projects shall be given priority and the execution of top priority dispatch and consumption for grid parity projects shall be strictly implemented. Each of the regions that are capable of building solar power grid parity projects shall file the list of first batch of solar power grid parity projects for 2019 by 25 April 2019, in order to provide supports for the implementation of policies and measures on solar power grid parity projects.

On 22 May 2019, the NDRC and the NEA issued the list of China's first batch of solar power grid parity projects for 2019 with total installed capacity of 14.8 GW, of which approximately 4.6 GW is expected to be on grid by the end of 2019. In addition, the NDRC required State Grid Corporation of China and China Southern Power Grid Co., Ltd. to take serious responsibilities for the transmission infrastructures to guarantee transmission and consumption of all the solar power generated by grid parity projects at tariffs same as local benchmarked coal-fired power tariffs set by the nation under the long term purchase agreement (at least 20-year of duration) when grid parity projects are approved.

China has been steadfastly promoting the adjustment and optimization of energy structure by firmly developing renewable energy and energy transformation is now at a crucial period. Having higher focus on the long-term development of the solar industry, the strategic position of solar power generation has become prominent. As supportive solar policies has been strictly enforced by different regions, solar power grid parity is expected to gradually be achieved.

Gradually solve the issues of subsidy shortfall

China's solar power industry holds a leading position in the world, however, the substantial development of solar power capacities in the past few years has led to industry issues, such as delay of subsidy payment and so on. In order to promote the sustainable, healthy and orderly development of the solar power industry, the government placed high emphasis on resolving the issue of subsidy shortfall for the solar power industry in the first half of 2019. By not only including more subsidized items to the Subsidy Catalogue, but also by allocating more resources to effectively refrain the shortfall of the national renewable energy development fund from further expanding and speed up the payment of delayed subsidies..

The Ministry of Finance (the "**MOF**") issued the Notice on Allocation of Renewable Energy Tariff Surcharge Subsidy and Relevant Issues in 2019 (《關於二零一九年可再生能源電價附加補助資金撥付及有關事項的通知》) on 19 June 2019, which stated that the procedures of renewable energy tariff surcharge subsidy allocation for 2019 has been initiated. According to the notice, the MOF will allocate approximately RMB8.1 billion to the first seven batches of the National Renewable Energy Tariff Surcharge Subsidy Catalogue (the "**Subsidy Catalogue**"), of which approximately RMB3.1 billion will be allocated for the solar power projects. Meanwhile, MOF will initiate a larger scale subsidy allocation procedure with a total subsidy budget for 2019 amounting to approximately RMB86.6 billion, and the total amount to be allocated to solar power generators will be approximately RMB40.5 billion. The allocation of a massive amount of subsidy will gradually mitigate the cash flow pressure of solar power generators caused by the delay of subsidy payment.

In addition, the MOF has set the total subsidy for new solar projects in 2019 at RMB3 billion. Through setting a cap on subsidies to limit capacity will prevent the payment of subsidies to further delay and effectively refrain the shortfall of national renewable energy development fund to further expand. As subsidy-free bidding projects will gradually become the mainstream of domestic solar power market, the expansion of solar power capacities will no longer put a heavy burden on the national renewable energy development fund.

The Group believes that, through the promotion of various effective measures, the subsidy issues of the domestic solar industry and the delay of subsidy payment will gradually be resolved in the future, enabling the Group's intrinsic value to be even more prominent.

Outlook

According to the Report on Monitoring and Appraisal of Development of National Renewable Power in 2018 (《2018年度全國可再生能源電力發展監測評價報告》) issued by the NEA on 10 June 2019, as of the end of 2018, the national renewable power generation reached 1,867 billion kWh, accounting for approximately 26.7% of the total electricity generation, of which solar power generation amounted to 177.6 billion kWh, only representing 2.5% of the total electricity generation. The data has reflected that there is a huge space for the solar power market to develop.

The domestic solar power industry is currently in a transitional period to grid parity. In order to meet the demand for renewable energy development, the government is dedicated to coping with industry-wide problems, such as curtailment, power purchase limit, high non-technical costs and difficulty in financing, by launching a series of policies, and with the support of the local governments, the advent of grid parity is unstoppable.

Solar power grid parity is set to facilitate the energy structure adjustment, making the business models and rules of the renewable energy sector to become more mature, and reducing project risks while gaining project return visibility. The Group believes that the arrival of grid parity will be a momentous transition to the entire solar power industry, providing a predictable future for the industry development, and hence creating plenty of room for new development.

In order to be well prepared for seizing this precious opportunities, the Group will continue to enhance its corporate strengths and consolidate its own competitive advantages. With regard to its strategic transformation, the Group will step up pace to deepen the collaboration with strategic partners to facilitate the inflow of capital and optimise shareholding structures, leading GCL New Energy to a glorious path in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the period ended 30 June 2019, the revenue of the Group amounted to RMB3,173 million, representing an increase of 17% as compared to RMB2,704 million for the same period last year. Profit attributable to owners of the Company amounted to RMB410 million (six months ended 30 June 2018: RMB345 million).

The increase in profit attributable to owners of the Company by 19% during the period was mainly attributable to combined effect of the following:

1. the increase in the sales volume of electricity of the solar power plants by 22% from approximately 3,765 million kWh in 2018 to approximately 4,577 million kWh in 2019;

2. the increase in administrative expenses from RMB250 million to RMB373 million due to full period effect for expenses after rapid expansion in 2018;

3. the percentage increase in finance costs of 34%, from RMB1,062 million to RMB1,419 million due to (1) a decrease of RMB93 million interest expenses capitalised, (2) an increase in interest bearing debts to fund business expansion from RMB40,688 million as at 30 June 2018 to RMB42,279 million as at 30 June 2019, and (3) an increase in average interest rate;

4. a decrease in exchange loss of RMB193 million, from RMB209 million for the period ended 30 June 2018 to RMB16 million for the period ended 30 June 2019. The exchange loss is mainly caused by the appreciation of USD and HKD denominated indebtedness against RMB;

5. a gain on disposal of subsidiaries and joint ventures of RMB82 million for the period ended 30 June 2019, as compared to RMB33 million for the period ended 30 June 2018; and

6. a bargain purchase from business combination of RMB74 million during the period ended 30 June 2019.

BUSINESS REVIEW

Capacity and Electricity Generation

As at 30 June 2019, the aggregate installed capacity of grid-connected solar power plants of the Group was 7,182MW (31 December 2018: 7,309MW). Details of capacity, electricity sales volume and revenue for the period ended 30 June 2019 are set out below.

