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

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

About GCL New Energy

- A renowned privately-owned solar IPP in China which owned and operated a national portfolio of 211 solar power plants across 26 provinces, together with solar power plants in the US, the total installed capacity was 7.1GW (Subsidiaries: approximately 5.7GW; Joint ventures and associates: approximately 1.4GW) as of 31 December 2019
- Included in the trading list of Shenzhen-Hong Kong Stock Connect and Hang Seng Stock Connect Hong Kong Index, gaining recognition from Chinese capital market
- Owned 62.3% by GCL-Poly (3800.HK), a world's leading polysilicon producer and largest wafer supplier

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

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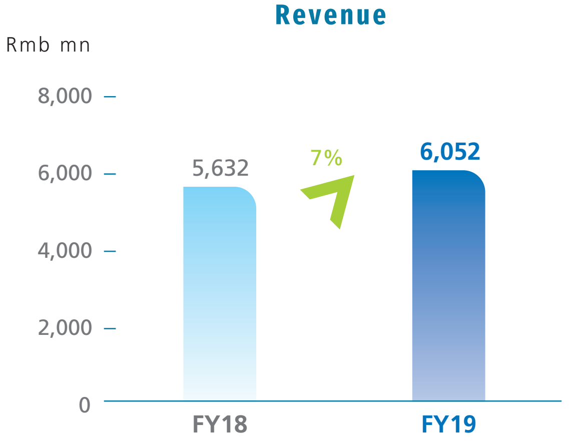
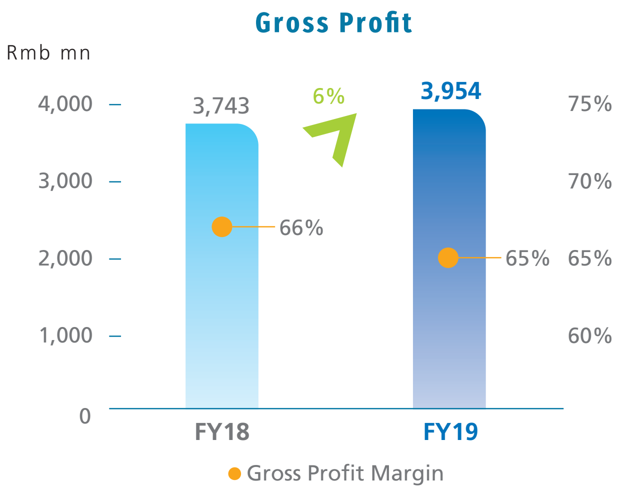
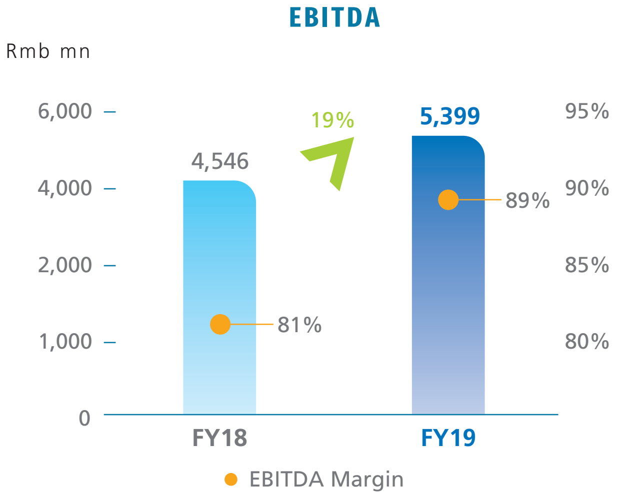
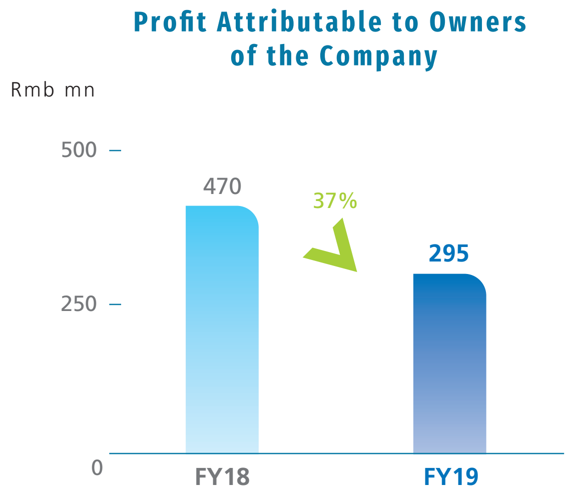
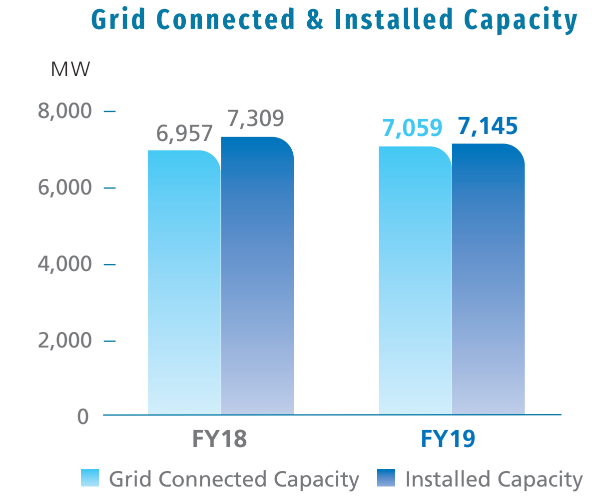
2019 Performance Summary

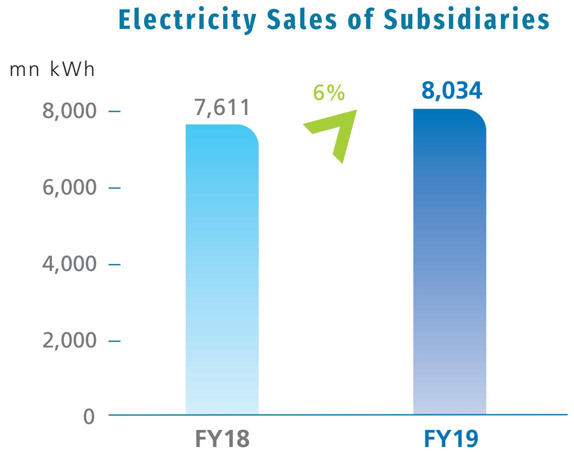








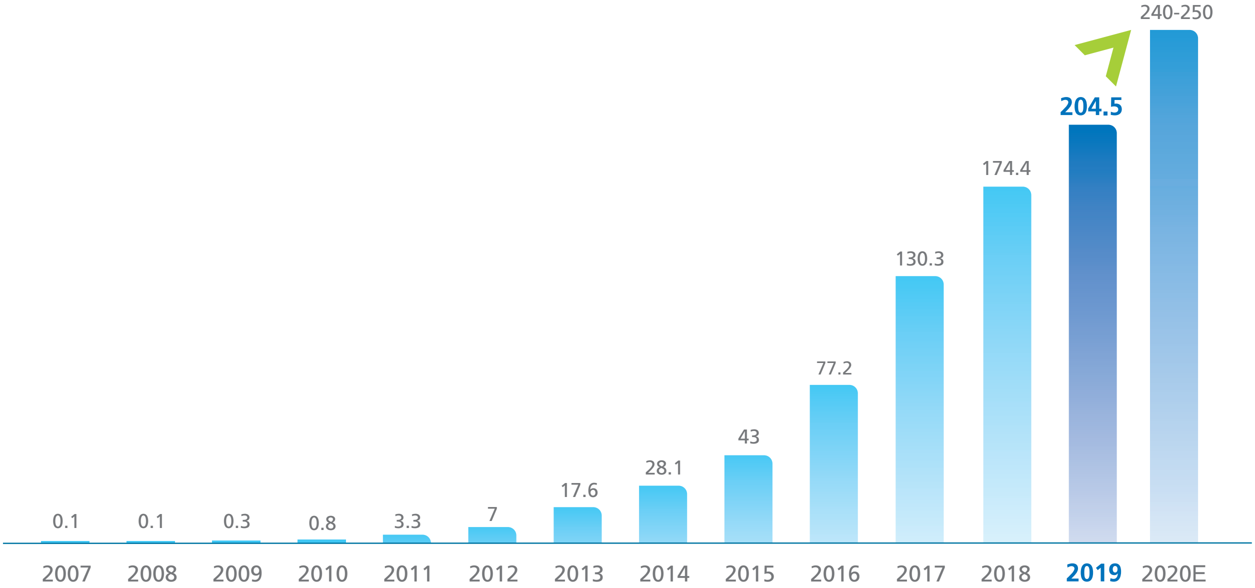




In 2019, China's solar energy industry has made strides amid fluctuations arose in the transition from subsidy-driven, to a market driven by grid-parity projects. As the entire domestic solar market faced a year of downturn, GCL New Energy remained steadfast and made a concerted effort to progress steadily with satisfactory results achieved.

During the Year, we continually made "adjusting structure, lowering debt, sustaining cash flow and refining operation" as our key strategies, meanwhile, resolutely carried out our main priorities of strategic investors introduction, light-asset operation, financing channels expansion and cash flow conversion to demonstrated our determination in implementing the strategic transformation of GCL New Energy with practical actions.

China's Accumulated Installed Capacity (GW)



Despite the domestic economy faced with mounting downward pressure in 2019, the total electricity consumption still maintained a steady growth of 4.5% to 7.2 trillion kWh with the development of renewable energy raising to a higher level. According to the data released by the China Electricity Council on 21 January 2020, the structure of domestic electricity supply and demand in 2019 continued to shift to clean low-carbon power generation sources and the power generation of non-fossil fuel based energy maintained relatively fast growth, among which, solar power generation increased by 26.5% as compared to 2018.

In terms of solar power policy, after nearly half a year of preparation and adjustment, the domestic solar power policy was implemented in mid-2019 which enabled the policy and mechanism to become clearer. However, due to the belated introduction of the new policy and installation of the parity projects and bidding projects were not compulsorily required to connect to the grid by the end of 2019, the installation of domestic solar power capacity increased by approximately 30.1GW in 2019, representing a year-on-year decrease of approximately 31.5%.

Nevertheless, the bidding projects approved in 2019 are expected to be completed on around 31 March or 30 June 2020, together with the bidding projects and grid parity projects to be approved in 2020, the newly installed solar capacity is set to increase significantly in 2020.

On 20 January 2020, the Ministry of Finance (the "MOF"), the National Development and Reform Commission (the "NDRC") and the National Energy Administration (the "NEA") jointly issued the Opinions on Promoting Healthy Development of Non-hydro Renewable Energy Power Generation (《關於促進非水可再生能源發電健康發展的若干意見》) ("Opinions") which indicated that solar power and other renewable energy sources have basically met the conditions for standing at parity with traditional energy sources such as coal-fired power generation. Through launching the Opinions to define the current subsidy mechanism of relevant projects, improve market resources allocation and modify the gradual fade out of subsidy mechanism, and optimize the subsidy payment process so as to facilitate the healthy and stable development of non-hydro renewable energy power generation. Meanwhile, the MOF, the NDRC and the NEA jointly issued the revised Measures for the Administration of Renewable Energy Tariff Surcharge 《可再生能源電價附加資金管理辦法》(the "Measures") on 5 February 2020 to promote the development and utilization of renewable energy, regulate the management of renewable energy tariff surcharge and improve the efficiency of the use of funds.

According to the Opinions, the policy has established the rules and measures for granting subsidies. Subsidies will be determined in the form of "expenditure is determined by revenue" with the scale of new projects with subsidy will be determined by the increment in subsidy revenue in order to avoid arrears in subsidy payment for new projects. In addition, subsidy revenue will be increased in a number of ways, such as the launch of green electricity certificate transactions under the quota system to take effect from 1 January 2021 to alleviate the burden of subsidy for existing projects. At the same time, the Opinions requires improvement in the allocation of resources, modify the gradual fade out of subsidy mechanism and continuously promote the tariff reduction of ground mounted solar power plants as well as industrial and commercial distributed solar power plants. Through competitive bidding to allocate new projects and encourage financial institutions in accordance with the principle of marketization to support enterprises with solar power plant projects included in the subsidy catalogues.

According to the Measures, the State will through grid enterprises to replace the National Renewable Energy Tariff Surcharge Catalogue for verifying the projects list that are entitled for subsidies and determining the sequence of subsidies distribution. In order to ensure that the subsidy funds will be timely distributed on an annual basis, the subsidies will be allocated by the MOF to the State Grid Corporation of China ("State Grid"), China Southern Power Grid and provincial finance departments in accordance with the annual surcharge income budget for renewable energy. And the grid enterprises will distribute the subsidies according to the sequence of the projects list. Optimizing the subsidy payment process is expected to allow subsidies to be released on a regular basis, and enable the delay of subsidy payment to be resolved soon.

As the national policies continue to support the development of renewable energy such as solar power generation, combined with the remarkable technological progress of the entire solar power value chain that the efficiency of cells and conversion of modules have been consistently improving, providing strong support for domestic solar power generation to reach grid parity. It is widely expected that the next two to three years are critical for the domestic solar power industry to reach solar power grid parity, which will bring continuous growth to the installed capacity of solar power, and therefore will be conducive to the long-term development of the industry.

In order to seize the enormous opportunities arise in the future solar market, GCL New Energy has adopted strategically transformation since 2018 by striving to introduce strategic investors and dispose of assets. During the year, we completed asset disposal of approximately 1.6GW in total and will recover a total cash of approximately RMB2.65 billion. Meanwhile, the Group confirmed the cooperation model with China Huaneng Group Co., Ltd. ("China Huaneng Group"). On 21 January 2020, the Group announced entering into the First Phase Share Purchase Agreements with China Huaneng, and intended to further explore other cooperation opportunities and actively facilitate the disposal of other batches of assets after the transaction. These measures not only alleviated the Group's cash flow pressures, but also signified a great stride forward towards GCL New Energy's asset light operation in the future.

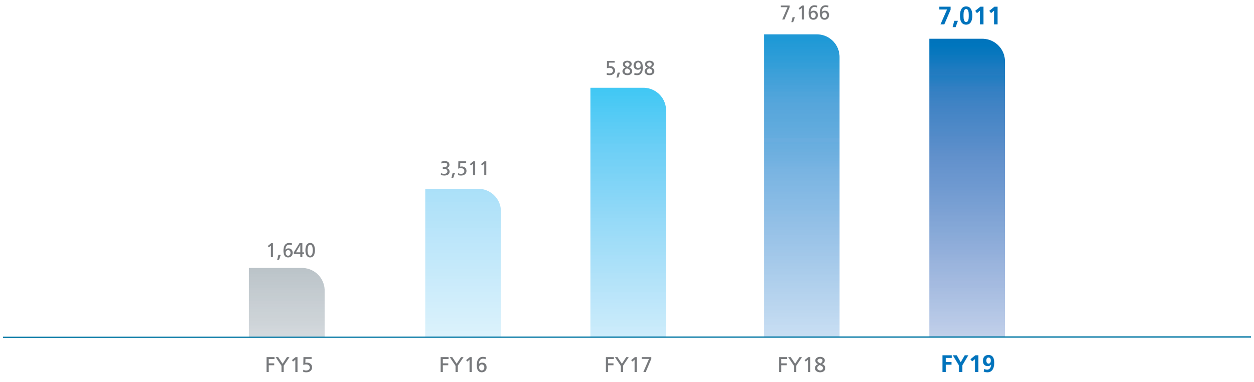
Looking into the future, the Group will continue to make "lowering debt" as its top development priority in 2020 by facilitating the introduction of strategic investors and disposal of assets to accelerate the pace of strategic transformation. With the support of the government, we believe that clean energy will continue to be the direction of future development. As a pillar of clean energy, GCL New Energy will bear the responsibility and mission in the new era, against all odds and strive to bring green power to life. On behalf of the Board, I would like to take this opportunity to express my sincerest gratitude to all the employees of GCL New Energy!

Zhu Yufeng
Chairman

Looking back to 2019, GCL New Energy actively coped with multiple challenges and continued to make "lowering debt" and sustaining cash flows as its top priorities. Under the leadership of the Board and management, it facilitated the implementation of strategic transformation and successfully accelerated the development of off-balance sheet business.

For the year ended 31 December 2019 (the "Year"), after deducting the disposed assets, the total installed capacity of the Group was approximately 7,145MW, of which approximately 5,710MW was from subsidiaries and approximately 1,435MW was from joint ventures and associates. Its grid connected capacity was approximately 7,059MW, of which approximately 5,624MW was from subsidiaries and approximately 1,435MW was from joint ventures and associates. The sales volume of solar electricity was approximately 8,762 million kWh, representing an increase of approximately 12% as compared to last year.

Total Installed Capacity in China (MW)
(Including subsidiaries, joint ventures and associates)



During the Year, the Group recorded an increase of approximately 7% and a decrease of approximately 37% respectively in revenue and profit attributable to owners of the Company to approximately RMB6.05 billion and approximately RMB295 million, respectively.

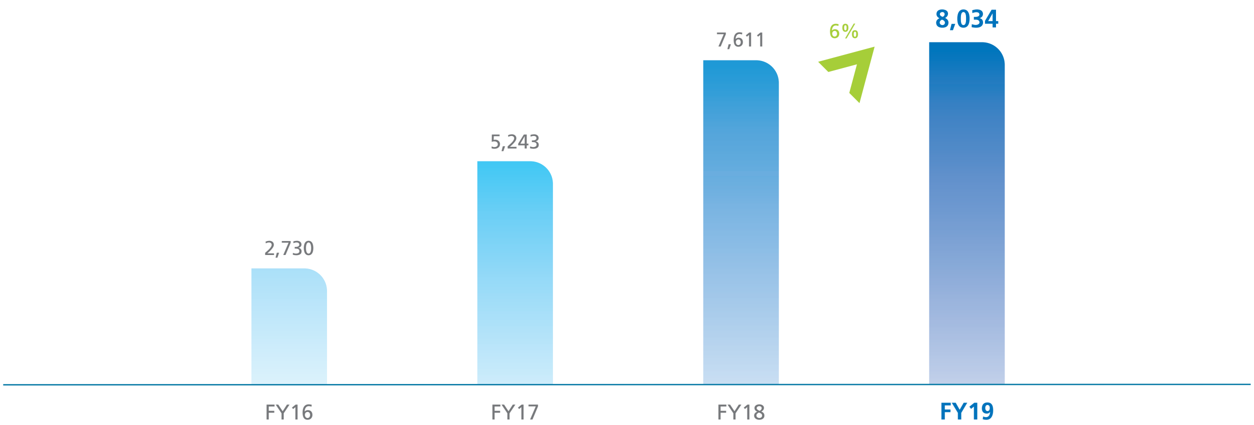
Facilitating the development of off-balance sheet business

During the Year, the Group successfully reinforced the strategic cooperation with domestic centralized management enterprises (the "Central Enterprises") and local state-owned enterprises (the "State-owned Enterprises") at the project level. Though the strong alliances to leverage on the complementary advantages of the strategic partners to accelerate capital inflow and enhance projects profitability, laying a solid foundation for embracing the enormous opportunities arise from solar power gird parity in the future.

At the project level, the Group completed four asset disposal transaction announced respectively in 2018 and 2019 during the Year. On 28 March 2019, the Group announced a transaction in relation to the disposal of 55% equity interest in approximately 280MW solar power plant projects to Wuling Power Corporation Ltd.* (五凌電力有限公司), a subsidiary of China Power International Development Limited (中國電力國際發展有限公司), at a consideration of approximately RMB328 million, thereby reduced the scale of project-related debts by approximately RMB1.60 billion.

In addition, on 23 May 2019, the Group announced the disposal of 70% equity interest in certain of its subsidiaries that 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 total cash consideration of the transactions was approximately RMB1.44 billion, together with the recoverable dividends of approximately RMB322 million, the net cash proceeds from the transactions (net of estimated taxes and transaction costs) amount to a total of approximately RMB1.76 billion, thereby reduced the scale of project-related debts by approximately RMB6.0 billion.

Total Electricity Sales of Subsidiaries (Million kWh)



Meanwhile, the Group also completed two asset disposal transactions announced at the end of 2018 during the Year. In October 2018, the Group contracted to dispose 80% equity interest in approximately 160MW solar power plant projects and the corresponding shareholder’s loan to CGN Solar Energy Development Co., Ltd.* (中廣核太陽能開發有限公司) at a consideration of approximately RMB306 million, thereby reduced the scale of project-related debts by approximately RMB1.13 billion. In addition, in December 2018, the Group sold its entire equity interest in approximately 140MW solar power plant projects to China Three Gorges New Energy Co., Ltd.* (中國三峽新能源有限公司) at a consideration of approximately RMB251 million, thereby reduced the scale of project-related debts by approximately RMB703 million.

As a result of the above four transactions, the Group will receive a total cash of approximately RMB2.65 billion (after deducting transaction costs) to repay debts. As the project-related debts will no longer be consolidated, the scale of the Company’s debt reduced by a total of approximately RMB9.43 billion. As of 31 December 2019, the Group’s gearing level dropped by approximately 2 percentage point to approximately 82.0% as compared to last year. The Group’s liquidity was improved after receiving proceeds from the disposal of solar power plant projects.

As the Group continued to provide operation and maintenance (“O&M”) services for most of the disposed solar power plant projects, contributing about 1.4GW of solar power plant projects to the Group’s O&M business, generating stable annual continuous management fees and gaining a new source of income. At the same time, the strategic partners will replace the related debts of the solar power plant projects by making use of its financial advantages, so as to reduce the financing costs and enhance the yield of projects.

Meanwhile, the Group and China Huaneng Group reached a cooperation agreement most favorable to both parties to create a win-win situation. On 21 January 2020, the Group announced the first share purchase agreement with China Huaneng Group to dispose seven solar power plants with a total installed capacity of about 294MW. Under the first share purchase agreement, two indirectly-owned subsidiaries of the Group agreed to sell 60% of the sale shares to Huaneng Gongrong No. 1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融一號（天津）股權投資基金合夥企業（有限合夥）) and 40% of the sale shares to Huaneng Gongrong No. 2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融二號（天津）股權投資基金合夥企業（有限合夥）) at a total consideration of approximately RMB850 million. The net cash proceeds from this transaction (excluding estimated tax and transaction costs and including consideration, total outstanding balance and dividend payable) is expected to be approximately RMB1.08 billion which GCL New Energy intends to use for repayment of its debt. As the project-related debts of approximately RMB1.58 billion will not be consolidated into the financial statements after completion of the transaction, the financial risk will be effectively reduced.

The transaction is expected to be completed in 2020. After completing the transaction, GCL New Energy and China Huaneng Group will further explore other cooperation opportunities and actively push forward the disposal of other batches of solar power plants as both parties intend to reach and complete more agreements on solar power plants disposal in the near future.

Expanding financing channels to guarantee cash flow

The financial market in 2019 was full of challenges. GCL New Energy, by making persistent explorations and efforts, further strengthened the overall management and use of funds, improved the efficiency of funds, and continuously optimized its financial structures, with an aim to minimize the negative effects through all effective measures.

The Group’s new financing needs were significantly reduced in 2019, however, due to the increase in average borrowing interest rate, and the newly added solar power projects in 2018 were in full operation during the year, hence the capitalized interest expenses were lowered during the Year, thereby the total finance costs increased by approximately 27% year on year to RMB2.88 billion.

Prospects

Moving forward with light assets, and embracing the reach of grid parity

In the past year, through continuous improvement of operation and strategic management, GCL New Energy has successfully overcome various difficulties and leaped forward in strategic transformation. In the year to come, the Group will continue to adhere to "asset-light, debt reduction and cash assurance "and work hard in all aspects to lay a solid foundation for seizing the opportunities arise from grid parity in the future.

Renewable energy has been maintaining a green, low-carbon and efficient development model. With the vigorous promotion and support of the government, the use of renewable energy has increased significantly, and the market generally expects that the proportion of non-fossil fuel based energy generation in primary energy consumption will reach the target of 15% by 2020. As the key player of the energy transition, the scale of solar power generation not only continues to grow, but the technology level has also improved remarkably. With accelerating quality and efficiency, the utilization of solar electricity and resources will be further enhanced, and the curtailment of solar energy and curtailment rate are expected to maintain at a reasonable level. The solar power generation has entered into a high-quality development stage, and the technological progress has brought about the advent of grid parity.

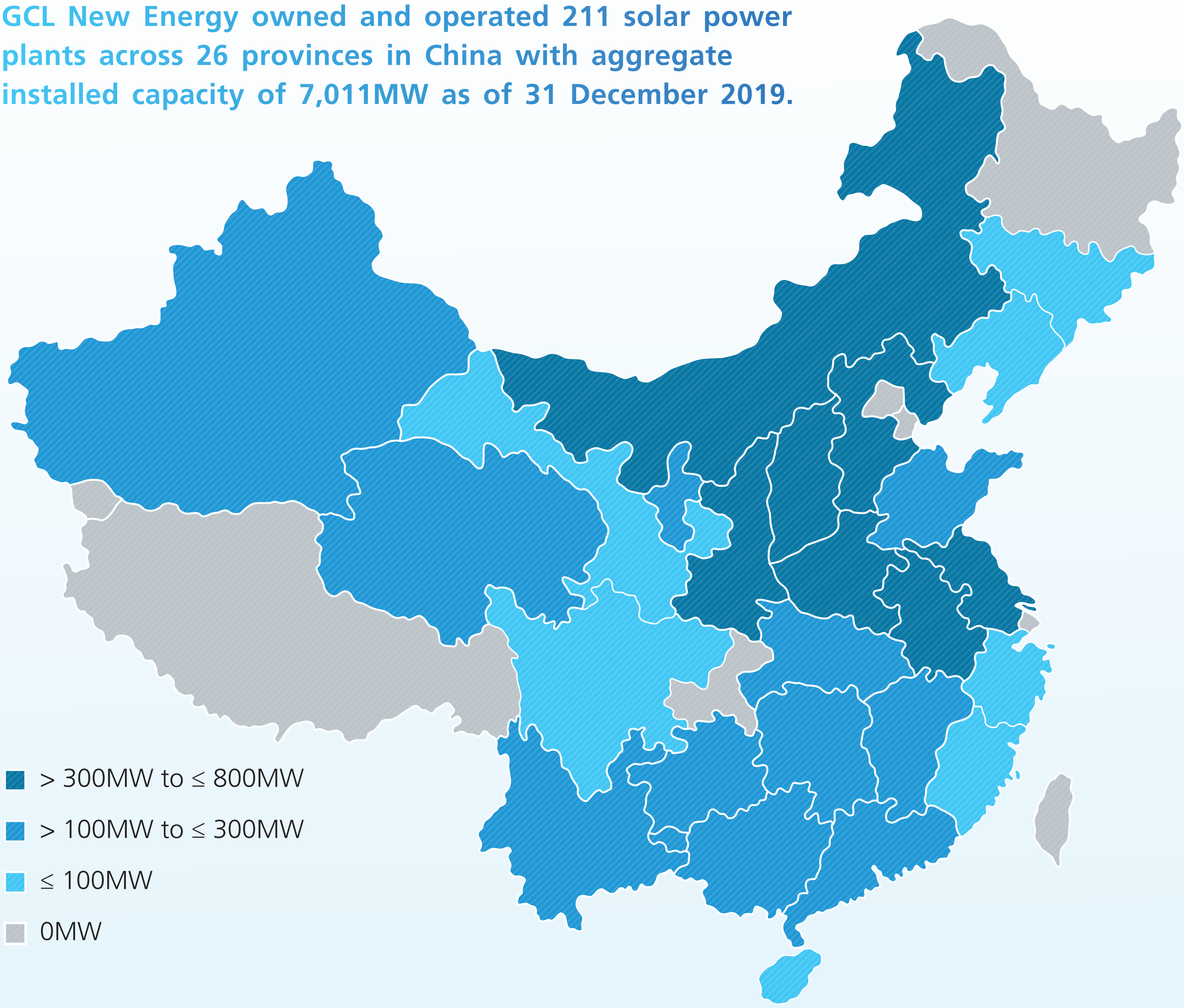
China's solar energy industry is currently in a transitional period to grid parity. The government has been implementing a series of policies to address the issues arising in the solar energy industry to meet the needs of renewable energy development, indicating the irreversible trend of grid parity. The advent of grid parity will benefit the adjustment of energy structure and the development of more mature business models and rules regarding the renewable energy industry. The first list of grid parity projects published in mid-2019 signified the reach of grid parity in China. Due to the delayed subsidy payment and uncertainties of distribution, the risk of investing in solar power station projects development increased significantly. However, the advent of grid parity will make the return of investment in solar power stations more predictable, the cash flow more stable and the project return more visible. The Group believes that the reach of grid parity will be a major turning point for the entire solar energy industry and will fuel the expansion of solar capacity.

In order to capture such a valuable opportunity, the Group will continue to strengthen its own corporate advantages with financial security as its primary development objective. In terms of strategic transformation, the Group will consistently push forward the development of asset-light projects, actively expand new strategic cooperation channels and explore more feasible cooperation models with state-owned enterprises so as to keep GCL New Energy leading the development of clean energy in China.

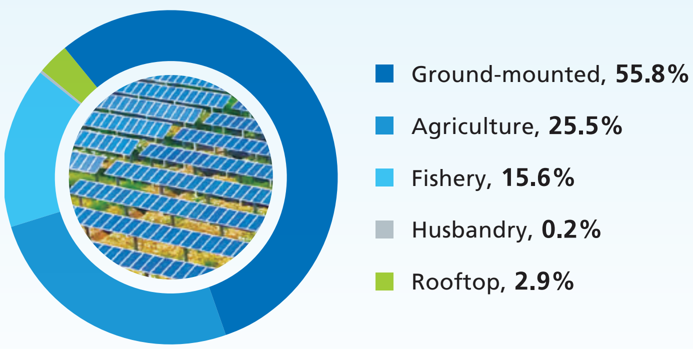
Mo Jicai
President

Projects Overview in China

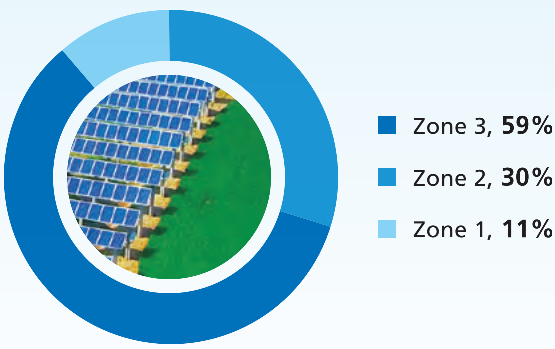
GCL New Energy owned and operated 211 solar power plants across 26 provinces in China with aggregate installed capacity of 7,011MW as of 31 December 2019.



Total Capacity by Project Type



Total Capacity by Zone



Total Installed Capacity in China: 7,011MW

Management Discussion and Analysis

Overview

For the year ended 31 December 2019, the revenue of the Group amounted to RMB6,052 million, representing an increase of 7% as compared to RMB5,632 million for the same period last year. Profit attributable to owners of the Company amounted to RMB295 million (2018: RMB470 million).

The decrease in profit attributable to owners of the Company by 37% during the year ended 31 December 2019 was mainly attributable to combined effect of the following:

1. an increase in sales volume of electricity of the solar power plants by 6% from approximately 7,611 million kWh in 2018 to approximately 8,034 million kWh in 2019;

2. a decrease in exchange loss of RMB311 million, from RMB405 million for the year ended 31 December 2018 to RMB94 million for the year ended 31 December 2019. The exchange loss is mainly caused by the appreciation of USD against RMB for USD denominated indebtedness;

3. an increase in share of profits of joint ventures and associates from RMB4 million to RMB73 million due to share of profits from several profit making associates and joint ventures, which were previously owned by the Group as subsidiaries;

4. a bargain purchase from business combination of RMB74 million during the year ended 31 December 2019 (2018: Nil);

5. the increase in finance costs by 27%, from RMB2,277 million to RMB2,882 million due to increase in average interest bearing debts to fund business expansion and increase in average interest rate; and

6. increase in income tax expenses from RMB7 million to RMB178 million mainly because some of the solar power plants had passed the three year exemption period for PRC income tax and dividends withholding tax of RMB49 million (2018: Nil) was provided during the year ended 31 December 2019.