Subsidiaries by provinces	Tariff Zones	Number of solar power plant	Aggregate Installed Capacity[1] (MW)	Grid-connected Capacity[1] (MW)	Electricity Sales Volume (million kWh)	Average Tariff (Net of Tax) (RMB/kWh)	Revenue (RMB million)
Inner Mongolia	1	11	358	358	335	0.75	252
Ningxia	1	6	233	233	165	0.72	118
Qinghai	1	3	107	107	82	0.83	68
Xinjiang	1	2	81	81	61	0.67	41
	Zone 1	**22**	**779**	**779**	**643**	**0.75**	**479**
Shaanxi	2	18	1,018	1,018	737	0.71	521
Yunnan	2	8	279	272	193	0.60	116
Hebei	2	5	255	255	187	0.72	135
Qinghai	2	6	179	179	123	0.68	84
Shanxi	2	1	107	107	65	0.87	57
Sichuan	2	2	85	85	73	0.78	57
Jilin	2	4	51	51	44	0.76	33
Liaoning	2	3	47	47	33	0.71	24
Xinjiang	2	2	47	47	31	0.75	23
Gansu	2	2	39	39	25	0.70	18
Inner Mongolia[4]	2	–	–	–	46	0.65	30
	Zone 2	**51**	**2,107**	**2,100**	**1,557**	**0.70**	**1,098**
Henan	3	14	584	584	396	0.74	291
Jiangsu	3	41	565	565	326	0.77	252
Anhui	3	12	410	410	241	0.83	200
Shanxi	3	9	405	405	282	0.69	194
Guizhou	3	6	234	221	107	0.81	86
Hebei	3	9	230	230	159	0.89	142
Shandong	3	7	220	220	149	0.76	113
Guangdong	3	8	219	112	53	0.81	43
Jiangxi	3	5	192	192	76	0.98	74
Hubei	3	4	165	165	99	0.83	82
Guangxi	3	3	160	157	57	0.79	45
Hunan	3	5	101	101	37	0.86	32
Hainan	3	3	80	75	46	0.84	39
Zhejiang	3	3	62	62	25	1.19	30
Fujian	3	3	55	46	16	0.79	13
Shanghai	3	1	7	7	3	1.28	4
Shaanxi	3	1	6	6	3	0.66	2
	Zone 3	**134**	**3,695**	**3,558**	**2,075**	**0.79**	**1,642**
Subtotal		**207**	**6,581**	**6,437**	**4,275**	**0.75**	**3,219**
Japan		1	4	4	2	2.23	4
US		2	134	134	100	0.39	39
Total of Subsidiaries		**210**	**6,719**	**6,575**	**4,377**	**0.74**	**3,262**
Joint ventures/associates[2]							
PRC		5	458	458	197	0.83	164
Japan		3	5	5	3	2.15	7
Total		**218**	**7,182**	**7,038**	**4,577**	**0.75**	**3,433**

	Revenue *(RMB million)*
Representing:	
Electricity sales	1,260
Tariff adjustment – government subsidies received and receivable	2,002
Total of subsidiaries	3,262
Less: effect of discounting tariff adjustment to present value(3)	(89)
Total revenue of the Group	3,173

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

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

(3) Certain portion of the tariff adjustment (government subsidies) will be recovered after twelve months from the reporting date. The tariff adjustment is discounted at an effective interest rate ranging from 2.48% to 2.98% per annum.

(4) The subsidiaries were disposed during the period ended 30 June 2019.

Most of the solar power plants of the Group are located in China and almost all of the revenue is contributed by the subsidiaries of State Grid. The State Grid is a State-owned enterprise in China, which possesses low default risk. Therefore, the Directors considered that the credit risk of trade receivables was minimal and no provision for impairment was considered necessary for the six months period ended 30 June 2019 and year ended 31 December 2018.

FINANCIAL REVIEW

The following table sets forth the financial highlights of the Group's results:

	For the period ended		
	30 June 2019	30 June 2018	% of
	RMB million	*RMB million*	changes
Revenue	**3,262**	2,779	17%
Effect of discounting tariff adjustment (government subsidies)	**(89)**	(75)	19%
Revenue, after discounting	**3,173**	2,704	17%
Gross profit	**2,141**	1,857	15%
EBITDA*	**2,960**	2,285	30%
Profit for the periods from continuing operations attributable to:			
Owners of the Company	**410**	345	19%
Non-controlling interests			
– Owners of perpetual notes	**81**	66	23%
– Other non-controlling interests	**80**	78	3%
	571	489	17%

* *EBITDA is defined as earnings before finance costs, taxation, depreciation and amortisation.*

Revenue

During the period ended 30 June 2019, revenue of the Group comprised sales of electricity and related tariff adjustment (i.e. government subsidies) amounting to approximately RMB3,262 million (2018: RMB2,779 million), net of effect of discounting the tariff adjustment to its present value of approximately RMB89 million (2018: RMB75 million). The significant increase in revenue was mainly attributable to the increase in sales of electricity of the solar power plants by 22% as a result of intensive developments of solar power plants in 2018 and in full grid-connected capacity in 2019. The average tariff (net of tax) for the PRC was approximately RMB0.74/kWh (2018: RMB0.76/kWh). The decrease in average tariff was mainly due to the tariff cut introduced by the government adopted from 1 July 2018 and competitive bidding tariff for some of our projects.

In terms of revenue generated by tariff zone from the PRC for the period ended 30 June 2019, approximately 15%, 34% and 51% of revenue were generated from zone 1, zone 2 and zone 3 respectively (2018: 17% for zone 1, 28% for zone 2 and 55% for zone 3). In line with our prevailing strategy, the Group focused more on developing solar power plants in well-developed areas with strong domestic power demand (i.e. zone 2 and zone 3) to minimize the grid curtailment risk in zone 1 area.

Gross Profit

The Group's gross margin for the period ended 30 June 2019 was 67.5%, as compared to 68.7% for the period ended 30 June 2018. The slight decrease in gross margin was mainly due to the tariff cut introduced by the government for projects connected to the grid after 30 June 2018.

The cost of sales mainly consisted of depreciation, which accounted for 85.9% (2018: 83.2%) of cost of sales, with the remaining costs being operation and maintenance costs of solar power plants.

Other Income

During the period ended 30 June 2019, other income mainly included imputed interest on discounting effect on tariff adjustment receivables (i.e. interest arising from contracts containing significant financing component) of RMB81 million (2018: RMB57 million), management services income for managing and operating solar power plants of related companies, of RMB28 million (2018: RMB19 million) and bank interest income of RMB9 million (2018: RMB14 million).

Other Administrative Expenses

The other administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses increased by 49% to RMB373 million for the period ended 30 June 2019 (2018: RMB250 million). The increase in administrative expenses was mainly due to full period effect for salaries expenses after rapid expansion in 2018.