Business Review

Capacity and Electricity Generation

As at 31 December 2019, the aggregate installed capacity of grid-connected solar power plants of the Group, including subsidiaries, joint ventures and associates, was 7,145MW (31 December 2018: 7,309MW). Details of capacity, electricity sales volume and revenue for the year ended 31 December 2019 are set out below.

Places	Tariff Zones	Number of solar power plant	Aggregate Installed Capacity[1] (MW)	Grid-connected Capacity[1] (MW)	Electricity Sales Volume (million kWh)	Average Tariff (Net of Tax) (RMB/kWh)	Revenue (RMB million)
Inner Mongolia	1	11	358	358	606	0.75	452
Ningxia	1	6	233	233	248	0.94	232
Qinghai	1	3	107	107	150	0.83	125
Xinjiang	1	2	81	81	124	0.69	85
	Zone 1	**22**	**779**	**779**	**1,128**	**0.79**	**894**
Shaanxi	2	18	1,018	1,018	1,166	0.78	912
Qinghai	2	6	179	179	239	0.69	165
Yunnan	2	8	279	279	378	0.62	235
Sichuan	2	2	85	85	132	0.75	99
Jilin	2	4	51	51	77	0.75	58
Xinjiang	2	2	47	47	62	0.73	45
Liaoning	2	3	47	47	60	0.72	43
Gansu	2	2	39	39	49	0.69	34
Hebei[4]	2	—	—	—	241	0.74	178
Shanxi[4]	2	—	—	—	127	0.87	110
Inner Mongolia[4]	2	—	—	—	46	0.65	30
	Zone 2	**45**	**1,745**	**1,745**	**2,577**	**0.74**	**1,909**
Henan	3	14	584	584	751	0.74	557
Jiangsu	3	41	565	565	660	0.81	536
Anhui	3	12	410	410	501	0.84	423
Guizhou	3	6	235	235	226	0.81	182
Guangdong	3	8	219	133	139	0.81	113
Jiangxi	3	5	192	192	203	0.97	197
Shandong	3	6	190	190	260	0.77	201
Hubei	3	4	165	165	201	0.85	171
Guangxi	3	3	160	160	157	0.77	121
Hunan	3	5	101	101	96	0.95	91
Hainan	3	3	80	80	101	0.84	85
Zhejiang	3	3	62	62	59	1.07	63
Fujian	3	3	55	55	53	0.81	43
Hebei	3	1	21	21	223	0.87	193
Shanghai	3	1	7	7	7	1.14	8
Shaanxi	3	1	6	6	6	0.67	4
Shanxi[4]	3	—	—	—	465	0.69	320
	Zone 3	**116**	**3,052**	**2,966**	**4,108**	**0.81**	**3,308**
Subtotal		**183**	**5,576**	**5,490**	**7,813**	**0.78**	**6,111**
Japan		—	—	—	4	2.25	9
US		2	134	134	217	0.38	83
Total of Subsidiaries		**185**	**5,710**	**5,624**	**8,034**	**0.77**	**6,203**
Joint ventures and associates[2]							
PRC		28	1,435	1,435	724	0.84	606
Japan		—	—	—	4	2.00	8
Total		**213**	**7,145**	**7,059**	**8,762**	**0.78**	**6,817**

	Revenue (RMB million)
Representing:	
Electricity sales	2,429
Tariff adjustment — government subsidies received and receivable	3,774
Total of subsidiaries	6,203
Less: effect of discounting tariff adjustment to present value(3)	(151)
Total revenue of the Group	**6,052**

(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 2.55% to 3.01% per annum.

(4) The subsidiaries were disposed of during the year ended 31 December 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 years ended 31 December 2019 and 31 December 2018.

Financial Review

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

	For the year ended 31 December 2019 RMB million	31 December 2018 RMB million	% of changes
Revenue	**6,203**	5,784	7%
Effect of discounting tariff adjustment (government subsidies)	**(151)**	(152)	(1%)
Revenue, after discounting	**6,052**	5,632	7%
Gross profit	**3,954**	3,743	6%
EBITDA*	**5,399**	4,546	19%
Profit for the year attributable to:			
Owners of the Company	**295**	470	(37%)
Non-controlling interests			
— Owners of perpetual notes	**162**	135	20%
— Other non-controlling interests	**148**	144	3%
	605	749	(19%)

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

Revenue

During the year ended 31 December 2019, revenue of the Group comprised sales of electricity and related tariff adjustment (i.e. government subsidies) amounting to approximately RMB6,052 million (2018: RMB5,632 million), net of effect of significant financing component on tariff adjustment to its present value of approximately RMB151 million (2018: RMB152 million). The significant increase in revenue was mainly attributable to the increase in sales of electricity of the solar power plants by 9% 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 RMB0.77/kWh (2018: RMB0.76/kWh).

In terms of revenue generated by tariff zone from the PRC for the year ended 31 December 2019, approximately 15%, 31% and 54% of revenue were generated from zone 1, zone 2 and zone 3 respectively (2018: 16% for zone 1, 29% 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 year ended 31 December 2019 was 65.3%, as compared to 66.5% for the year ended 31 December 2018. The cost of sales mainly consisted of depreciation, which accounted for 80.6% (2018: 79.2%) of cost of sales, with the remaining costs being operation and maintenance costs of solar power plants.

Other Income

During the year ended 31 December 2019, other income mainly included interest income arising from contracts containing significant financing component of RMB118 million (2018: RMB111 million), management services income for managing and operating solar power plants of RMB69 million (2018: RMB59 million), consultancy income of RMB32 million (2018: RMB12 million) and bank interest income of RMB22 million (2018: RMB20 million).

Administrative Expenses

Administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses increased to RMB695 million for the year ended 31 December 2019 (2018: RMB627 million). The increase in administrative expenses was mainly due to full period effect of such expenses in 2019 after rapid expansion in 2018.

Other gains and losses, net

During the year ended 31 December 2019, other gains and losses amounted to a net loss of RMB49 million (2018: RMB353 million). The net loss for 2019 was mainly due to combined effect of exchange loss of RMB94 million (2018: RMB405 million), mainly arising from the appreciation of USD against RMB for USD denominated indebtedness, impairment loss on property, plant and equipment arising from typhoon accident of RMB57 million, and gain on disposal of property, plant and equipment of RMB43 million (2018: Nil) and joint ventures of RMB35 million (2018: Nil), and gain on disposal of solar power plant projects of RMB27 million (2018: RMB35 million).

Share of profits/(losses) of associates

During the year ended 31 December 2019, share of profits of associates amounted to RMB49 million (2018: Share of losses of associates of RMB1 million). The significant increase in share of profits is mainly due to share of profits from several profit making associates, which were previously owned by the Group as subsidiaries.

Share of profits of joint ventures

During the year ended 31 December 2019, the share of profits of joint ventures amounted to RMB24 million (2018: RMB5 million). The significant increase in share of profits is mainly due to gain on disposal of certain solar power plants in Japan by a joint venture.

Bargain purchase from business combination

During the year ended 31 December 2019, the Group recognised a bargain purchase from business combination of RMB74 million (2018: Nil) 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 year ended	
	31 December 2019 RMB million	31 December 2018 RMB million
Total borrowing costs	2,923	2,435
Less: Interest expenses capitalized	(41)	(158)
	2,882	2,277

Total borrowing costs amounted to RMB2,923 million for the year ended 31 December 2019 (2018: RMB2,435 million) representing an increase of 20% as compared with the year ended 31 December 2018. The increase in borrowing costs was mainly due to the increase in average borrowing interest rate for new and existing borrowings from approximately 6.5% in 2018 to approximately 7.4% in 2019 and increase in average borrowing balance as a result of the capital expenditure for expansion of solar power plants.

Income Tax Expenses

Income tax expenses for the year ended 31 December 2019 was RMB178 million (2018: RMB7 million). There is an increase in income tax expenses mainly because (1) some of the solar power plants had passed the three year's exemption period for PRC income tax. Most of our solar power plants are exempted from 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; and (2) dividends withholding tax of RMB49 million (2018: Nil) was provided during the year ended 31 December 2019.

Profit attributable to Owners of Perpetual Notes

Profit attributable to owners of perpetual notes amounted to RMB162 million for the year ended 31 December 2019 (2018: RMB135 million) as the interest rate on perpetual notes was increased from 7.3% to 9% in the forth quarter of 2018.

Profit attributable to Other Non-controlling Interests

Profit attributable to other non-controlling interests amounted to RMB148 million for the year ended 31 December 2019 (2018: RMB145 million).

Earnings before interest expense, tax, depreciation and amortisation

	For the year ended 31 December 2019 RMB million	31 December 2018 RMB million
Net Profit and EBITDA margin		
Profit for the period	**605**	749
Add: Finance costs	**2,882**	2,277
Income tax expenses	**178**	7
Depreciation and amortization	**1,734**	1,513
EBITDA	**5,399**	4,546
EBITDA margin	**89.2%**	80.7%

Dividend

The Board does not recommend the payment of dividend for the year ended 31 December 2019 (2018: Nil).

Property, Plant and Equipment

Property, plant and equipment was RMB42,970 million as at 31 December 2018 and RMB35,400 million as at 31 December 2019.

Right-of-use Assets

The Group has applied IFRS 16 and recognised right-of-use assets since 1 January 2019. As at 31 December 2019, the right-of-use assets amounted to RMB1,514 million (31 December 2018: Nil).

Deposits, Prepayment and Other Non-current Assets

As at 31 December 2019, non-current portion for deposits, prepayments and other non-current assets was RMB1,773 million (31 December 2018: RMB3,334 million), which mainly included approximately RMB1,716 million (31 December 2018: RMB2,160 million) for refundable value-added tax. There was no prepayment for EPC contracts and constructions as at 31 December 2019. (31 December 2018: RMB671 million). Due to the adoption of IFRS 16, prepaid rent for parcels of land was RMB474 million as at 31 December 2018, which was put in right-of-use assets as at 31 December 2019.

Contract assets

Contract assets primarily relate to the portion of tariff adjustments for electricity sold to 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 recognised 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 RMB5,640 million as at 31 December 2019, because some solar power plants were waiting for registration into the coming batches of Subsidy Catalogue.

Trade and Other Receivables

As at 31 December 2019, trade and other receivables of RMB4,959 million (31 December 2018: RMB4,930 million) mainly included trade and bills receivables of RMB3,050 million (31 December 2018: RMB2,981 million), refundable value-added tax of RMB741 million (31 December 2018: RMB1,194 million) and consideration receivable from disposal of subsidiaries of RMB277 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**	**Installed Capacity as at 31 December 2019 (MW)**	**31 December 2019 RMB million**	31 December 2018 RMB million
— Current	6th batch or before	431	**744**	679
— Current	7th batch	971	**1,697**	1,772
— Current	Poverty alleviation project	300	**155**	93
Sub-total		1,702	**2,596**	2,544
— Non-current contract asset	To be registered for the 8th batch or after	3,874	**5,640**	4,236
Total		5,576	**8,236**	6,780

Other Payables and Deferred Income

Other payables and deferred income decreased from RMB10,134 million as of 31 December 2018 to RMB5,968 million as of 31 December 2019. Other payables and deferred income mainly consisted of payables for purchase of plant and machinery and construction of RMB4,540 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, lease liabilities and loans from related companies.

As at 31 December 2019, bank balances and cash of the Group were approximately RMB1,073 million (2018: RMB1,362 million). For the year ended 31 December 2019, the Group's primary source of funding included cash generated from its operating activities and interest bearing borrowings.

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 RMB11,267 million as at 31 December 2019 (2018: 11,241 million). To address the net current liabilities position, the Group has taken several measures to generate sufficient cash inflow to the Group, which is set out in note 2 to the consolidated financial statements.

As at 31 December 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 RMB1,597 million is reclassified from non-current liabilities to current liabilities as of 31 December 2019. Subsequent to year end, GCL-Poly has obtained the waiver from the relevant banks for meeting the relevant financial covenant requirements. Therefore, the Directors consider that such event of default did not have any material adverse impact to the Group.

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 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 31 December 2019 and 31 December 2018 were as follows:

	31 December 2019 RMB million	31 December 2018 RMB million
Non-current indebtedness		
Loan from related companies	**918**	2,186
Bank and other borrowings	**19,410**	24,340
Bonds and senior notes	**3,471**	3,935
Lease liabilities	**1,095**	—
	24,894	30,461
Current indebtedness		
Loans from related companies	**646**	1,031
Bank and other borrowings	**11,523**	8,323
Bonds	**272**	—
Lease liabilities	**66**	—
	12,507	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	**37,401**	40,688
Less: cash and cash equivalents		
— continuing operations	**(1,073)**	(1,362)
— projects classified as held for sale	**—**	(45)
Pledged bank and other deposits		
— continuing operations	**(1,701)**	(2,031)
Pledged deposits at a related company	**(8)**	(18)
Net debts	**34,619**	37,232
Total equity	**9,970**	9,702
Net debts to total equity	**347%**	384%
Total liabilities	**44,446**	51,478
Total assets	**54,416**	61,180
Total liabilities to total assets	**81.7%**	84.1%

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

	31 December 2019 RMB million	31 December 2018 RMB million
Total banking and other facilities granted	**36,283**	38,945
Facilities utilised	**(35,459)**	(38,302)
Available facilities	**824**	643

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

	31 December 2019 RMB million	31 December 2018 RMB million
Renminbi ("RMB")	**31,922**	34,485
Hong Kong dollars ("HK$")	**197**	465
United States dollars ("US$")	**5,282**	5,562
Euro dollars ("Euro")	**—**	111
Japanese Yen ("JPY")	**—**	65
	37,401	40,688

Fund raising activities

The Company has no fund raising activities during the year ended 31 December 2019.

Pledge of Assets

As at 31 December 2019, the following assets were pledged for bank and other facilities granted to the Group:

— property, plant and equipment of RMB21,027 million (31 December 2018: RMB28,529 million);

— bank and other deposits (including deposits placed at a related company) of RMB1,709 million (31 December 2018: RMB2,049 million);

— rights to collect the sales of electricity for certain subsidiaries. As at 31 December 2019, the trade receivables and contract assets of those subsidiaries amounted to RMB4,143 million (31 December 2018: RMB6,568 million); and

— right-of-use assets of RMB15 million (31 December 2018: prepaid lease payments of RMB17 million).

In addition, lease liabilities of RMB1,162 million are recognised in respect of right-of-use assets amounting to RMB1,395 million as at 31 December 2019 due to the adoption of IFRS 16 since 1 January 2019.

Contingent Liabilities

In July 2019, the Group discounted certain bills provided from third parties with a total face value of RMB1,136,390,000 for short-term financing, and the liabilities relating to these arrangements were fully settled to these relevant third parties during the year. As at 31 December 2019, these bills were not yet matured and outstanding. In accordance with the relevant regulations in the PRC, the Group, being an endorser of the bills, is jointly and severally liable if the relevant bills are not settled by the issuer upon maturity. However, in the opinion of the Directors, the risk of default in payment of these bills is remote because they are guaranteed by reputable PRC banks. The maximum exposure to the Group of these outstanding bills was RMB1,136,390,000 as at 31 December 2019.

Capital and Other Commitments

As at 31 December 2019, the Group's capital commitments in respect of construction commitments related to solar power plants contracted for but not provided amounted to approximately RMB377 million (2018: construction commitment of RMB1,056 million and commitment to invest in joint ventures of RMB95 million, respectively) and other commitments for anti-poverty funds of RMB1,176 million (2018: RMB1,705 million).