Other gains and losses, net

During the period ended 30 June 2019, the net gain amounted to RMB66 million (2018: net loss of RMB159 million). The net gain for 2019 was mainly due to the gain on disposal of solar power plant projects and joint ventures of RMB82 million (2018: RMB33 million), and exchange loss of RMB16 million (2018: RMB209 million), mainly arising from the appreciation of HKD and USD denominated indebtedness against the reporting currency in RMB.

Bargain purchase from business combination

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

Finance Costs

	For the period ended	
	30 June 2019	30 June 2018
	RMB million	*RMB million*
Total borrowing costs	**1,446**	1,182
Less: Interest expenses capitalised	**(27)**	(120)
	1,419	1,062

Total borrowing costs amounted to RMB1,446 million for the period ended 30 June 2019 (2018: RMB1,182 million) representing an increase of 22% as compared with the period ended 30 June 2018. The increase was mainly due to the significant increase in average borrowing balance as a result of the capital expenditure for expansion of solar power plants. The operation of solar power plants is capital intensive and high gearing in nature. The average borrowing interest rate for new and existing borrowings was increasing from approximately 6.5% in 2018 to approximately 6.9% in 2019.

Income Tax Expenses

Income tax expenses for the period ended 30 June 2019 was RMB67 million (2018: RMB21 million). There is an increase in income tax expenses because some solar power plants had passed the three year's exemption period for the PRC income tax. Most of our solar power plants are exempted from the PRC income tax for three years starting from the first year when the solar power plants operate and generate taxable income, followed by 50% reduction for the next three years.

Profit attributable to other non-controlling interests

Profit attributable to other non-controlling interests amounted to RMB80 million for the period ended 30 June 2019 (2018: RMB78 million).

Earnings before interest expense, tax, depreciation and amortisation

	For the period ended	
	30 June 2019	30 June 2018
	RMB million	*RMB million*
Net Profit and EBITDA margin		
Profit for the period	**571**	489
Add: Finance costs	**1,419**	1,062
Income tax expenses	**67**	21
Depreciation and amortization	**903**	713
EBITDA	**2,960**	2,285
EBITDA margin	**93.3%**	84.5%

Interim Dividend

The Board does not recommend the payment of an interim dividend for the period ended 30 June 2019 (2018: Nil).

Property, Plant and Equipment

Property, plant and equipment was RMB42,970 million as at 31 December 2018 and RMB41,962 million as at 30 June 2019.

Right-of-use Assets

The Group has applied IFRS 16 and recognized right-of-use assets since 1 January 2019. As at 30 June 2019, the right-of-use assets amounted to RMB1,852 million (31 December 2018: Nil).

Deposits, Prepayment and Other Non-current Assets

As at 30 June 2019, non-current portion for deposits, prepayments and other non-current assets mainly included approximately RMB2,046 million (31 December 2018: RMB2,160 million) for refundable value-added tax, approximately RMB308 million (31 December 2018: RMB671 million) deposits paid for EPC contracts and constructions.

Contract assets

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

Contract assets increased from RMB4,236 million as at 31 December 2018 to RMB5,175 million as at 30 June 2019, because some solar power plants were waiting for registration into the coming 8th batch or after of Subsidy Catalogue which is not yet open for registration.

Trade and Other Receivables

As at 30 June 2019, trade and other receivables of RMB6,314 million (31 December 2018: RMB4,930 million) mainly included trade and bills receivables of RMB4,279 million (31 December 2018: RMB2,981 million), refundable value-added tax of RMB970 million (31 December 2018: RMB1,194 million) and consideration receivable from disposal of subsidiaries of RMB364 million (31 December 2018: RMB16 million).

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

Tariff receivables (i.e. government subsidies)	Batch of subsidies	Capacity as at 30 June 2019 *(MW)*	30 June 2019 *RMB million*	31 December 2018 *RMB million*
– Current	6th batch or before	**541**	**1,071**	679
– Current	7th batch	**1,201**	**2,318**	1,772
– Current	Poverty alleviation project	**430**	**247**	93
		2,172	**3,636**	2,544
– Non-current contract asset	To be registered for the 8th batch or after	**4,409**	**5,175**	4,236
Total		**6,581**	**8,811**	6,780

Other Payables and Deferred Income

Other payables and deferred income decreased from RMB10,134 million as of 31 December 2018 to RMB8,197 million as of 30 June 2019. Other payables and deferred income mainly consisted of payables for purchase of plant and machinery and construction of RMB6,674 million (31 December 2018: RMB8,755 million).

Liquidity and Financial Resources

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

	For the period ended 30 June 2019 *RMB million*	31 December 2018 *RMB million*
Net cash generated from operating activities	**1,009**	321
Net cash used in investing activities	**(2,157)**	(2,851)
Net cash generated from financing activities	**700**	434

The net cash from operating activities during the period ended 30 June 2019 was RMB1,009 million, representing a 214% increase from RMB321 million of the same period last year. The substantial increase in net cash from operating activities was mainly due to the cash received from sale of electricity and tariff adjustments for solar power plants registered to the 7th batch of subsidy catalogue.

The net cash used in investing activities during the period ended 30 June 2019 primarily arose from payments and deposit paid for the acquisition and development of solar power plant projects.

For the period ended 30 June 2019, the Group's main source of funding was cash generated from financing activities amounting to RMB700 million, which mainly included the net effect of (1) newly raised bank and other borrowings of RMB4,227 million, (2) proceeds from loans from related parties of RMB604 million, (3) repayment of bank and other borrowings of RMB2,661 million and (4) interest payment of RMB1,351 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 gets long term bank loans or long term finance leases after grid connection.

Because of the nature of the solar energy industry in the PRC, the Group was in net current liabilities position of approximately RMB11,296 million as at 30 June 2019. To address the net current liabilities position, the Group has taken several measures to generate sufficient cash inflow to the Group, which were set out in Note 2 to the interim financial statements.

As at 30 June 2019, GCL-Poly, being the guarantor of certain bank borrowings of the Group, was not able to meet restrictive financial covenants of a borrowing, which led to an event of default for such borrowing. This in turn triggered cross default of certain of the Group's bank borrowings as set out in the respective loan agreements between the Company and several banks. Accordingly, bank borrowings amounting to RMB1,963 million is reclassified from non-current liabilities to current liabilities as of 30 June 2019. Subsequent to period end, GCL-Poly has obtained a waiver from the relevant bank for meeting the relevant financial covenant requirements. Therefore, the Directors consider that such event of default did not have any material adverse impact to the Group.