Material acquisitions

For the year ended 31 December 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 date 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 year ended 31 December 2019, disposal 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 International Development Limited (中國電力國際發展有限公司), 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 a consideration of approximately RMB328 million in aggregate. Ruzhou, Jiangling and Xinan operates a number of solar power plants with a capacity of approximately 280MW in the PRC. The disposals were completed during the year ended 31 December 2019.

On 23 May 2019 the Group announced that it has entered into share transfer agreements with 上海榕耀新能源有限公司 Shanghai Rongyao New Energy Co., Ltd* ("Shanghai Rongyao"), an independent third party, for the disposal of 70% equity interest in a number of subsidiaries of the Group of which these subsidiaries own operational solar power plants in the PRC with an aggregate installed capacity of approximately 977MW. The disposal were completed during the year ended 31 December 2019.

* English name for identification only

Save as disclosed above, there were no other significant investments during the year ended 31 December 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 year ended 31 December 2019.

Events After the Reporting Period

Reference is made to the announcement on 21 January 2020 in relation to the disposal of 100% equity interest in a number of subsidiaries of the Group. These subsidiaries owned 7 operational solar power plants in the PRC with an aggregate installed capacity of approximately 294MW. This transaction is pending the approval by the shareholders of the Company and GCL-Poly in special general meetings.

Despite the outbreak of Coronavirus disease ("COVID-19") in the PRC in early 2020 and the subsequent quarantine measures imposed by the PRC government, the solar power plants of the Group continuously operated as usual. The Group has been paying close attention to the development of the COVID-19 outbreak, and implemented a series of precautionary and control measures, as well as evaluates the impact of the COVID-19 outbreak on the financial position and operating results of the Group. Given the dynamic nature of these circumstances, the Directors will continue to assess the financial effects on the Group but as of the date of this report, the Group is not aware of any material adverse effects on its consolidated financial statements as a result of the COVID-19 outbreak.

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 energy 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 energy industry will finally 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.

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 an 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 denominated loans to finance 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 31 December 2019, the Group had approximately 1,460 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 year ended 31 December 2019 was approximately RMB397 million (31 December 2018: RMB391 million).

Our Directors

Executive Directors

ZHU Yufeng *(Chairman)*

Aged 38, an executive Director and the chairman of the Board appointed on 11 December 2015 and joined the Board on 9 February 2015 as a non-executive Director and vice chairman of the Board. Mr. Zhu is also the chairman of the Nomination Committee, the Strategic Planning Committee, the Investment Committee and the Corporate Governance Committee of the Company, a member of the Remuneration Committee and a director of several subsidiaries of the Company.

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

MO Jicai

Aged 55, an executive Director and the president of the Company appointed on 15 January 2020. Mr. Mo is the vice-chairman of the Investment Committee, a member of both the Corporate Governance Committee and Strategic Planning Committee of the Company. Mr. Mo served as a vice president of Shunfeng International Clean Energy Limited (stock code of The Stock Exchange: 1165) between December 2013 and January 2020 and was responsible for finance, procurement and information technology matters. He served as the chief accountant of Yingda Changan Insurance Brokers Group Co., Ltd. of State Grid Yingda Group (國家電網英大長安保險經紀集團有限公司) between March 2009 and December 2013. Mr. Mo served as the general manager of China Electric Finance Company Limited (Eastern China branch) (中國電力財務有限公司華東分公司) between August 2005 and March 2009. He served as an accountant of the finance team and a vice manager of the audit department at Jiangsu Provincial Electric Power Bureau (江蘇省電力工業局) between August 1984 and September 2004. Mr. Mo obtained an MBA degree from the Fudan University.

HU Xiaoyan

Aged 48, an executive Director appointed on 9 May 2014. Ms. Hu is a director of several subsidiaries of the Company. Ms. Hu also serves as the vice-chairman of the Investment Committee and a member of both the Strategic Planning Committee and the Corporate Governance Committee. Ms. Hu Xiaoyan has been functionally responsible for the finance duties of the Company since 4 January 2019. Ms. Hu is currently serving as a director and senior business partner of Golden Concord, responsible for internal control, internal audit, legal management and supervision and risk management. Ms. Hu has been appointed as a director and a member of the audit committee of GCL System Integration with effect from June 2017 and July 2017, respectively. Ms. Hu has been appointed as a director and a member of the strategic planning committee of Sumin Investment Holdings Co., Ltd since December 2017 and April 2018, respectively. Ms. Hu has extensive experience in financial management, internal audit, risk control, strategic management and control, investment management and corporate governance. Ms. Hu obtained a Master degree in Business Administration from the China Europe International Business School in September 2008.

Non-Executive Directors

SUN Wei

Aged 48, a non-executive Director appointed on 9 May 2014. Ms. Sun is also a member of both the Remuneration Committee and the Strategic Planning Committee of the Company. Ms. Sun has been an executive director of GCL-Poly since 9 September 2016. She was an executive director of GCL-Poly from November 2006 to July 2007 and from October 2007 to January 2015 and was the honorary chairman of the Finance and Strategy Function of GCL-Poly. Ms. Sun is currently the vice chairman of Golden Concord and the joint president of China Hong Kong Economic Trading International Association. Ms. Sun was a non-executive director of Asia Energy Logistics Group Limited (stock code of the Stock Exchange: 351) from 26 January 2010 to 31 August 2016 and a non-independent director and a member of the nomination committee of GCL System Integration from 10 February 2015 to 2 December 2016. Ms. Sun has over 20 years of experience in the Group's investment and management, corporate finance, financial strategy and management experience. Ms. Sun obtained a degree of Doctor of Philosophy in Business Administration in 2005.

SHA Hongqiu

Aged 61, a non-executive Director appointed on 9 February 2015. Mr. Sha served as an executive director of GCL-Poly from November 2006 to November 2012 and served as a president and executive president of GCL-Poly during the period from November 2006 to August 2009 and from August 2009 to August 2019 respectively. Mr. Sha has been awarded various titles, including the Outstanding Entrepreneur of Xuzhou* (徐州市優秀企業家) in 2000 and the Outstanding Enterprise Manager of Taicang* (太倉市優秀企業管理人才) in 2005. He graduated from the China University of Mining and Technology in 1986, majoring in enterprise management. Mr. Sha is a Senior Economist. Mr. Sha has over 15 years of experience in the operation and management of power plant.

YEUNG Man Chung, Charles

Aged 52, a non-executive Director appointed on 18 September 2015. Mr. Yeung is also a member of the Corporate Governance Committee of the Company. He is currently an executive director, the chief financial officer, the company secretary as well as a member of the nomination committee, corporate governance committee and strategy and investment committee of GCL-Poly. Mr. Yeung has been the vice president of Golden Concord Group Limited, a company controlled by Zhu Family Trust, since November 2017. Mr. Yeung is currently an independent non-executive director of Tree Holdings Limited (stock code of the Stock Exchange: 8395) and a director of Millennial Lithium Corp., a company with its shares listed on the TSX Venture Exchange in Canada. Mr. Yeung previously served as a partner of Deloitte Touche Tohmatsu and was a part-time member of the Central Policy Unit of the Government of Hong Kong Special Administrative Region. When Mr. Yeung left Deloitte Touche Tohmatsu in March 2014, he was the Head of Corporate Finance Advisory Services, Southern China. Mr. Yeung has a Bachelor of Business degree with major in accounting and he is also a member of The Hong Kong Institute of Certified Public Accountants and CPA Australia (formerly, the Australian Society of Certified Practising Accountants). Mr. Yeung has over 25 years of experience in accounting, auditing and financial management.

HE Deyong

Aged 48, a non-executive Director appointed on 1 May 2018. Mr. He has in-depth corporate finance experience and multicultural exposure across manufacturing, shipping, real estate, mining, logistics and leasing industries with European, American and Asian companies. Mr. He had been the deputy chief financial officer (in charge of treasury and corporate finance, international business and new business) of Huaxin Cement Co., Ltd., a board director, acting chief financial officer and corporate treasury director of Suntech Power Co., Ltd., treasury director of IMC Pan Asia Alliance (China) Co., Ltd. etc.. Mr. He obtained a Master's degree in Business Administration from the Fudan University. Mr. He has been appointed as the chief financial officer of GCL System Integration with effect from 27 April 2018.

Independent Non-Executive Directors

WANG Bohua

Aged 67, an independent non-executive director of the Company appointed on 9 May 2014. Mr. Wang is a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategic Planning Committee of the Company. Mr. Wang has served as the secretary general of China Photovoltaic Industry Association ("CPIA") since June 2014, he has further served as the vice president of CPIA since October 2017. Mr. Wang was as an independent director of Shengyi Technology Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600183) since December 2012 and retired since April 2015. Mr. Wang served as the deputy inspector of the Department of Electronics and Information Products Administration of the PRC Ministry of Information Industry (中華人民共和國信息產業部電子信息產品管理司) (now the PRC Ministry of Industry and Information Technology (中華人民共和國工業和信息化部)) from July 2007 to July 2012. Mr. Wang served as a member of the Professional Appraisal Group for the Science and Technology Progress Award of the PRC Ministry of Electronics Industry (中華人民共和國電子工業部科技進步獎) in December 1995. Mr. Wang was an expert for the review and appraisal of the 2002 National Key New Products (2002年度國家重點新產品) administered by the Department of Technological Progress and Equipment of the State Economic and Trade Commission (國家經濟貿易委員會技術進步與裝備司) in May 2002. Mr. Wang was elected as the vice president of the Fifth Council of China Electronic Production Equipment Industry Association (中國電子專用設備工業協會) in October 2004. In November 2004, he further served as a member and deputy director of the Eighth Committee of the CIE Electronic Components Society (中國電子學會元件分會) and the member of the Sixth Council of the Chinese Vacuum Society (中國真空學會). Mr. Wang was awarded qualification as a senior engineer by the PRC Ministry of Electronics Industry in September 1997.

XU Songda

Aged 76, an independent non-executive Director of the Company appointed on 9 May 2014. Mr. Xu is a member of the Audit Committee, the Nomination Committee, the Strategic Planning Committee and the Corporate Governance Committee of the Company. From August 1969 to 1983, Mr. Xu worked at Nanjing Power Plant (南京熱電廠), serving successively as its youth league secretary, deputy director and director. Mr. Xu then successively held the positions of the deputy director of Electric Power Industry Bureau of Jiangsu Province (江蘇省電力工業局), the deputy general manager, the deputy party secretary and other positions at Jiangsu Provincial Power Company (江蘇省電力公司) during 1983 to 2004. Mr. Xu graduated from the East China Institute of Water Conservancy (華東水利學院) (now Hohai University) in August 1969 with a Bachelor's degree in agricultural water conservation. Mr. Xu was granted the qualification of a senior engineer by the jury of senior positions in engineering at Electric Power Industry Bureau of Jiangsu Province (江蘇省電力工業局工程系列高級職務評審委員會) in December 1996. Mr. Xu was also granted the qualification of a senior engineer (professor level) by East China Power Group Corporation on 31 December 1997.

LEE Conway Kong Wai

Aged 65, an independent non-executive Director appointed on 9 May 2014. Mr. Lee also serves as the chairman of both the Audit Committee and the Remuneration Committee and a member of the Corporate Governance Committee. Mr. Lee served as a partner of Ernst & Young. Mr. Lee was a member of the Chinese People's Political Consultative Conference of Hunan Province in the PRC from 2007 to 2017. Mr. Lee currently also serves as an independent non-executive director of Chaowei Power Holdings Limited (stock code: 951), West China Cement Limited (stock code: 2233), China Modern Dairy Holdings Ltd. (stock code: 1117), GOME Retail Holdings Limited (stock code: 493), NVC International Holdings Limited (formerly known as "NVC Lighting Holding Limited") (stock code: 2222), Yashili International Holdings Ltd (stock code: 1230), China Rundong Auto Group Limited (stock code: 1365), WH Group Limited (stock code: 288), all being companies listed on the Main Board of the Stock Exchange, and Guotai Junan Securities Co., Ltd (listed on both Stock Exchange and SHSE with respective stock code: 2611 and 601211) as an independent non-executive director and independent director respectively.

Mr. Lee also served as an independent non-executive director of Sino Vanadium Inc. (a company previously listed on the TSX Venture Exchange in Canada, stock code: SVX) and China Taiping Insurance Holdings Company Limited (stock code: 966), a non-executive director and deputy chairman of China Environmental Technology and Bioenergy Holdings Limited (stock code: 1237) and an independent non-executive director of CITIC Securities Company Limited (stock code: 6030), Tibet Water Resources Ltd. (stock code: 1115), all being companies listed on the Main Board of the Stock Exchange from September 2009 to December 2011, from October 2009 to August 2013, from July 2014 to September 2015, from November 2011 to May 2016 and from March 2011 to February 2020 respectively.

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

WANG Yanguo

Aged 57, an independent non-executive Director of the Company appointed on 9 February 2015. Mr. Wang Yanguo is a member of both the Remuneration Committee and the Nomination Committee of the Company. Mr. Wang Yanguo graduated from the School of Economics of Peking University with a PhD degree, Master's degree and Bachelor's degree in Economics in 1999, 1988 and 1985 respectively. Mr. Wang Yanguo previously served as a teaching assistant, a lecturer and an associate professor at the School of Economics of Peking University during the period from 1988 to 1996. Mr. Wang Yanguo has extensive experience in securities and finance industries. Mr. Wang Yanguo has been the chairman of the board of Zhuhai Golden Bridge Capital Management Co., Ltd. since November 2014. Mr. Wang was the chairman of the board of Essence International Financial Holdings Limited from May 2009 to December 2014 and the member of the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC from April 2012 to July 2016. Mr. Wang Yanguo was the vice chairman of Essence Securities Co., Ltd. during the period from July 2013 to May 2014 and was the president from June 2006 to July 2013. Mr. Wang Yanguo was the president of Changjiang BNP Paribas Peregrine from 2005 to 2006 and was the president of Soochow Securities Co., Ltd (a company listed on the SHSE, stock code: 601555) from March 2002 to July 2005. Mr. Wang Yanguo also served for the CSRC from April 1996 to March 2002 as the deputy division head of Department of Dispatch, division head of Department of Fund, deputy director of Nanjing Office and deputy director of Shanghai Securities Regulatory Office.

CHEN Ying

Aged 42, an independent non-executive Director of the Company appointed on 22 April 2015. She received a doctorate degree in management specialising in Management Science and Engineering from Nanjing University in 2006, and a master's degree in Finance in 2003 and a bachelor's degree in Economics in 2000 from Southeast University.

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

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

* English name for identification only

Corporate Governance Report

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

Compliance with Corporate Governance Code

Throughout the Reporting Period, the Company complied with the code provisions set out in the CG Code.

The Board

Board Composition

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

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Mr. ZHU Yufeng *(Chairman)*	Ms. SUN Wei	Mr. WANG Bohua
Mr. SUN Xingping *(President)* *(resigned on 15 January 2020)*	Mr. SHA Hongqiu	Mr. XU Songda
Mr. MO Jicai *(President)* *(appointed on 15 January 2020)*	Mr. YEUNG Man Chung, Charles	Mr. LEE Conway Kong Wai
Ms. HU Xiaoyan	Mr. HE Deyong	Mr. WANG Yanguo
Mr. TONG Wan Sze *(resigned on 4 January 2019)*		Dr. CHEN Ying

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

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

Role and Responsibilities

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

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

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

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

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

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

Chairman and President

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

Appointment, Re-election and Removal of the Directors

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

In accordance with bye-law 84 of the Bye-laws, at each annual general meeting one-third of the Directors shall retire from office and shall be eligible for re-election. Each of Ms. Sun Wei, Mr. Sha Hongqiu, Mr. Wang Yanguo and Dr. Chen Ying shall retire by rotation at the AGM. Except Mr. Sha Hongqiu who does not offer himself for re-election due to retirement, Ms. Sun Wei, Mr. Wang Yanguo and Dr. Chen Ying, both being eligible, will offer themselves for re-election at the AGM.