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

	Balance per interim financial statements *RMB'000*	Adjustments upon obtained waiver *RMB'000*	Adjusted balance *RMB'000*
As at 30 June 2019			
NON-CURRENT ASSETS			
Pledged bank and other deposits	888,103	3,319	891,422
Other non-current assets	52,008,157		52,008,157
	52,896,260	3,319	52,899,579
CURRENT ASSETS			
Pledged bank and other deposits	1,123,345	(3,319)	1,120,026
Bank balances and cash	958,963		958,963
Other current assets	6,713,787		6,713,787
	8,796,095	(3,319)	8,792,776
CURRENT LIABILITIES			
Loans from related companies	778,659		778,659
Bank and other borrowings	9,894,995	(1,962,511)	7,932,484
Lease liabilities	84,038		84,038
Other current liabilities	9,334,503		9,334,503
	20,092,195	(1,962,511)	18,129,684
NET CURRENT LIABILITIES	(11,296,100)	1,959,192	(9,336,908)
TOTAL ASSETS LESS CURRENT LIABILITIES	41,600,160	1,962,511	43,562,671
NON-CURRENT LIABILITIES			
Loans from related companies	2,680,422		2,680,422
Bank and other borrowings	23,686,548	1,962,511	25,649,059
Lease liabilities	1,178,272		1,178,272
Other non-current liabilities	3,865,157		3,865,157
	31,410,399	1,962,511	33,372,910
NET ASSETS	10,189,761	–	10,189,761

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

The Group monitors capital on the basis of two gearing ratios. The first ratio is calculated as net debts divided by total equity and the second ratio is calculated as total liabilities divided by total assets. The gearing ratio as at 30 June 2019 and 31 December 2018 were as follows:

	30 June 2019 *RMB million*	31 December 2018 *RMB million*
Non-current indebtedness		
Loan from related companies	**2,680**	2,186
Bank and other borrowings	**23,687**	24,340
Bonds and senior notes	**3,412**	3,935
Lease liabilities	**1,178**	–
	30,957	30,461
Current indebtedness		
Loans from related companies	**779**	1,031
Bank and other borrowings	**9,895**	8,323
Lease liabilities	**84**	–
Bonds	**564**	–
	11,322	9,354
Indebtedness for solar power plants projects classified as held for sale		
Bank and borrowings – due within one year	–	36
Bank and borrowings – due after one year	–	837
	–	873
Total indebtedness	**42,279**	40,688
Less: cash and cash equivalents – continuing operations	**(959)**	(1,362)
– projects classified as held for sale	–	(45)
Pledged bank and other deposits – continuing operations	**(2,011)**	(2,031)
Pledged deposits at a related company	**(8)**	(18)
Net debts	**39,301**	37,232
Total equity	**10,190**	9,702
Net debts to total equity	**386%**	384%
Total liabilities	**51,502**	51,478
Total assets	**61,692**	61,180
Total liabilities to total assets	**83.5%**	84.1%

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

	30 June 2019 *RMB million*	31 December 2018 *RMB million*
Total banking and other facilities granted	**44,901**	38,945
Facilities utilised	**(41,452)**	(38,302)
Available facilities	**3,449**	643

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

	30 June 2019 *RMB million*	31 December 2018 *RMB million*
Renminbi ("RMB")	**36,299**	34,485
Hong Kong dollars ("HK$")	**366**	465
United States dollars ("US$")	**5,443**	5,562
Euro dollars ("Euro")	**106**	111
Japanese Yen ("JPY")	**65**	65
	42,279	40,688

Fund raising activities

The Company has no fund raising activities during the period ended 30 June 2019.

Pledge of Assets

As at 30 June 2019, the following assets were pledged for bank and other facilities granted to the Group:

– property, plant and equipment of RMB24,253 million (31 December 2018: RMB28,529 million);

– bank and other deposits (including deposits placed at a related company) of RMB2,019 million (31 December 2018: RMB2,049 million);

– rights to collect the sales of electricity for certain subsidiaries. As at 30 June 2019, the trade receivables and contract assets of those subsidiaries amounted to RMB4,178 million (31 December 2018: RMB6,568 million);

– right-of-use assets of RMB14 million (31 December 2018: prepaid lease payments of RMB17 million); and

In addition, lease liabilities of RMB1,262 million are recognised in respect of right-of-use assets amounting to RMB1,702 million as at 30 June 2019.

Contingent Liabilities

The Group did not have any other significant contingent liabilities as at 30 June 2019.

Capital Commitments

As at 30 June 2019, the Group's capital commitments in respect of construction commitments related to solar power plants contracted for but not provided amounted to approximately RMB568 million (31 December 2018: construction commitment of RMB1,056 million and commitment to invest in joint ventures of RMB95 million, respectively).

Material acquisitions

For the period ended 30 June 2019, the Group acquired two subsidiaries, which are engaged in solar power plant business in the PRC of approximately 135MW at a total consideration of approximately RMB264 million. The construction of the solar power plant projects has been completed as at the dates of acquisitions. Thus, the acquisitions are classified as business combination.

Material disposals

On 24 October 2018, Suzhou GCL New Energy entered into share transfer agreements with CGN Solar Energy Development Co., Ltd* (中廣核太陽能開發有限公司), an independent third party, to sell 80% equity interests in Linzhou Xinchuang* (林州市新創太陽能有限公司). Besides, On 30 December 2018, the Group entered into share transfer agreements with China Three Gorges New Energy Company Limited* (中國三峽新能源有限公司), an independent third party, to sell 100% equity interest of several wholly-owned subsidiaries. During the period ended 30 June 2019, the disposals of the above subsidiaries are completed.

On 28 March 2019, the Group announced that it has entered into share transfer agreements with 五凌電力有限公司 ("Wuling Power Corporation Ltd."*), a subsidiary of China Power Investment Corporation, for the disposal of 55% equity interest in 汝州協鑫光伏電力有限公司 (Ruzhou GCL Photovoltaic Power Co. Ltd.*) ("Ruzhou"), 江陵縣協鑫光伏電力有限公司 (Jiangling Xian GCL Solar Power Co., Ltd*) ("Jiangling") and 新安縣協鑫光伏電力有限公司 (Xinan Xian GCL Solar Power Co., Ltd*) ("Xinan") for consideration in aggregate of approximately RMB335 million. Ruzhou GCL, Jiangling Xian and Xinan operates a number of solar power plants with a capacity of approximately 280MW in the PRC. The disposals are completed during the period ended 30 June 2019.

* *English name for identification only*

Save as disclosed above, there were no other significant investments during the period ended 30 June 2019, or plans for material investments as at the date of this report, nor were there other material acquisitions and disposals of subsidiaries during the period ended 30 June 2019.

EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcement on 22 May 2019 and the circular dated on 28 June 2019 in relation to the disposal of 70% equity interest in a number of subsidiaries of the Group of which these subsidiaries own 19 operational solar power plants in the PRC with an aggregate installed capacity of approximately 977MW. This transaction was approved by the shareholders of the Company in the special general meetings, and also the shareholders of GCL-Poly in the extraordinary meeting, respectively, on 19 July 2019. The Disposal is expected to be completed in the second half of 2019.

RISK FACTORS AND RISK MANAGEMENT

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

1. Policy risk

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

2. Grid curtailment risk

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

3. Risk associated with tariff

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

4. Risk related to high gearing ratio

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

5. Risk related to interest rate

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

6. **Foreign currency risk**

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

7. **Risk related to disputes with joint venture partners**

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

EMPLOYEE AND REMUNERATION POLICIES

We consider our employees to be our most important resource. As at 30 June 2019, the Group had approximately 1,684 employees (31 December 2018: 1,830 employees) in the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees. Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) for the period ended 30 June 2019 were approximately RMB235 million (30 June 2018: RMB159 million).

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**3,172,984**	2,704,185
Cost of sales		**(1,031,728)**	(846,887)
Gross profit		**2,141,256**	1,857,298
Other income	*4*	**150,082**	126,454
Administrative expenses			
– share-based payment expenses		**(1,593)**	(6,916)
– other administrative expenses		**(372,702)**	(249,862)
Loss on change in fair value on convertible bonds		**–**	(3,888)
Other gains and losses, net	*5*	**65,733**	(159,380)
Bargain purchase from business combination		**73,858**	–
Share of losses of associates		**(1,281)**	–
Share of profits of joint ventures		**1,941**	7,998
Finance costs	*6*	**(1,418,806)**	(1,062,458)
Profit before tax		**638,488**	509,246
Income tax expense	*7*	**(67,266)**	(20,667)
Profit for the period		**571,222**	488,579
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Fair value loss on financial liabilities designated as at fair value through profit or loss ("FVTPL") attributable to changes in credit risk		**–**	(108)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(39)**	15,736
Total comprehensive income for the period		**571,183**	504,207

	NOTE	Six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		**410,222**	345,241
Non-controlling interests			
– Owners of perpetual notes		**81,450**	65,700
– Other non-controlling interests		**79,550**	77,638
		571,222	488,579
Total comprehensive income for the period attributable to:			
Owners of the Company		**410,183**	360,869
Non-controlling interests			
– Owners of perpetual notes		**81,450**	65,700
– Other non-controlling interests		**79,550**	77,638
		571,183	504,207
		RMB cents **(Unaudited)**	*RMB cents* (Unaudited)
Earnings per share			
– Basic and diluted	*9*	**2.15**	1.81

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	NOTES	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**41,962,363**	42,970,249
Right-of-use assets		**1,851,996**	–
Prepaid lease payments		–	112,041
Interests in associates		**344,557**	36,805
Interests in joint ventures		**5,880**	66,079
Amounts due from related companies		–	45,146
Other investments		**100,000**	100,000
Deposits, prepayment and other non-current assets		**2,381,261**	3,334,001
Contract assets	*10B*	**5,175,191**	4,236,405
Pledged bank and other deposits		**888,103**	751,858
Deferred tax assets		**186,909**	194,087
		52,896,260	51,846,671
CURRENT ASSETS			
Trade and other receivables	*10A*	**6,313,753**	4,930,458
Other loan receivables		**15,710**	20,250
Amounts due from related companies		**375,889**	342,328
Prepaid lease payments		–	2,221
Tax recoverable		**8,435**	8,521
Pledged bank and other deposits		**1,123,345**	1,279,425
Bank balances and cash		**958,963**	1,361,978
		8,796,095	7,945,181
Assets classified as held for sale		–	1,388,009
		8,796,095	9,333,190
CURRENT LIABILITIES			
Other payables and deferred income		**8,197,370**	10,134,246
Amounts due to related companies		**525,198**	139,460
Tax payable		**47,838**	11,632
Loans from related companies		**778,659**	1,030,590
Bank and other borrowings	*11*	**9,894,995**	8,323,115
Bonds and senior notes		**564,097**	–
Lease liabilities		**84,038**	–
		20,092,195	19,639,043
Liabilities directly associated with assets classified as held for sale		–	935,463
		20,092,195	20,574,506

	NOTE	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
NET CURRENT LIABILITIES		**(11,296,100)**	(11,241,316)
TOTAL ASSETS LESS CURRENT LIABILITIES		**41,600,160**	40,605,355
NON-CURRENT LIABILITIES			
Loans from related companies		**2,680,422**	2,186,433
Bank and other borrowings	*11*	**23,686,548**	24,340,160
Bonds and senior notes		**3,411,688**	3,934,397
Lease liabilities		**1,178,272**	–
Deferred income		**393,157**	394,011
Deferred tax liabilities		**60,312**	48,814
		31,410,399	30,903,815
NET ASSETS		**10,189,761**	9,701,540
CAPITAL AND RESERVES			
Share capital		**66,674**	66,674
Reserves		**6,480,300**	6,068,524
Equity attributable to owners of the Company		**6,546,974**	6,135,198
Equity attributable to non-controlling interests			
– owners of perpetual notes		**2,082,564**	2,001,114
– other non-controlling interests		**1,560,223**	1,565,228
TOTAL EQUITY		**10,189,761**	9,701,540

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**1,008,848**	321,042
INVESTING ACTIVITIES		
Interest received	**11,820**	11,924
Payments for construction and purchase of property, plant and equipment	**(2,551,910)**	(3,955,076)
Payments of right-for-use assets	**(12,967)**	–
Acquisition of subsidiaries	**29,669**	10,988
Settlement of payables to vendors of subsidiaries with solar power plant projects	**(110,299)**	(8,165)
Settlement of consideration receivables from disposal of partial subsidiaries	**5,192**	–
Capital injection to joint ventures	**–**	(3,630)
Withdrawal of pledged bank and other deposits	**571,629**	1,435,448
Placement of pledged bank and other deposits	**(551,794)**	(637,798)
Proceeds from redemption of other investments	**–**	256,830
Repayment from third party	**4,540**	–
Advance to related companies	**(4,538)**	(262)
Repayment from related companies	**155,204**	318
Proceeds from disposal of joint ventures	**53,780**	–
Proceeds from disposal of subsidiaries with solar power plant projects	**242,990**	38,802
NET CASH USED IN INVESTING ACTIVITIES	**(2,156,684)**	(2,850,621)