Confirmation of Independency

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

Compliance with Model Code

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

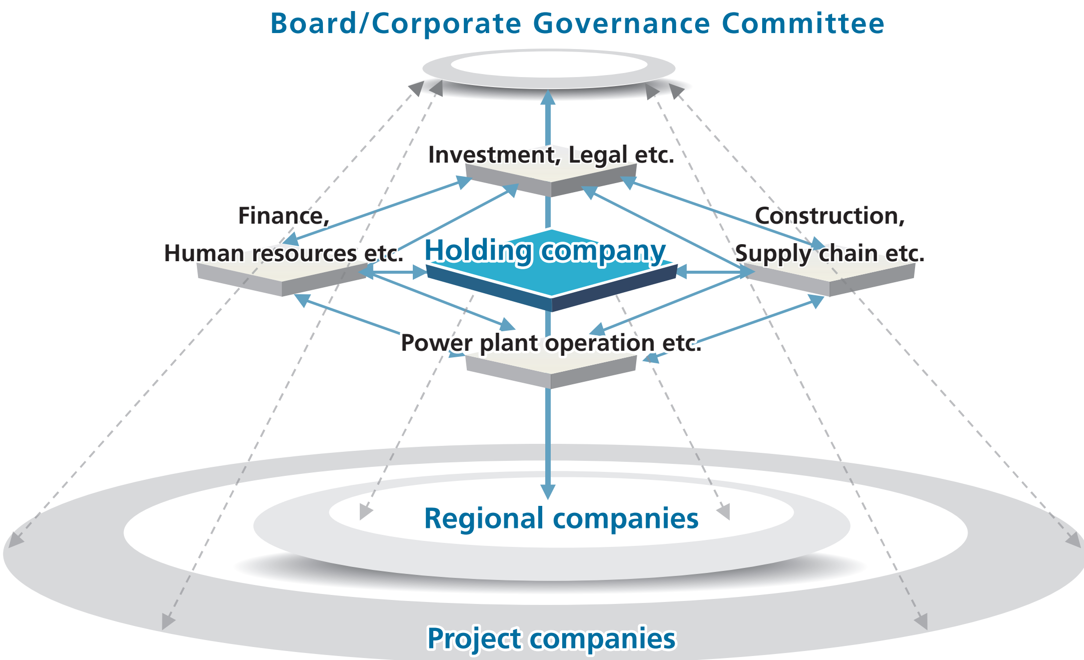
Risk Management and Internal Controls

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

The Board has delegated to the management the design, implementation and monitoring of the Systems on an on-going basis. The Board has also entrusted the Audit Committee with the responsibility to review the Systems of the Group. The Corporate Governance Committee has been delegated with responsibilities by the Board to oversee the Group's overall risk management framework, including the risk governance structure and risk management process, and to advise the Board on the risk and corporate governance related matters of the Group. The Corporate Governance Committee is also responsible for approving the Group's risk and corporate governance policies and assessing the effectiveness of the Group's risk controls/mitigation tools. The Corporate Governance Committee held 2 meetings during the Reporting Period to review the Company's policies and practices on risk management and corporate governance for the year of 2018 and its plan and mid-year review for the year of 2019.

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

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



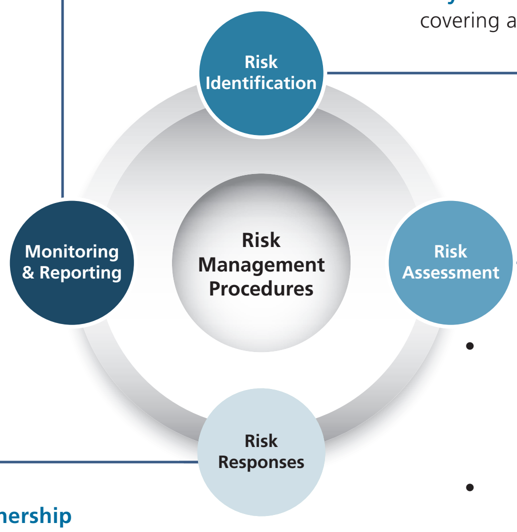
In view of risk management, the Group has revisited the methodology and approach to further improve the relevancy and effectiveness of the existing risk management process to identify, evaluate, manage and communicate significant risks. The changes in the nature and extent of significant risks and the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

Risk Management Procedures

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

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

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



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

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

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

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

Accountability and Audit

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

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

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

Material Uncertainty Related to Going Concern

The Directors are aware that the Group's current liabilities exceeded its current assets by approximately RMB11,267 million as at 31 December 2019, which indicates a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Further discussion of this matter is set out in "Indebtedness and gearing ratio" section on page 20 under the "Management Discussion and Analysis" of this annual report and note 2 to the consolidated financial statements.

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

The Board Committees

(1) Remuneration Committee

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

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

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

The Remuneration Committee held 1 meeting during the Reporting Period. To minimise any conflict of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion. No individual Director is involved in deciding his or her own remuneration. No disagreement on the remuneration or compensation arrangement resolved by the Board during the Reporting Period.

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

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

- to review the level of Directors' fees and make recommendations to the Board on the Directors' fees for the year of 2019
- to review and recommend on the remuneration packages of all executive Directors, including the President, for the year of 2019 and bonus payment for the year of 2018

The remuneration of the executive Directors, who are regarded as senior management of the Company, are set out in note 13 to the consolidated financial statements in this annual report.

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

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

(2) Nomination Committee

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

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

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

The Nomination Committee held 1 meeting during the Reporting Period.

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

- to review the existing structure, size and composition of the Board
- to assess the independence of the independent non-executive Directors
- to make recommendations to the Board on the proposed re-election of the retiring Directors at the 2019 annual general meeting

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

Board Diversity Policy

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

Measurable Objectives

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

Monitoring and Reporting

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

Review of this Policy

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

Disclosure of this Policy

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

(3) Audit Committee

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

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

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

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

The Audit Committee held 2 meetings during the Reporting Period.

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

- to consider and approve the remuneration and terms of engagement of the external auditor
- to approve the scope of audit for the years ended 31 December 2018 and 2019
- to review the annual financial statements for the year ended 31 December 2018 and the interim financial statements for the six months ended 30 June 2019
- to review the work performed by Internal Control Function and the Group's internal control system
- to review the report on continuing connected transactions of the Group for the financial year ended 31 December 2018
- to consider and endorse the proposed amendments to the Company's policy on connected transactions

Auditor's Remuneration

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

Nature of services	2019 RMB'000	2018 RMB'000
Audit services	**4,362**	4,466
Non-audit services	**3,686**	3,857

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

(4) Corporate Governance Committee

The Corporate Governance Committee was set up on 27 April 2016 to oversee risk management and corporate governance functions of the Company. The Corporate Governance currently comprises three executive Directors, one non-executive Director and two independent non-executive Directors, namely, Mr. Zhu Yufeng, who is the chairman of the Corporate Governance Committee, Mr. Mo Jicai, Ms. Hu Xiaoyan. Mr. Yeung Man Chung, Charles, Mr. Xu Songda and Mr. Lee Conway Kong Wai. Mr. Tong Wan Sze resigned as executive Director and a member of the Corporate Governance Committee with effective from 4 January 2019. Mr. Mo Jicai replaced Mr. Sun Xingping as an executive Director, the President and a member of the Corporate Governance Committee with effective from 15 January 2020. The Company Secretary acts as the secretary to the Corporate Governance Committee.

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

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

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

Principal works performed by the Corporate Governance Committee during the Reporting Period included to review the Company's policies and practices on risk management and corporate governance for the year of 2018 and its plan and mid-year review for the year of 2019.

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

Board and Board Committee Meetings

Practices and Conduct of Meetings

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

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

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

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

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

Meetings held and Attendance

The Board held 13 Board meetings during the Reporting Period. The composition of the Board and the Committees, the attendance records of the Directors at the Board meetings, committees meetings and general meetings during the Reporting Period are set out below:

	Meetings attended/held						
Name of Directors	**Board meeting**	**Audit Committee meeting**	**Remuneration Committee meeting**	**Nomination Committee meeting**	**Corporate Governance Committee meeting**	**Annual general meeting**	**Special general meeting**
Executive Directors							
Mr. ZHU Yufeng *(Chairman)*	12/13	N/A	1/1	1/1	2/2	1/1	1/1
Mr. SUN Xingping *(President)* *(resigned on 15 January 2020)*	12/13	N/A	N/A	N/A	2/2	1/1	1/1
Ms. HU Xiaoyan	11/13	N/A	N/A	N/A	2/2	1/1	1/1
Mr. TONG Wan Sze *(resigned on 4 January 2019)*	1/1	N/A	N/A	N/A	2/2	1/1	1/1
Non-executive Directors							
Ms. SUN Wei	12/13	N/A	1/1	N/A	N/A	1/1	1/1
Mr. SHA Hongqiu	12/13	N/A	N/A	N/A	N/A	1/1	1/1
Mr. YEUNG Man Chung, Charles	12/13	N/A	N/A	N/A	2/2	1/1	1/1
Mr. HE Deyong	13/13	N/A	N/A	N/A	N/A	1/1	1/1
Independent Non-executive Directors							
Mr. WANG Bohua	9/13	2/2	1/1	1/1	N/A	1/1	1/1
Mr. XU Songda	12/13	2/2	N/A	1/1	2/2	1/1	1/1
Mr. LEE Conway Kong Wai	10/13	2/2	1/1	N/A	2/2	1/1	1/1
Mr. WANG Yanguo	8/13	N/A	1/1	1/1	N/A	1/1	1/1
Dr. CHEN Ying	13/13	N/A	N/A	N/A	N/A	1/1	1/1

Induction and Continuous Development

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

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

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

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

During the year, all Directors attended the Directors' training(s) organised by the Company and/or GCL-Poly with topics relating to directors' duties and update on latest regulatory developments.

Company Secretary

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

During 2019, the Company Secretary undertook over 15 hours of relevant professional trainings.

Constitutional Documents

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

Index and Market Recognition

GCL New Energy is included in the trading list of Shenzhen-Hong Kong Stock Connect and Hang Seng Stock Connect Hong Kong Index, which indicated market recognition for the Company's achievements and growth potential in the industry and has enhanced its reputation on the capital market.

Corporate Social Responsibility

Environmental Policies and Performance

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

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

Relationships with stakeholders

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

Corporate Social Responsibility Reporting

For more information about GCL New Energy's environmental protection practices and performance, employee relations, and community investment, please refer to Environmental, Social and Governance Report 2019, which are set out on pages 207 to 238 of this annual report.

Report of the Directors

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2019.

Principal Activities and Segment Information

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

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

Business Review

A review of the business of the Group during the Reporting Period, a discussion on the Group's future business development and description of the principal risks and uncertainties the Company may be facing are provided in the "Chairman's Statement", the "President's Message" and the "Management Discussion and Analysis" of this annual report. Also, the financial risk management objectives and policies of the Group can be found in note 40(b) to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2019, if applicable, are provided in the "Management Discussion and Analysis" of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the "2019 Performance Summary" and the "Financial Summary" of this annual report.

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

Results and Appropriations

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on pages 72 to 73. The Board does not recommend the payment of a final dividend for the Reporting Period.

Reserves

Details of movements in the reserves of the Group and of the Company during the Reporting Period are set out in the consolidated statement of changes in equity on page 76 and note 50 to the consolidated financial statements.

Distributable Reserves

As at 31 December 2019, the Company's accumulated losses and other components of equity available for cash distribution and/or distribution in specie amounted to RMB3,929,330,000 (31 December 2018: RMB3,728,616,000). In accordance with the Bermuda Companies Act, the Company's share premium and contributed surplus may be distributed in certain circumstances.

Donations

The Group did not make any charitable and other donations during the Reporting Period.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the Reporting Period are set out in note 16 to the consolidated financial statements.

Share Capital

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

Equity-Linked Agreements

Save for the 2014 Share Option Scheme described below, no equity-linked agreements were entered into by the Group during the Reporting Period, or subsisted at the end of the Reporting Period.

Closure of Register of Members

The register of members of the Company will be closed from 12 June 2020 to 17 June 2020, both days inclusive, during which period no transfer of Shares will be effected and for the purpose of determining the identity of members who are entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all completed share transfer documents must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 11 June 2020.

Pre-emptive Rights

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

Summary Financial Information

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

Purchase, Sale or Redemption of Shares

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

Directors

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

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Mr. ZHU Yufeng *(Chairman)*	Ms. SUN Wei	Mr. WANG Bohua
Mr. SUN Xingping *(President)* *(resigned on 15 January 2020)*	Mr. SHA Hongqiu	Mr. XU Songda
Mr. MO Jicai *(President)* *(appointed on 15 January 2020)*	Mr. YEUNG Man Chung, Charles	Mr. LEE Conway Kong Wai
Ms. HU Xiaoyan	Mr. HE Deyong	Mr. WANG Yanguo
Mr. TONG Wan Sze *(resigned on 4 January 2019)*		Dr. CHEN Ying

In accordance with bye-law 84 of the Bye-laws, at each annual general meeting one-third of the Directors shall retire from office and shall be eligible for re-election. Each of Ms. Sun Wei, Mr. Sha Hongqiu, Mr. Wang Yanguo and Dr. Chen Ying shall retire by rotation at the AGM. Except Mr. Sha Hongqiu who does not offer himself for re-election due to retirement, Ms. Sun Wei, Mr. Wang Yanguo and Dr. Chen Ying, both being eligible, will offer themselves for re-election at the AGM.

The Directors' biographical details are set out on pages 26 to 33.

Changes in Directors Information

1. Mr. Sun Xingping resigned as an executive Director, the President and a member for each of the Corporate Governance Committee, the Strategic Planning Committee and the Investment Committee of the Company with effect from 15 January 2020.

2. Mr. Mo Jicai was appointed as an executive Director, the President and a member for each of the Corporate Governance Committee, the Strategic Planning Committee and the Investment Committee of the Company with effect from 15 January 2020.

3. Mr. Lee Conway Kong Wai resigned as an independent non-executive director of Tibet Water Resources Ltd. (listed on the Stock Exchange) with effect from 29 February 2020.

Directors' Service Contracts

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

Share Option Schemes

2014 Share Option Scheme

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

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

Share options were first granted on 23 October 2014 to subscribe for 536,840,000 Shares. During the Reporting Period, no option was exercised or cancelled but 16,145,864 options were lapsed. Share options were second granted on 24 July 2015 to subscribe for 473,460,000 Shares. During the Reporting Period, no options was exercised or cancelled but 25,628,036 options were lapsed. As at the date of this annual report, 27 April 2020, the total number of shares issuable under the first grant on 23 October 2014 and second grant on 24 July 2015 are 258,816,992 shares (representing approximately 1.36% of total issued Shares) and nil share respectively.