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Interest paid	**(1,350,764)**	(1,224,552)
Proceeds from bank and other borrowings	**4,227,226**	4,182,672
Repayment of bank and other borrowings	**(2,660,570)**	(4,381,251)
Repayment of lease liabilities	**(69,049)**	–
Proceeds of loans from related parties	**604,403**	–
Repayment of loans from related parties	**(10,000)**	–
Proceeds from loans from an associate of ultimate holding company	**193,489**	215,000
Repayment of loans from an associate of ultimate holding company	**(271,975)**	(268,815)
Repayment of loan from a fellow subsidiary	**–**	(1,071,876)
Proceeds from loan from ultimate holding company	**–**	691,691
Repayment to ultimate holding company	**(270,528)**	–
Proceeds from issuance of senior notes	**–**	3,166,950
Transaction costs paid for the issuance of senior notes	**–**	(47,681)
Payment for repurchase of bonds	**–**	(250,000)
Payment for redemption of convertible bonds	**–**	(701,348)
Repayment to related parties	**(5,583)**	(4,646)
Advance from related parties	**46,859**	149,740
Proceeds from re-sell the bonds	**299,900**	–
Capital contribution by non-controlling interests	**–**	16,090
Dividend paid to non-controlling interests	**(32,966)**	(38,389)
NET CASH FROM FINANCING ACTIVITIES	**700,442**	433,585
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(447,394)**	(2,095,994)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		
Represented by		
– bank balances and cash	**1,361,978**	4,196,596
– bank balances and cash classified as held for sale	**44,873**	–
	1,406,851	4,196,596
Effect of exchange rate changes on the balance of cash held in foreign currencies	**(494)**	27,551
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Represented by		
– bank balances and cash	**958,963**	2,128,153

1. GENERAL INFORMATION

GCL New Energy Holdings Limited (the "Company") is incorporated in Bermuda as an 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"). The address of the registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business is at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company is an investment holding company. Its subsidiaries (hereinafter together with the Company collectively referred to as the "Group") are principally engaged in the sale of electricity, development, construction, operation and management of solar power plants.

This Interim Financial Information is presented in Renminbi ("RMB"), unless otherwise stated. This Interim Financial Information has been approved for issuance by the Board on 6 August 2019.

This Interim Financial Information has not been audited.

1A. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting* issued by International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

As at 30 June 2019, the Group's current liabilities exceeded its current assets by approximately RMB11,296 million. In addition, as at 30 June 2019, the Group has entered into agreements to construct solar power plants which will involve capital commitments of approximately RMB568 million. In the event that the Group is successful in expanding the investments in the existing solar power plants in the coming twelve months from 30 June 2019, additional cash outflows will be required to settle further committed capital expenditure.

As at 30 June 2019, the Group's total borrowings comprising bank and other borrowings, bonds and senior notes, and loans from related companies and lease liabilities amounted to approximately RMB42,279 million. The balance of approximately RMB11,322 million will be due in the coming twelve months from the end of the reporting period, including bank borrowings of approximately RMB1,963 million, which shall be due after twelve months from the end of reporting period in accordance with the scheduled repayment dates as set out in the respective loan agreements but are reclassified to current liabilities as a result of the inability to respect a loan covenant by GCL-Poly, the guarantor of certain bank borrowings and thereby triggered the cross default of certain bank borrowings of the Group; accordingly, these bank borrowings became repayable on demand as at 30 June 2019. Subsequent to the end of the reporting period, GCL-Poly has obtained consent from the relevant lender to waive the financial covenant concerned and not to demand for immediate repayment of the bank borrowing; and accordingly, the cross default on the relevant bank borrowings of the Group are also remedied. Notwithstanding this, reclassification of long-term borrowings of approximately RMB1,963 million as current liabilities is still required at 30 June 2019 under applicable accounting standards because the bank waiver was obtained subsequent to the end of the reporting period.

The Group's pledged bank and other deposits and bank balances and cash amounted to approximately RMB2,019 million (including pledged deposit of RMB8 million placed at an associate of ultimate holding company for its loans advanced to the Group) and RMB959 million as at 30 June 2019, respectively. The financial resources available to the Group as at 30 June 2019 and up to the date of approval of these unaudited condensed interim consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements. The Group is pursuing additional financing including, but not limited to, equity and debt financing and bank borrowings.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company (the "Directors") have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2019. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures relating to the solar power plants, that will be due in the coming twelve months from 30 June 2019, and the on-going covenants compliance upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

(i) Subsequent to 30 June 2019, the Group successfully obtained new borrowings of approximately RMB310 million from banks and other financial institutions in the People's Republic of China (the "PRC");

(ii) The Group proposed to issue medium-term notes with an aggregate principal amount of not exceeding RMB3,000 million to institutional investors of the national interbank bond market in the PRC and public offering bonds with an aggregate principal amount of not exceeding RMB3,000 million in Shenzhen Stock Exchange in the PRC before their expiry date in June 2020 and September 2020, respectively. It is expected that the notes and bonds will be issued in one or more tranches and that each tranche of the notes and bonds shall have a maturity of three years. The Group is also negotiating with banks and other financial institutions for credit facilities;

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

(iv) On 22 May 2019, the Group entered into a series of seven share purchase agreements with 上海榕耀新能源有限公司 Shanghai Rongyao New Energy Co., Ltd*, an independent third party, in which the Group is going to sell 70% equity interest in a number of subsidiaries of the Group of which these subsidiaries own 19 operational solar power plants in the PRC with an aggregate installed capacity of approximately 977MW, for a consideration in aggregate of RMB1,740,616,700 (the "Disposal"). Pursuant to the Listing Rules, this transaction was considered as a major transaction of the Company, and it was subject to the approval by the shareholders of the Company in the special general meeting as well as the shareholders of its ultimate holding company, GCL-Poly, in an extraordinary general meeting, respectively. Subsequent to the current interim period, this transaction was approved by the shareholders of the Company in the special general meeting, and also the shareholders of GCL-Poly in the extraordinary general meeting, respectively, on 19 July 2019. The Disposal is expected to complete in second half of 2019. Further details of the Disposal are set out in the circular of the Company to its shareholders dated 28 June 2019;

(v) On 3 June 2019, Elite Time Global Limited, an intermediate holding company of the Company entered into a non-legal binding cooperation intent agreement with China Hua Neng Group Hong Kong Limited ("China Hua Neng"), a subsidiary of China Huaneng Group Co., Ltd., being a state-owned enterprise in the PRC, regarding the possible sale of 9,727,594,875 ordinary shares in the share capital of the Company, representing approximately 51% of the entire issued share capital of the Company as at the date of approval of the unaudited condensed interim consolidated financial statements for issuance. Upon the completion of the proposed transaction, China Hua Neng will become the controlling shareholder of the Group; and

(vi) The Group still owns 184 solar power plants with an aggregate grid connected capacity of approximately 5.6GW upon completion of the Disposal. Those operational solar power plants are expected to generate operating cash inflows to the Group within the coming twelve months from the date of these unaudited condensed interim consolidated financial statements.

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRS Standards"), the accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2018.

Application of new and amendments to IFRS Standards

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRS Standards issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's unaudited condensed interim consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2015–2017 Cycle

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

2.1 Impacts and changes in accounting policies on application of IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 *Leases* ("IAS 17"), and the related interpretations.

On transition, the Group has made the following adjustments upon application of IFRS 16:

The Group recognised additional lease liabilities of RMB1,361,507,000 the right-of-use assets at amounts equal to the related lease liabilities by applying IFRS16.C8(b)(ii) transition. The Group further reclassified prepaid rent of RMB484,227,000 and prepaid lease payments of RMB116,090,000, to right-of-use assets at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 5.46%.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of electricity which is recognised at a point in time. Substantially, all of the revenue is derived from electricity sales to local units of state grid in the PRC for the six months ended 30 June 2019 and 2018.

For sales of electricity, the Group generally entered into power purchase agreements with a term of one to five years which stipulate the price of electricity per watt hour. Revenue is recognised when control of the electricity has transferred, being at the point when electricity has generated and transmitted to local grid companies and the amount included RMB1,913,087,000 (six months ended 30 June 2018: RMB1,634,353,000) tariff adjustment recognised during the period. The Group generally grants credit period of approximately one month from date of invoice in accordance with the relevant power purchase agreements between the Group and the respective local grid companies.

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

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

Since certain of the tariff adjustments are yet to obtain approval for registration in the Catalogue by the PRC government, the management considers that it contains a significant financing component over the relevant portion of tariff adjustment until approval was obtained. For the six months ended 30 June 2019, the respective tariff adjustment was adjusted for this financing component based on an effective interest rate ranged from 2.48% to 2.98% per annum (six months ended 30 June 2018: 3.06% to 3.49% per annum) and the adjustment in relation to revision of expected timing of tariff collection. As such, the Group's revenue was adjusted by approximately RMB89.3 million (six months ended 30 June 2018: RMB75.4 million) and interest income amounting to approximately RMB81.5 million (six months ended 30 June 2018: RMB56.9 million) (note 4) was recognised.

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

Geographical information

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

	Revenue from external customers Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
PRC	**3,129,553**	2,681,855
Other countries	**43,431**	22,330
	3,172,984	2,704,185

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

4. OTHER INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Consultancy income *(Note a)*	**8,934**	3,052
Compensation income	**–**	3,308
Government grants:		
– Incentive subsidies *(Note b)*	**3,757**	11,346
– Investment Tax Credit ("ITC")	**6,953**	3,668
– Others	**1,544**	–
Interest arising from contracts containing significant financing component *(note 3)*	**81,492**	56,907
Interest income of financial assets at amortised costs:		
– Bank interest income	**9,042**	13,764
– Interest income from other loan receivables	**55**	3,052
– Interest income from loans to joint ventures	**2,047**	4,542
Management services income from related companies	**27,651**	18,949
Others	**8,607**	7,866
	150,082	126,454

Notes:

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

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

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Exchange losses, net *(Note)*	**(15,793)**	(209,355)
Gain on disposal of solar power plant projects	**46,263**	33,185
Gain on disposal of joint ventures	**35,263**	–
Fair value change on other investments	**–**	16,790
	65,733	(159,380)

Note: During the six months ended 30 June 2018, exchange losses mainly arose from the exchange losses on loan from ultimate holding company, bank and other borrowings and the senior notes, all are denominated in United States dollars ("**US$**") which appreciated against RMB.

6. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on financial liabilities at amortised cost:		
Bank and other borrowings	**1,153,106**	996,118
Bonds and senior notes	**132,198**	122,815
Loans from related companies	**125,313**	63,870
Lease liabilities	**35,159**	–
Total borrowing costs	**1,445,776**	1,182,803
Less: amounts capitalised in the cost of qualifying assets	**(26,970)**	(120,345)
	1,418,806	1,062,458

Borrowing costs capitalised during the period arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.39% (six months ended 30 June 2018: 7.20%) per annum to expenditure on qualifying assets.

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("**EIT**"):		
Current tax	**70,518**	30,824
Deferred tax	**(3,252)**	(10,157)
Total	**67,266**	20,667

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

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

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

The Federal and state income tax rate in the US are calculated at 21% and 8.84% (six months ended 30 June 2018: 21% and 8.84%), respectively for the six months ended 30 June 2019. No provision for taxation in the US was made as these is no assessable profit for both of the reporting periods.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB83,000,000 (Six months ended 2018: nil) and no deferred tax has been provided for the remaining RMB2,689,728,000 (31 December 2018: RMB2,341,710,000, including RMB102,051,000 under asset classified as held for sale) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

8. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the six months ended 30 June 2019, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2018: Nil).

9. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	**410,222**	345,241
Effect of dilutive potential ordinary shares:		
Loss on changes in fair value of convertible bonds	**–**	3,888
Profit for the purpose of diluted earnings per share	**410,222**	349,129

	Six months ended 30 June	
	2019	2018
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share:	**19,073,715**	19,073,715
Effect of dilutive potential ordinary shares:		
Convertible bonds	**–**	265,252
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**19,073,715**	19,338,967

Diluted earnings per share did not assume the exercise of the share options since the exercise price of the relevant share options are higher than the share price of the respective entities for both reporting periods.

10A. TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**4,279,368**	2,981,150
Prepayment and deposits	**189,342**	253,795
Other receivables		
– Advance to Borrowers	**19,086**	16,932
– Consultancy services fee receivables	**14,281**	14,527
– Consideration receivable from disposal of subsidiaries	**363,680**	16,141
– Advance to non-controlling interest shareholder	**21,546**	59,740
– Interest receivables	**91**	958
– Receivables for modules procurement	**136,349**	147,576
– Refundable value-added tax	**969,883**	1,194,357
– Others	**320,127**	245,282
	6,313,753	4,930,458

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

Trade receivables include bills received amounting to RMB225,133,000 (31 December 2018: RMB141,560,000) held by the Group for future settlement of trade receivables, of which certain bills issued by third parties are further endorsed by the Group with recourse for settlement of payables for purchase of plant and machinery and construction costs, or discounted to banks for cash. The Group continues to recognise their full carrying amount at the end of both reporting periods. All bills received by the Group are with a maturity period of less than 1 year.

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

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
Unbilled *(Note)*	**3,449,503**	2,454,010
0–90 days	**268,970**	177,369
91–180 days	**18,832**	95,101
Over 180 days	**316,930**	113,110
	4,054,235	2,839,590

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

10B. CONTRACT ASSETS

The contract assets primarily relate to the portion of tariff adjustments for the electricity sold to the local state grid companies in the PRC in which the relevant on-grid solar power plants are still pending for registration in the Catalogue. The contract assets are transferred to trade receivable when the Group's respective operating power plants are registered in the Catalogue pursuant to prevailing national government policies on renewable energy for solar power plants. The Group considers the settlement terms contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant counterparties.

Any amount previously recognised as contract assets is reclassified to trade receivables at the point at which it is registered in the Catalogue. The balances as at 30 June 2019 and 31 December 2018 are classified as non-current as they are expected to be received after twelve months from the reporting date.