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

					Number of share options		
Name or category of participants	**Date of grant**	**Exercise period**	**Exercise price** HK$	**Adjusted Exercise Price** HK$ *(Note 1)*	**As at 1.1.2019** *(Note 1)*	**Lapsed during the Reporting Period**	**As at 31.12.2019** *(Note 1)*
Directors:							
Mr. ZHU Yufeng	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,523,100	—	3,523,100
Mr. SUN Xingping *(Note 2)*	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	16,105,600	—	16,105,600
Ms. HU Xiaoyan	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	16,105,600	—	16,105,600
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,019,800	—	3,019,800
Mr. TONG Wan Sze *(Note 3)*	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	8,052,800	(8,052,800)	—
Ms. SUN Wei	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	24,158,400	—	24,158,400
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,019,800	—	3,019,800
Mr. SHA Hongqiu	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	8,052,800	—	8,052,800
Mr. YEUNG Man Chung, Charles	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	12,079,200	—	12,079,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,019,800	—	3,019,800
Mr. WANG Bohua	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	—	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	603,960	—	603,960
Mr. XU Songda	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	—	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	603,960	—	603,960
Mr. LEE Conway Kong Wai	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	—	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	603,960	—	603,960
Mr. WANG Yanguo	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	1,006,600	—	1,006,600
Dr. CHEN Ying	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	1,006,600	—	1,006,600
Sub-total					107,001,580	(8,052,800)	98,948,780
Other:							
Eligible persons (in aggregate)	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	231,075,096	(16,145,864)	214,929,232
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	211,758,442	(17,575,236)	194,183,206
Total					549,835,118	(41,773,900)	508,061,218

Note:

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

2. Mr. Sun Xingping resigned on 15 January 2020.

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

Interests of Directors and Chief Executive

As at 31 December 2019, so far as is known to the Directors, the interests of the Directors and chief executive in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(A) The Company — Long Position

		Number of Shares			
Directors	**Beneficiary of a Trust**	**Personal interests**	**Number of underlying Shares** *(Note 1)*	**Total**	**Approximate percentage of issued Shares** *(Note 2)*
Mr. ZHU Yufeng	—	—	3,523,100	3,523,100	0.02%
	1,905,978,301 *(Note 3)*	—	—	1,905,978,301	9.99%
Mr. SUN Xingping *(Note 4)*	—	—	16,105,600	16,105,600	0.08%
Ms. HU Xiaoyan	—	—	19,125,400	19,125,400	0.10%
Ms. SUN Wei	—	—	27,178,200	27,178,200	0.14%
Mr. SHA Hongqiu	—	3,000,000	8,052,800	11,052,800	0.06%
Mr. YEUNG Man Chung, Charles	—	—	15,099,000	15,099,000	0.08%
Mr. WANG Bohua	—	—	2,617,160	2,617,160	0.01%
Mr. XU Songda	—	—	2,617,160	2,617,160	0.01%
Mr. LEE Conway Kong Wai	—	—	2,617,160	2,617,160	0.01%
Mr. WANG Yanguo	—	—	1,006,600	1,006,600	0.01%
Dr. CHEN Ying	—	—	1,006,600	1,006,600	0.01%

Notes:

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

2. The percentage is calculated based on 19,073,715,441 Shares in issue as at 31 December 2019.

3. Those Shares were beneficially owned by Dongsheng Photovoltaic Technology (Hong Kong) Limited. For further information of the shareholding structure of Dongsheng Photovoltaic Technology (Hong Kong) Limited, please refer to note 3 under the sub-section headed "Interests of Substantial Shareholders" in this "Report of the Directors" section.

4. Mr. Sun Xingping resigned on 15 January 2020.

(B) Associated Corporations

GCL-Poly

	Number of ordinary shares in GCL-Poly				
Directors	**Beneficiary of a trust**	**Personal interests**	**Number of underlying shares**	**Total**	**Approximate percentage of issued shares** *(Note 1)*
Mr. ZHU Yufeng	6,370,388,156 *(Note 2)*	—	1,510,755 *(Note 3)*	6,371,898,911	32.11%
Ms. SUN Wei	—	5,723,000	1,712,189 *(Note 3)*	7,435,189	0.04%
Mr. YEUNG Man Chung, Charles	—	—	1,700,000 *(Note 3)*	1,700,000	0.01%

Notes:

1. The percentage is calculated based on 19,841,049,207 shares of GCL-Poly in issue as at 31 December 2019.

2. Mr. Zhu Yufeng is beneficially interested in a trust as to 6,370,388,156 shares in GCL-Poly. An aggregate of 6,370,388,156 shares in GCL-Poly are collectively held by High Excel Investment Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan (a director and the chairman of GCL-Poly) and his family (including Mr. Zhu Yufeng, a director of the Company and GCL-Poly respectively, and the son of Mr. Zhu Gongshan) as beneficiaries.

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

Save as disclosed above, as at 31 December 2019, none of the Directors or any chief executive of the Company had an interest or short position in any Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

Interests of Substantial Shareholders

As at 31 December 2019, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company as disclosed above) had interest in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the Part XV of the SFO:

Long Position in the Shares

Name	Nature of interest	Number of Shares	Approximate percentage in issued Shares *(Note 1)*
Elite Time Global Limited[2]	Beneficial owner	11,880,000,000	62.28%
GCL-Poly[2]	Corporate interest	11,880,000,000	62.28%
Asia Pacific Energy Fund Limited[3]	Corporate interest	1,905,978,301	9.99%
Asia Pacific Energy Holdings Limited[3]	Corporate interest	1,905,978,301	9.99%
Credit Suisse Trust Limited[3]	Other interest	1,905,978,301	9.99%
Dongsheng Photovoltaic Technology (Hong Kong) Limited[3]	Corporate interest	1,905,978,301	9.99%
Golden Concord Group Limited[3]	Corporate interest	1,905,978,301	9.99%
Golden Concord Group Management Limited[3]	Corporate interest	1,905,978,301	9.99%
ZHU Gongshan[3]	Beneficial owner	1,905,978,301	9.99%
營口其印投資管理有限公司[3]	Corporate interest	1,905,978,301	9.99%
協鑫新能科技（深圳）有限公司[3]	Corporate interest	1,905,978,301	9.99%
協鑫集團有限公司[3]	Corporate interest	1,905,978,301	9.99%
協鑫集成科技股份有限公司[3]	Corporate interest	1,905,978,301	9.99%
句容協鑫集成科技有限公司[3]	Corporate interest	1,905,978,301	9.99%
江蘇協鑫建設管理有限公司[3]	Corporate interest	1,905,978,301	9.99%
協鑫（遼寧）實業有限公司[3]	Corporate interest	1,905,978,301	9.99%
Get Nice Finance Company Limited[4]	Security interest	3,814,743,088	20.00%
Treasure Advantage Limited[4]	Corporate interest	3,814,743,088	20.00%
Get Nice Holdings Limited[4]	Corporate interest	3,814,743,088	20.00%

Notes:

1. The percentage is calculated based on 19,073,715,441 Shares in issue as at 31 December 2019.

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

3. Dongsheng Photovoltaic Technology (Hong Kong) Limited is wholly-owned by 句容協鑫集成科技有限公司 (formerly known as "江蘇東昇光伏科技有限公司"), which is in turn wholly-owned by GCL System Integration. 協鑫集團有限公司 and 營口其印投資管理有限公司 (formerly known as "上海其印投資管理有限公司") are controlling shareholders of GCL System Integration. 營口其印投資管理有限公司 is a party acting in concert with 協鑫集團有限公司. 協鑫集團有限公司 is 48.86% owned by 協鑫（遼寧）實業有限公司 and 51.14% owned by 江蘇協鑫建設管理有限公司. 協鑫（遼寧）實業有限公司 is wholly-owned by Mr. Zhu Gongshan (a director and the chairman of GCL-Poly and Mr. Zhu Yufeng's father). 江蘇協鑫建設管理有限公司 is wholly-owned by 協鑫新能科技（深圳）有限公司. 協鑫新能科技（深圳）有限公司 is wholly-owned by Golden Concord Group Management Limited which in turn wholly-owned by Golden Concord Group Limited. Golden Concord Group Limited is in turn wholly-owned by Asia Pacific Energy Holdings Limited which is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Yufeng and his family, including Mr. Zhu Yufeng's father, Mr. Zhu Gongshan as beneficiaries.

4. Those Shares represent a security interest in 3,814,743,088 shares of the Company provided by Elite Time Global Limited in favour of Get Nice Finance Company Limited. Get Nice Finance Company Limited is wholly-owned by Treasure Advantage Limited, which is in turn wholly-owned by Get Nice Holdings Limited.

Save as disclosed above, as at 31 December 2019, no other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Directors' interests in competing business

Each of the companies in the Concord Group (a general reference to the companies in which Mr. Zhu Yufeng and his family members have a direct or indirect interest) operates within its own legal, corporate and financial framework. As at 31 December 2019, the Concord Group might have had or developed interests in business similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

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

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

The Company entered into loan agreements containing covenants relating to specific performance of the controlling shareholder of the Company which were subject to announcement requirements under Rule 13.18 of the Listing Rules and disclosure requirements in this Annual Report under Rule 13.21 of the Listing Rules, the details of which are summarized below.

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

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

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

   A Borrower Change of Control will trigger an obligation of mandatory prepayment under the Facility Agreement and all amounts outstanding under the Facility Agreement would become immediately due and payable in full unless otherwise agreed by the lenders whose commitments aggregate more than 66.67% of the total commitments under the Facility Agreement. As at the date of this report, the Permitted Holders are beneficiaries indirectly through GCL-Poly and GCL System Integration Technology Co., Ltd. own approximately 72.29% of the Shares. Further details can be referred to the Company's announcement dated 30 May 2018.

   The Company has repaid all amounts outstanding under the Facility Agreement during the Reporting Period.

(2) On 22 August 2019, the Company, as borrower entered into a facility agreement (the "CDB Facility Agreement") with China Development Bank Hong Kong Branch, as lender for a term loan facility in the aggregate amount of US$130 million (the "CDB Facility"). The final repayment date of the borrowing under the CDB Facility Agreement is the date falling 24 months after the date of the first utilisation of the CDB Facility.

Pursuant to the CDB Facility Agreement, GCL-Poly, the controlling shareholder of the Company, shall cease to have control over the Company if it no longer (i) has the power to (a) cast, or control the casting of, more than 30% of the maximum number of votes that might be cast at a general meeting of the Company; (b) appoint or remove all, or the majority, of the Directors or other equivalent officers of the Company; or (c) give directions with respect to the operating and financial policies of the Company with which the Directors or other equivalent officers of the Company are obliged to comply; or (ii) holds beneficially of more than 30% of the issued share capital of the Company ("Change of Control").

In the event of such Change of Control or failure by GCL-Poly, as guarantor of the Company in relation to the CDB Facility, to comply with certain financial conditions during the term of the CDB Facility, the lender may cancel the CDB Facility and declare all outstanding amount attached to it, together with accrued interest, and all other amounts accrued under the CDB Facility Agreement and other ancillary finance documents immediately due and payable. As at the date of this Report, GCL-Poly is interested in approximately 62.28% of the issued share capital of the Company. Further details can be referred to the Company's announcement dated 22 August 2019.

Connected Transactions

The Group entered into the following connected transactions within the meaning of Chapter 14A of the Listing Rules during the Reporting Period:

Renewal of Lease Agreements with Suzhou GCL Industrial Applications Research

On 30 September 2019, each of Suzhou GCL New Energy and GCL Electric (both indirect subsidiaries of the Company) as tenant and Suzhou GCL Industrial Applications Research (an indirect wholly-owned subsidiary of GCL-Poly) as landlord entered into (i) the 2019 First Lease Agreement for the renewal of lease of the First Premises; and (ii) the 2019 Second Lease Agreement for the renewal of lease of the Second Premises, respectively, for a term of one year commencing from 1 October 2019 to 30 September 2020.

Under the 2019 First Lease Agreement, the rent payable by Suzhou GCL New Energy to Suzhou GCL Industrial Applications Research is approximately RMB1,480,403 per month. Under the 2019 Second Lease Agreement the rent payable by GCL Electric to Suzhou GCL Industrial Applications Research is approximately RMB359,273 per month.

Suzhou GCL Industrial Applications Research is an indirect wholly-owned subsidiary of GCL-Poly, which is the controlling shareholder of the Company. Suzhou GCL Industrial Applications Research is therefore a connected person of the Company under the Listing Rules. As a result, the entering into of the 2019 Lease Agreements with Suzhou GCL Industrial Applications Research and the transactions contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the transaction have been set out in the announcement of the Company dated 30 September 2019.

Continuing Connected Transactions

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

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

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

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

Compensation of Key Management

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

Interests on perpetual notes

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

* English name for identification only

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

Management Services Income

(i) Suzhou GCL Poly Solar Power Investment Ltd.

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

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

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

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

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

(ii) GCL Solar Energy Limited

(a) On 19 May 2016, GCL New Energy International (an indirect wholly-owned subsidiary of the Company) as service provider and GCL Solar Energy (an indirect wholly-owned subsidiary of GCL-Poly), as service recipient entered into the Asset Management and Administrative Services Agreement for a term of three years. Under the Asset Management and Administrative Services Agreement, GCL New Energy International will provide certain asset management and administrative services to GCL Solar Energy. The cap for the continuing connected transactions under the Asset Management and Administrative Services Agreement was US$4,190,860.22 for the period from 1 January 2019 to 18 May 2019.

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

The amount received or receivable by the Group for the provision of asset management and administrative services for the Reporting Period was US$190,680 (equivalent to RMB1,316,648).

(b) On 21 May 2019, GCL New Energy, Inc. (an indirect wholly-owned subsidiary of the Company) as service provider, and GCL Solar Energy, as service recipient, entered into the 2019 Asset Management and Administrative Services Agreement for a term of three years. Under the 2019 Asset Management and Administrative Services Agreement, GCL New Energy, Inc. will provide certain asset management and administrative services to GCL Solar Energy. The respective annual caps for the continuing connected transactions under the 2019 Asset Management and Administrative Services Agreement were/will be US$308,219 for the period from 21 May 2019 to 31 December 2019, US$500,000 for the years ending 31 December 2020 and 31 December 2021 respectively and US$191,781 for the period from 1 January 2022 to 20 May 2022.

Details of the transactions have been set out in the announcement of the Company dated 21 May 2019.

The amount received or receivable by the Group for the provision of asset management and administrative services under the 2019 Asset Management and Administrative Services Agreement for the Reporting Period was US$308,219 (equivalent to RMB2,126,248).

GCL Solar Energy is an indirect wholly-owned subsidiary of GCL-Poly and thus a connected person of the Company under the Listing Rules. The entering into of (i) the Asset Management and Administrative Services Agreement by GCL New Energy International; and (ii) 2019 Asset Management and Administrative Services Agreement by GCL New Energy, Inc. and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(iii) Jinzhai Xinrui and Wuhan Huaxin

Suzhou GCL Operation, as service provider, entered into the following continuing connected transactions during the Reporting Period:

(a) the Jinzhai Operation Services Agreement I on 23 September 2018 with Jinzhai Xinrui (an indirect wholly-owned subsidiary of GCL System Integration) as the service recipient for the provision of certain operation and management services to Jinzhai Xinrui for the phase I solar power plant project of Jinzhai Xinrui by Suzhou GCL Operation for a term of one year commencing from 12 September 2018 to 11 September 2019 at a consideration of RMB1,000,000;

(b) the Jinzhai Operation Services Agreement II on 28 September 2018 with Jinzhai Xinrui as the service recipient for the provision of certain operation and management services to Jinzhai Xinrui for phase II solar power plant project of Jinzhai Xinrui by Suzhou GCL Operation for a term of one year commencing from 12 September 2018 to 11 September 2019 at a consideration of RMB2,000,000; and

(c) the Wuhan Operation Services Agreement on 10 May 2019 with Wuhan Huaxin (an indirect subsidiary of GCL-Poly) as the service recipient for the provision of certain operation and management services to Wuhan Huaxin for the solar power plant project of Wuhan Huaxin by Suzhou GCL Operation for a term of one year commencing from 10 May 2019 to 9 May 2020 at a consideration of RMB405,000.

As Jinzhai Xinrui is an indirect subsidiary of GCL System Integration, a substantial shareholder of the Company; Wuhan Huaxin is an indirect subsidiary of GCL-Poly, a substantial shareholder of the Company, which are in turn ultimately controlled by Mr. Zhu Yufeng and the Zhu Family Trust, under which Mr. Zhu Yufeng is one of the beneficiaries. Each of Jinzhai Xinrui and Wuhan Huaxin is therefore a connected person of the Company under the Listing Rules.

Details of the transactions have been set out in the announcement of the Company dated 21 May 2019.

The amount received or receivable by the Group for the provision of operation and management services under the Jinzhai Operation Services Agreement I and Jinzhai Operation Services Agreement II for the Reporting Period was nil.

The amount received or receivable by the Group for the provision of operation and management services under the Wuhan Operation Services Agreement for the Reporting Period was RMB260,753.

Staff Training Agreement

(iv) Suzhou Xin Zhi Hai

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

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

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

The amount paid or payable by the Group for the corporate training services under the Staff Training Agreement for the Reporting Period was RMB2,422,531.

Lease Agreement

(v) Suzhou GCL Industrial Applications Research

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

The respective maximum aggregate caps of the continuing connected transactions under the First Lease Agreement and the Second Lease Agreement were RMB17,409,735 and RMB3,233,457 for the period from 1 January 2019 to 30 September 2019.