11. BANK AND OTHER BORROWINGS

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Bank loans	**17,847,853**	18,017,204
Other loans	**15,733,690**	14,646,071
	33,581,543	32,663,275
Secured	**29,470,434**	28,280,995
Unsecured	**4,111,109**	4,382,280
	33,581,543	32,663,275
The carrying amount of bank loans that are repayable on demand due to inability to respect loan covenants[#]	**3,524,559**	3,075,021
The carrying amount of the remaining bank loans and other loans	**30,056,984**	29,588,254
	33,581,543	32,663,275
Less: Amounts due within one year or repayable on demand due to inability to respect loan covenants (shown under current liabilities)	**(9,894,995)**	(8,323,115)
Amounts due after one year	**23,686,548**	24,340,160

During the six months ended 30 June 2019, GCL-Poly, being the guarantor of certain bank borrowings of the Group, was not able to meet the covenant requirement related to its financial ratios in respect a bank borrowing of GCL-Poly, and thereby triggered the cross default clauses in several bank borrowings of the Group of approximately RMB3,524 million. The directors of GCL-Poly informed the lender and commenced renegotiation of the terms of the bank borrowing with the relevant banker which waiver on strict compliance on the financial ratios by GCL-Poly have been obtained on 1 August 2019. As of 30 June 2019, negotiation had not been concluded.

Since the lender of GCL-Poly has not agreed to waive its right to demand immediate payment as at the end of the reporting period, certain bank borrowings of the Group subject to cross default terms amounting to RMB1,963 million in which will be due and repayable after June 2020 in accordance with the original repayment terms have been reclassified from non-current liabilities to current liabilities as at 30 June 2019.

As at 31 December 2018, GCL-Poly was not able to meet certain of the restrictive financial covenants of certain of its borrowings, and thereby triggered the cross default clauses in several bank borrowings of the Group of approximately RMB3,075 million. The directors of GCL-Poly informed the lenders and commenced renegotiation of the terms of the bank borrowings with the relevant bankers which waivers on strict compliance on the relevant financial covenant requirement by GCL-Poly have been obtained on 22 March 2019 and 27 March 2019. As of 31 December 2018, negotiation had not been concluded.

Since the lenders of GCL-Poly had not agreed to waive their right to demand immediate payment as at 31 December 2018, certain bank borrowings of the Group subject to cross default terms amounting to RMB1,936 million in which would be due and repayable after December 2019 in accordance with the original repayment terms had been reclassified from non-current liabilities to current liabilities as at 31 December 2018.

Included in other loans are RMB13,662 million (31 December 2018: RMB13,810 million) in which the Group entered into financing arrangements with financial institutions, pursuant to which the Group transferred the legal title of certain equipment of the Group to the relevant financial institutions and the Group is obligated to repay by instalments with a lease term ranging from 1.5 years to 14 years (31 December 2018: 2 year to 14.5 years). However, the Group continued to operate and manage the relevant equipment during the lease term without any involvement from the financing institutions. Upon maturity of the lease, the Group is entitled to purchase back the equipment at a minimal consideration, except for one of the financing arrangements with a financial institution that the Group can either exercise the early buyout option granted to the Group, in order to purchase back the relevant equipment at a pre-determined price in accordance with the financing agreement at the end of the seventh year of the lease term, or to purchase back the equipment from this financial institution at fair value upon the end of the lease period. Despite the arrangement involves a legal form of a lease, however, the transactions do not satisfy the requirement as a sale, accordingly, the Group accounts for the transferred proceeds as other loans.

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

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

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
Within one year	**1,562,048**	1,138,853
More than one year, but not exceeding two years	**379,311**	548,525
More than two years, but not exceeding five years	**866,100**	832,699
More than five years	**717,100**	554,944
	3,524,559	3,075,021

12. EVENTS AFTER REPORTING PERIOD

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the six months ended 30 June 2019.

CORPORATE GOVERNANCE PRACTICES

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2019, the Company complied the code provisions set out in the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), except for code provision E.1.2:

Code provision E.1.2 requires that the chairman of the Board should attend the annual general meeting. Mr. ZHU Yufeng, the Chairman of the Board was unable to attend the annual general meeting of the Company held on 12 June 2019 in person as he had another business engagement. Mr. Zhu attended the meeting by telephone conferencing. Mr. YEUNG Man Chung, Charles, a non-executive Director of the Company, attended in person and took the chair of the meeting on behalf of the Chairman of the Board and answered questions from the shareholders.

COMPLIANCE WITH MODEL CODE

The Board adopted its own model code of conduct regarding Directors' securities transactions with terms no less exacting than the required standard as set out in Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix 10 to the Listing Rules. Having made specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2019.

AUDIT COMMITTEE

The audit committee of the Company has reviewed, with the management of the Group, the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters including a review of the Company's interim report and interim results for the six months ended 30 June 2019.

AUDITOR

The Company's external auditor, Deloitte Touche Tohmatsu, has conducted a review of the Interim Financial Information of the Group for the six months ended 30 June 2019 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The following is an extract of the independent auditor's report on review of the Group's interim financial information for the six months period ended 30 June 2019 which has included material uncertainty related to going concern paragraph, but without qualification:

CONCLUSION

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

Material Uncertainty Related to Going Concern

We draw attention to note 1A to the unaudited condensed interim consolidated financial statements, which indicates that as of 30 June 2019, the Group's current liabilities exceeded its current assets by RMB11,296 million, and as at 30 June 2019, the Group has entered into agreements to construct solar power plants which will involve capital commitments of approximately RMB568 million. At 30 June 2019, GCL-Poly Energy Holdings Limited ("**GCL-Poly**"), its parent company and being the guarantor of certain bank borrowings of the Group, was not able to meet a financial covenant as stipulated in the loan agreement of an another bank borrowing. In addition, the inability to respect certain covenant requirements has triggered the cross default clauses in several other bank borrowings of the Group. Subsequent to the end of the reporting period, GCL-Poly has obtained consent from the relevant lender to waive the financial covenant concerned and not to demand for immediate repayment of such bank borrowing. Notwithstanding this, reclassification of long-term borrowings of approximately RMB1,963 million as current liabilities is still required at 30 June 2019 under applicable accounting standard because the bank waiver was obtained subsequent to the end of the reporting period.

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

PUBLICATION OF 2019 INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of HKEXnews (http://www.hkexnews.hk) and the Company (http://www.gclnewenergy.com). The 2019 Interim Report will be available on the aforementioned websites and despatched to shareholders in due course.

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, 6 August 2019

As at the date of this announcement, the Board comprises Mr. Zhu Yufeng (Chairman), Mr. Sun Xingping and Ms. Hu Xiaoyan as executive Directors; Ms. Sun Wei, Mr. Sha Hongqiu, Mr. Yeung Man Chung, Charles and Mr. He Deyong 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.