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

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

The amount paid/payable by the Group for the rent under the First Lease Agreement and the Second Lease Agreement for the Reporting Period were RMB17,409,735 and RMB3,233,457 respectively.

All the Non-exempt Continuing Connected Transactions have been reviewed by the independent non-executive Directors who have confirmed that for the year ended 31 December 2019 the Non-exempt Continuing Connected Transactions have been entered into by the Group (i) in the ordinary and usual course of the business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing the Non-exempt Continuing Connected Transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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

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

1. have received the approval of the Board;

2. have been in accordance with the pricing policies of the Company for transactions involving the provision of goods or services;

3. have been in accordance with the relevant agreement governing such transactions; and

4. have not exceeded the relevant announced cap amounts for the Reporting Period.

Permitted Indemnity Provision

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

Directors' Material Interests in Transactions, Arrangements or Contracts

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

Emolument Policy

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

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

Retirement Benefit Plans

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

Remuneration of Directors and Five Highest Paid Individuals

Details of the remuneration paid by the Group to the Directors and the five highest paid individuals of the Group for the Reporting Period are set out in note 13 to the consolidated financial statements.

Arrangement to Purchase Shares or Debentures

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

Management Contracts

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

Finance Costs Capitalised

Finance costs amounting to approximately RMB40,715,000 (31 December 2018: RMB157,891,000) were capitalised by the Group during the Reporting Period as set out in note 9 to the consolidated financial statements.

Major Customers and Suppliers

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

During the Reporting Period, the Group's five largest customers accounted for approximately 48% (2018: 43%) of the Group's total sales. The largest customer accounted for approximately 15% (2018: 12%) of the Group's total sales.

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

Sufficiency of Public Float

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

Auditor

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

By order of the Board

ZHU Yufeng
Chairman

Hong Kong, 27 April 2020

Communication with Shareholders

Shareholders' Rights of Accessing Information

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

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

Dividend Policy

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

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

(a) financial results of the Company;

(b) Shareholders' interests;

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

(d) the Company's capital requirements;

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

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

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

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

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

Review of the Policy

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

Convening of a Special General Meeting on Requisition by Shareholders

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

Procedures for Putting Forward Proposals at General Meeting by Shareholders

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

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

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

Procedures for Directing Shareholders' Enquiries to the Board

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

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

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

Tricor Abacus Limited

Address:	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Telephone:	(852) 2980-1333
Facsimile:	(852) 2810-8185

Independent Auditor's Report

Deloitte. 德勤

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

Opinion

We have audited the consolidated financial statements of GCL New Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 72 to 205, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Standards") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements, which indicates that as of 31 December 2019, the Group's current liabilities exceeded its current assets by RMB11,267 million, and as at 31 December 2019, the Group has entered into agreements which will involve capital commitments of approximately RMB377 million to construct solar power plants and financial guarantee provided to the associates and third parties for their bank and other borrowings. At 31 December 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 a 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 bank borrowing. Notwithstanding this, reclassification of long-term borrowings of approximately RMB1,597 million as current liabilities is still required at 31 December 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 2 to the consolidated financial statements in order to ensure it is able to meet its commitments in the next twelve months. The directors of the Company are of the opinion that based on the assumptions that these financing plans and other measures can be successfully executed, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the foreseeable future. However, the likelihood of successful implementation of these financing plans and other measures, including the Group's and GCL-Poly's ongoing compliance with their borrowing covenants, and along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on tariff adjustments on electricity sales	
We identified the recognition of the Group's revenue on tariff adjustments on electricity sales as a key audit matter due to the significant management judgement involved in determining whether each of the Group's operating power plants had qualified for, and had met, all the requirements and conditions as required under the prevailing government policies and regulations for entitlement of the tariff adjustments and accordingly, the timing and eligibility of accruing revenue on tariff adjustments. As described in note 6 to the consolidated financial statements, revenue on tariff adjustments on electricity sales of approximately RMB3,623 million was recognised for the year ended 31 December 2019 in which the applications for tariff adjustments of certain on-grid solar power plants of the Group are still pending as they are an ongoing process where the period for application is opened on a batch by batch basis.	Our procedures in relation to the recognition of the Group's revenue on tariff adjustments on electricity sales included: • Obtaining an understanding of key controls in connection with the recognition of tariff adjustments and assessing the operating effectiveness of key controls; • Obtaining an understanding of the policies and regulations set by the government authorities on tariff adjustments on sales of electricity in this industry; • Obtaining relevant supporting documents, for example, power purchase agreements and tariff approvals issued by the PRC government; • Obtaining legal opinion from the Group's PRC legal advisor in relation to the assessment that all of the Group's solar power plants currently in operation have met the requirement and conditions as stipulated in the prevailing government policies and regulations for the entitlement of the tariff adjustment when the electricity was delivered on grid; and • Assessing whether the previous applications of the group entities operating the solar power plants for the entitlement of the tariff subsidy were successfully completed against the historical record of the Group.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 April 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
Revenue	6	**6,051,987**	5,632,397
Cost of sales		**(2,098,222)**	(1,889,743)
Gross profit		**3,953,765**	3,742,654
Other income	7	**306,882**	272,146
Administrative expenses			
— share-based payment expenses	36	**(1,787)**	(12,679)
— other administrative expenses		**(693,151)**	(614,700)
Loss on change in fair value on convertible bonds		**—**	(5,524)
Other gains and losses, net	8	**(48,986)**	(352,590)
Share of profits (losses) of associates	19	**49,096**	(1,041)
Share of profits of joint ventures	20	**24,391**	4,562
Bargain purchase from business combination	37	**73,858**	—
Finance costs	9	**(2,881,752)**	(2,276,958)
Profit before tax		**782,316**	755,870
Income tax expense	10	**(177,563)**	(6,516)
Profit for the year	11	**604,753**	749,354
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Fair value loss on financial liabilities designated as at fair value through profit or loss ("FVTPL") attribute to changes in credit risk		**—**	(108)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**16,689**	46,283
		16,689	46,175
Total comprehensive income for the year		**621,442**	795,529
Profit for the year attributable to:			
Owners of the Company		**294,688**	469,680
Non-controlling interests			
— owners of perpetual notes		**162,000**	135,029
— other non-controlling interests		**148,065**	144,645
		604,753	749,354

	NOTE	2019 RMB'000	2018 RMB'000
Total comprehensive income for the year attributable to:			
Owners of the Company		**311,377**	515,855
Non-controlling interests			
— Owners of perpetual notes		**162,000**	135,029
— Other non-controlling interests		**148,065**	144,645
		621,442	795,529
		RMB cents	RMB cents
Earnings per share	15		
— Basic		**1.54**	2.46
— Diluted		**1.54**	2.42

Consolidated Statement of Financial Position

As at 31 December 2019

	NOTES	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	35,400,109	42,970,249
Right-of-use assets	17	1,513,943	—
Prepaid lease payments	18	—	112,041
Interests in associates	19	1,013,284	36,805
Interests in joint ventures	20	3,628	66,079
Amounts due from related companies	22	96,951	45,146
Other investment	21	100,000	100,000
Deposits, prepayments and other non-current assets	23	1,773,126	3,334,001
Contract assets	24B	5,639,898	4,236,405
Pledged bank and other deposits	27	877,996	751,858
Deferred tax assets	33	162,807	194,087
		46,581,742	51,846,671
CURRENT ASSETS			
Trade and other receivables	24A	4,958,918	4,930,458
Other loan receivables	26	14,250	20,250
Amounts due from related companies	22	959,302	342,328
Prepaid lease payments	18	—	2,221
Tax recoverable		5,284	8,521
Pledged bank and other deposits	27	823,279	1,279,425
Bank balances and cash	27	1,073,451	1,361,978
		7,834,484	7,945,181
Assets classified as held for sale	12	—	1,388,009
		7,834,484	9,333,190
CURRENT LIABILITIES			
Other payables and deferred income	28	5,968,129	10,134,246
Amounts due to related companies	22	593,474	139,460
Tax payable		32,925	11,632
Loans from related companies	29	646,111	1,030,590
Bank and other borrowings	30	11,522,908	8,323,115
Bonds and senior notes	31	271,742	—
Lease liabilities	32	66,122	—
		19,101,411	19,639,043
Liabilities directly associated with assets classified as held for sale	12	—	935,463
		19,101,411	20,574,506
NET CURRENT LIABILITIES		(11,266,927)	(11,241,316)
TOTAL ASSETS LESS CURRENT LIABILITIES		35,314,815	40,605,355

	NOTES	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
NON-CURRENT LIABILITIES			
Loans from related companies	29	**918,073**	2,186,433
Bank and other borrowings	30	**19,410,173**	24,340,160
Bonds and senior notes	31	**3,470,542**	3,934,397
Lease liabilities	32	**1,095,460**	—
Deferred income	28	**387,531**	394,011
Deferred tax liabilities	33	**63,393**	48,814
		25,345,172	30,903,815
NET ASSETS		**9,969,643**	9,701,540
CAPITAL AND RESERVES			
Share capital	34	**66,674**	66,674
Reserves		**6,379,912**	6,068,524
Equity attributable to owners of the Company		**6,446,586**	6,135,198
Equity attributable to non-controlling interests			
— owner of perpetual notes		**2,163,114**	2,001,114
— other non-controlling interests		**1,359,943**	1,565,228
TOTAL EQUITY		**9,969,643**	9,701,540

The consolidated financial statements on pages 72 to 205 were approved and authorised for issue by the Board of Directors on 27 April 2020 and are signed on its behalf by:

Zhu Yufeng	**Mo Jicai**
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes on Equity

For the year ended 31 December 2019

	Attributable to owners of the Company										Non-controlling interests		
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000 *(Note a)*	Legal reserves RMB'000 *(Note b)*	Translation reserve RMB'000	Special reserve RMB'000 *(Note c)*	Financial liabilities at FVTPL credit risk reserve RMB'000 *(Note d)*	Share options reserve RMB'000	Retained earnings (accumulated losses) RMB'000	Sub-total RMB'000	Perpetual notes RMB'000	Other non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2018	66,674	4,265,230	15,918	340,762	(105,604)	491,218	(10,445)	209,766	347,351	5,620,870	1,866,085	1,308,987	8,795,942
Profit for the year	—	—	—	—	—	—	—	—	469,680	469,680	135,029	144,645	749,354
Other comprehensive income (expense) for the year	—	—	—	—	46,283	—	(108)	—	—	46,175	—	—	46,175
Total comprehensive income (expense) for the year	—	—	—	—	46,283	—	(108)	—	469,680	515,855	135,029	144,645	795,529
Redemption of convertible bonds	—	—	—	—	—	—	10,553	—	(10,553)	—	—	—	—
Transfer to legal reserves	—	—	—	389,940	—	—	—	—	(389,940)	—	—	—	—
Recognition of equity-settled share-based payments *(note 36)*	—	—	—	—	—	—	—	12,679	—	12,679	—	—	12,679
Forfeitures of share options *(note 36)*	—	—	—	—	—	—	—	(7,621)	7,621	—	—	—	—
Non-controlling interest arising on acquisition of subsidiaries *(note 37)*	—	—	—	—	—	—	—	—	—	—	—	25,681	25,681
Dividend declared paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(44,685)	(44,685)
Deemed disposal of partial interest in subsidiaries *(note 49c)*	—	—	—	(2,853)	—	—	—	—	(5,802)	(8,655)	—	103,505	94,850
Disposal of partial interest of a subsidiary *(note 49c(b))*	—	—	—	(166)	—	—	—	—	(5,385)	(5,551)	—	27,095	21,544
At 31 December 2018 and 1 January 2019	**66,674**	**4,265,230**	**15,918**	**727,683**	**(59,321)**	**491,218**	**—**	**214,824**	**412,972**	**6,135,198**	**2,001,114**	**1,565,228**	**9,701,540**
Profit for the year	—	—	—	—	—	—	—	—	**294,688**	**294,688**	**162,000**	**148,065**	**604,753**
Other comprehensive income for the year	—	—	—	—	**16,689**	—	—	—	—	**16,689**	—	—	**16,689**
Total comprehensive income for the year	—	—	—	—	**16,689**	—	—	—	**294,688**	**311,377**	**162,000**	**148,065**	**621,442**
Transfer to legal reserves	—	—	—	**1,034,299**	—	—	—	—	**(1,034,299)**	—	—	—	—
Recognition of equity-settled share-based payments *(note 36)*	—	—	—	—	—	—	—	**1,787**	—	**1,787**	—	—	**1,787**
Forfeitures of share options *(note 36)*	—	—	—	—	—	—	—	**(16,257)**	**16,257**	—	—	—	—
Deemed disposal of partial interest in a subsidiary *(note 49c(a))*	—	—	—	**(1,885)**	—	—	—	—	**109**	**(1,776)**	—	**30,489**	**28,713**
Disposal of subsidiaries	—	—	—	**(140,840)**	—	—	—	—	**140,840**	—	—	—	—
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	**(383,839)**	**(383,839)**
At 31 December 2019	**66,674**	**4,265,230**	**15,918**	**1,619,257**	**(42,632)**	**491,218**	**—**	**200,354**	**(169,433)**	**6,446,586**	**2,163,114**	**1,359,943**	**9,969,643**

Notes:

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

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

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

(d) Financial liabilities at FVTPL credit risk reserve represents the amount of change in fair value of the convertible bonds issued by the Company, which is classified as financial liabilities designated as at FVTPL, that is attributable to changes in credit risk of the convertible bonds and is transferred to retained earnings (accumulated losses) on redemption.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 RMB'000	2018 RMB'000
OPERATING ACTIVITIES		
Profit before tax	782,316	755,870
Adjustments for:		
Amortisation of prepaid lease payments	—	3,073
Amortisation of deferred income on government grant		
— ITC (defined in note 7)	(14,159)	(9,689)
Depreciation of:		
— property, plant and equipment	1,642,170	1,510,182
— right-of-use assets	91,901	—
Impairment of property, plant and equipment	57,235	—
Gain on disposal of property, plant and equipment	(43,006)	—
Loss on disposal of right-of-use assets	2,583	—
Finance costs	2,881,752	2,276,958
Interest income	(142,601)	(147,659)
Share-based payment expenses	1,787	12,679
Share of profits of joint ventures	(24,391)	(4,562)
Share of (profits) losses of associates	(49,096)	1,041
Loss on change in fair value on convertible bonds	—	5,524
Gain on early termination of a lease	(7)	—
Gain on other investments	—	(16,790)
Gain on disposal of solar power plant projects	(26,926)	(35,146)
Bargain purchase on acquisition of subsidiaries	(73,858)	—
Gain on disposal of joint ventures	(35,263)	—
Unrealised exchange loss, net	58,201	383,295
Operating cash flows before movements in working capital	5,108,638	4,734,776
Increase in deposits, prepayments and other non-current assets	(185,561)	(269,785)
Increase in contract assets	(2,169,795)	(2,400,313)
(Increase) decrease in trade and other receivables		
including proceeds from bills discounted	(368,073)	330,101
Increase in amounts due from related companies	(3,525)	(27,995)
Increase in other payables	267,370	148,173
Increase in amounts due to related companies	15,087	6,196
Cash generated from operations	2,664,141	2,521,153
Income taxes paid	(144,167)	(58,807)
NET CASH FROM OPERATING ACTIVITIES	2,519,974	2,462,346

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
INVESTING ACTIVITIES			
Interest received		**13,179**	21,240
Payments for construction and purchase of property, plant and equipment		**(3,606,273)**	(8,171,519)
Proceeds from disposal of property, plant and equipment		**104,918**	—
Proceeds from disposal of right-of-use assets		**641**	—
Payments of right-of-use assets		**(14,254)**	(18,254)
Payments of deposits for leases		**(7,804)**	—
Acquisition of subsidiaries	*37*	**29,669**	21,810
Settlement of consideration payables for acquisition of subsidiaries with solar power plant projects		**(110,298)**	(12,165)
Settlement of consideration receivables from disposal of subsidiaries with solar power plant projects		**206,992**	—
Capital injection to joint ventures		**—**	(8,530)
Capital injection to an associate		**—**	(30)
Deemed acquisition of a subsidiary		**—**	3,422
Proceeds from disposal of joint ventures		**53,780**	—
Repayment from third parties		**—**	3,000
Withdrawal of pledged bank and other deposits		**1,314,028**	1,778,899
Placement of pledged bank and other deposits		**(1,015,640)**	(1,589,244)
Repayment from a borrower of other loan receivables		**6,000**	—
Advance to related companies		**(7,156)**	(101,001)
Repayment from related companies		**236,734**	7,320
Advance to non-controlling interests		**—**	(59,740)
Proceeds from disposal of subsidiaries with solar power plant projects	*38a&b*	**30,388**	138,684
Proceeds from redemption of other investments		**—**	256,830
Dividend received from joint ventures		**25,494**	—
NET CASH USED IN INVESTING ACTIVITIES		**(2,739,602)**	(7,729,278)

	NOTE	2019 RMB'000	2018 RMB'000
FINANCING ACTIVITIES			
Interest paid		**(2,265,990)**	(2,199,251)
Proceeds from bank and other borrowings		**10,053,826**	9,266,459
Repayment of bank and other borrowings		**(7,254,272)**	(8,038,353)
Repayments of lease liabilities		**(71,318)**	—
Proceeds from loans from related companies		**625,803**	2,884,531
Repayment of loans from related companies		**(30,000)**	(1,439,756)
Proceeds from loan from an associate of ultimate holding company		**200,000**	—
Repayment of loan from an associate of ultimate holding company		**(279,137)**	—
Proceeds from disposal of partial interest in a subsidiary	*49c*	**—**	21,544
Proceeds from deemed disposal of partial interest in subsidiaries	*49c*	**—**	94,850
Proceeds from issuance of senior notes		**—**	3,166,950
Transaction costs paid for the issuance of senior notes		**—**	(47,681)
Payment for redemption of convertible bonds		**—**	(890,202)
Payment for repurchase of bonds issued		**—**	(350,000)
Repayment to ultimate holding company		**(761,831)**	—
Redemption of bonds		**(585,000)**	—
Advance from related companies		**14,647**	25,849
Repayment to related companies		**(14,636)**	(4,646)
Proceeds from re-sell of bonds issued		**322,500**	—
Capital contribution by non-controlling interests		**28,713**	—
Dividend paid to non-controlling interests		**(126,157)**	(38,389)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(142,852)**	2,451,905
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(362,480)**	(2,815,027)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			
Represented by			
— bank balances and cash		**1,361,978**	4,196,596
— bank balances and cash classified as held for sale		**44,873**	—
		1,406,851	4,196,596
Effect of exchange rate changes on the balance of cash held in foreign currencies		**29,080**	25,282
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
Represented by			
— bank balances and cash		**1,073,451**	1,361,978
— bank balances and cash classified as held for sale		**—**	44,873
		1,073,451	1,406,851

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

As at 31 December 2019, the Group's current liabilities exceeded its current assets by approximately RMB11,267 million. In addition, as at 31 December 2019, the Group has entered into agreements which will involve capital commitments of approximately RMB377 million to construct solar power plants and financial guarantee provided to the associates and third parties for their bank and other borrowings. In the event that the Group is successful in expanding the investments in the existing solar power plants in the coming twelve months from 31 December 2019, additional cash outflows will be required to settle further committed capital expenditure.

As at 31 December 2019, the Group's total borrowings comprising bank and other borrowings, bonds and senior notes, loans from related companies and lease liabilities amounted to approximately RMB37,401 million. The balance of approximately RMB12,507 million will be due in the coming twelve months from the end of the reporting period, including bank borrowings of approximately RMB1,597 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 31 December 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 RMB1,597 million as current liabilities is still required at 31 December 2019 under applicable accounting standards because the bank waiver was obtained subsequent to the end of the reporting period.

2. BASIS OF PREPARATION *(continued)*

The Group's pledged bank and other deposits and bank balances and cash amounted to approximately RMB1,709 million (including pledged deposit of RMB8 million placed at an associate of ultimate holding company for its loans advanced to the Group) and RMB1,073 million as at 31 December 2019, respectively. The financial resources available to the Group as at 31 December 2019 and up to the date of approval of these consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure and other funding requirements. The Group is actively pursuing additional financing including, but not limited to, debt financing and bank borrowings.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company (the "Directors") have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2019. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures, that will be due in the coming twelve months from 31 December 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 31 December 2019, the Group successfully obtained new borrowings of approximately RMB541 million from banks and other financial institutions in the PRC;

(ii) The Group proposed to issue medium-term notes with an aggregate principal amount of not exceeding RMB3,000 million to institutional investors of the national interbank bond market in the PRC before their expiry date in June 2020. It is expected that the notes will be issued in one or more tranches and that each tranche of the notes shall have a maturity of three years. The Group is also negotiating with 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 cashflow to the Group.

On 18 November 2019, the Company and 中國華能集團有限公司 China Huaneng Group Co., Ltd* ("China Huaneng") entered into a cooperation framework agreement (the "Cooperation Framework Agreement") regarding the disposal of (i) certain solar power plants of the Group in the PRC (the "Power Plants") or (ii) certain project companies of the Group which operate the Power Plants (the "Framework Disposal").

On 21 January 2020, the Group entered into a series of six share purchase agreements with 華能工融一號（天津）股權投資基金合夥企業（有限合夥） Huaneng Gongrong No.1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("Hua Neng No. 1 Fund") and 華能工融二號（天津）股權投資基金合夥企業（有限合夥） Huaneng Gongrong No. 2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("Hua Neng No. 2 Fund"), pursuant to which the Group agreed to sell 60% and 40% of the equity interest in six wholly-owned subsidiaries of the Group to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, respectively, of which these subsidiaries own 7 solar power plants in the PRC with aggregate installed capacity of approximately 294MW, for a consideration in aggregate of RMB850,500,000 (the "Disposal"). Pursuant to the Listing Rules (as defined in note 4), this transaction is considered as a major transaction of the Company, and it is subject to the approval by the shareholders of the Company in the special general meeting as well as the shareholders of ultimate holding company, GCL-Poly, in an extraordinary general meeting. Further details of the Disposal are set out in the announcement of the Company published on 21 January 2020.

* English name for identification only

2. BASIS OF PREPARATION *(continued)*

(iii) (continued)

The Group and China Huaneng are actively working together under the Cooperation Framework Agreement to explore other solar power plant assets for the Framework Disposal and will enter into other definitive agreements in respect of and in compliance with the Measures for the Supervision and Administration of State-Owned Assets (國有資產監督管理辦法) in the PRC, the relevant laws and regulations and the Listing Rules, in due course.

On 21 January 2020, the Group also entered into two share purchase agreements with 中核（南京）能源發展有限公司 CNI (Nanjing) Energy Development Company Limited* to sell its entire equity interest in 阜陽衡銘太陽能電力有限公司 Fuyang Hengming Solar Power Co., Ltd.* and 鎮江協鑫新能源有限公司 Zhenjiang GCL New Energy Co., Ltd.* ("Zhenjiang GCL") for a consideration in aggregate of RMB77,476,000 (the "Divestment"). Each of them has a solar power plant project with capacity of 20MW in operation. One of the Divestments is completed on 13 March 2020 and the other one is expected to be completed before June 2020; and

(iv) The Group still owns 176 solar power plants with an aggregate grid connected capacity of approximately 5.2GW upon completion of the Disposal and Divestments. Those operational solar power plants are expected to generate operating cash inflows to the Group.

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

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

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

* English name for identification only

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards")

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

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

IFRS 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 IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

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

3.1 IFRS 16 Leases

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

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or arising from business combinations after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease. For contracts on sales of electricity, the management of the Company assessed and concluded that the contracts in connection with the sales of electricity do not contain a lease.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

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

3.1 IFRS 16 Leases (continued)

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities of RMB1,361,507,000 and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid and accrued lease payments by applying IFRS16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

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

3.1 IFRS 16 Leases (continued)

As a lessee *(continued)*

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 incremental borrowing rate applied is 5.46%.

	At 1 January 2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	2,252,237
Lease liabilities discounted at relevant incremental borrowing rates	1,384,669
Less: Recognition exemption — short-term leases	(3,321)
Recognition exemption — leases with lease term ending within 12 months from the date of initial application	(19,841)
Lease liabilities relating to operating leases recognised upon application of IFRS 16 as at 1 January 2019	1,361,507
Analysed as:	
— Current	79,545
— Non-current	1,263,530
— Lease liabilities under liabilities associated with assets classified as held for sales	18,432
	1,361,507

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

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

3.1 IFRS 16 Leases (continued)

As a lessee *(continued)*

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Right-of-use assets RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	1,361,507
Reclassified from prepaid rent *(note a)*	484,227
Reclassified from prepaid lease payments *(note b)*	116,090
	1,961,824
By class:	
Leasehold lands	1,796,990
Rooftops	137,212
Others	27,622
	1,961,824
Represented by:	
— Right-of-use assets	1,934,556
— Right-of-use assets under assets held for sale	27,268
	1,961,824

Notes:

(a) Prepaid rent for parcels of land in the PRC in which the Group leased from third parties under operating leases were classified as prepayments as at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid rent for parcels of lands and prepaid rent for parcels of lands classified as held for sale amounting to RMB2,826,000 and RMB474,393,000 and RMB7,008,000, respectively, were reclassified to right-of-use assets.

(b) Upfront payments for leasehold lands in the PRC in which the Group obtained relevant land use right certificate were classified as prepaid lease payments as at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments and the prepaid lease payments classified as held for sale amounting to RMB112,041,000 and RMB2,221,000, and RMB1,828,000 respectively, were reclassified to right-of-use assets.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

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

3.1 IFRS 16 Leases (continued)

As a lessee *(continued)*

The transition to IFRS 16 has no impact to the Group's retained earnings at 1 January 2019.

Sales and lease back transactions

The Group acts as a seller-lessee

In accordance with the transition provisions of IFRS 16, sale and leaseback transactions entered into before the date of initial application were not reassessed. Upon application of IFRS 16, the Group applies the requirements of IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to assess whether sales and leaseback transaction constitutes a sale. During the year, the Group entered into several sale and leaseback transactions in relation to certain equipment of the Group and the transactions do not satisfy the requirement as a sale in accordance with those contracts, and the Group has right to repurchase the relevant assets. As a result, the buyer-lessors do not obtain control of the assets as the contracts limit its ability to direct the use of and to obtain substantially all of the remaining benefits from the assets. During the year ended 31 December 2019, the Group has raised borrowings amounting to RMB2,323,585,000 in respect of such sale and lease back arrangements.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

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

3.1 IFRS 16 Leases (continued)

As a lessee *(continued)*

Sales and lease back transactions (continued)

The Group acts as a seller-lessee *(continued)*

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 RMB'000	Adjustments RMB'000	Carrying amounts under IFRS 16 at 1 January 2019 RMB'000
Non-current Assets			
Prepaid lease payments	112,041	(112,041)	—
Deposits, prepayment and other non-current assets	3,334,001	(474,393)	2,859,608
Right-of-use assets	—	1,934,556	1,934,556
Current Assets			
Prepaid lease payments	2,221	(2,221)	—
Trade and other receivables	4,930,458	(2,826)	4,927,632
Assets classified as held for sale			
— Right-of-use assets	—	27,268	27,268
— Other non-current assets	97,335	(7,008)	90,327
— Prepaid lease payments	1,828	(1,828)	—
Current Liabilities			
Lease liabilities	—	79,545	79,545
Liabilities directly associated with assets classified as held for sale			
— Lease liabilities	—	18,432	18,432
Non-current Liabilities			
Lease liabilities	—	1,263,530	1,263,530

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

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

3.2 Impacts and changes in accounting policies of application of other new and amendments to IFRS Standards

Amendments to IFRSs Annual Improvement to IFRSs 2015–2017 Cycle

IAS23 Borrowing Costs

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

The application of the amendments has no material impact to the Group's consolidated financial statements.

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

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

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2022

In addition to the above new and amendments to IFRS Standards, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except as described below, the Directors anticipate that the application of the all other new and amendments to IFRS Standards will have no significant impact on the Group's consolidated financial statements in the foreseeable future.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

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

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that a liability should be classified as non-current if an entity has the right, the classification should not be affected by management intentions or expectations to settle the liability within 12 months;
- clarify that if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

Based on the Group's outstanding liabilities as at 31 December 2019, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to IFRS 3 Definition of a Business

The amendments:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;
- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

The Group will apply the amendments prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after annual reporting period beginning on 1 January 2020.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

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

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

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

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in IFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain IFRS Standards have been updated to the New Framework, whilst some IFRS Standards are still referred to the previous versions of the framework. These amendments are effective for the Group's annual period beginning on 1 January 2020. Other than specific standards which still refer to the previous versions of the framework, the Group's will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment ("IFRS 2"), leasing transactions that are accounted for in accordance with IFRS 16 (since 1 January 2019) or IAS 17 (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

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

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

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

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

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

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

Changes in the Group's interests in existing subsidiaries

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations

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

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

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

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

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

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms, except for right-of-use assets relating to leasehold lands in which the relevant acquirees are the registered owners with full upfront lease payments, which are measured at fair value.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations *(continued)*

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

Acquisition of a subsidiary not constituting a business

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

Investments in associates and joint ventures

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures *(continued)*

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

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-current assets held for sale

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

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

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

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except financial assets within the scope of IFRS 9 which continue to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers *(continued)*

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

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

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

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

Variable consideration

For contracts that contain variable consideration in relation to sales of electricity to the grid companies which contain tariff adjustments related to solar power plants yet to obtain approval for registration in the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄, the "Catalogue") by the PRC government, the Group estimates the amount of consideration to which it will be entitled using the most likely amount.

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

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

Existence of significant financing component

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in note 3)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 3)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease component from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office, motor vehicles and staff quarter that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 3) (continued)

Right-of-use assets *(continued)*

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 3) (continued)

Lease liabilities *(continued)*

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee (prior to 1 January 2019)

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

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

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

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term. Lease incentives relating to operating leases are considered as integral part of lease payments, the aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Sale and leaseback transactions (upon application of IFRS 16 since 1 January 2019)

The Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee accounts for the transfer proceeds as loans from a related company and other loans within the scope of IFRS 9.

Sale and leaseback resulting in a finance lease (prior to 1 January 2019)

The Group as a seller-lessee

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

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

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

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

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

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

Borrowing costs

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

Effective 1 January 2019, any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

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

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

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

Retirement benefit costs

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

Short-term employee benefits

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

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

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees and others providing similar services

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payment arrangements *(continued)*

Equity-settled share-based payment transactions (continued)

Share options granted to employees and others providing similar services *(continued)*

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

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

Taxation

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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

Property, plant and equipment

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

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" (upon application of IFRS 16) or "prepaid lease payments" (before application of IFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

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

Prepaid lease payments (before application of IFRS 16)

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

Impairment on property, plant and equipment and right-of-use assets

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

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In addition, corporate assets are allocated to individual cash-generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, the recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment on property, plant and equipment and right-of-use assets *(continued)*

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

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets the require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets

Classification and subsequent measurement of financial assets

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

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

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

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of IFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

Amortised cost and interest income

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Financial assets at FVTPL

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

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

Impairment of financial assets, financial guarantee contracts and contract assets

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

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

The Group always recognises lifetime ECL for trade receivables and contract assets, including those with significant financing component.

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

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(continued)*

(i) Significant increase in credit risk

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

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

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

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

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(continued)*

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(continued)*

(v) Measurement and recognition of ECL

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

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

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

For ECL on financial guarantee contracts which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

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

- Nature of debtors;
- Past-due status;
- Past default experience of the debtors;
- Geographical location of the debtors;
- Aging of the debtors;
- General economic conditions of the Solar Energy Business; and
- Internal and external credit ratings where available.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(continued)*

(v) *Measurement and recognition of ECL (continued)*

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

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

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

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity (continued)

Financial liabilities

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading or (ii) it is designated as at FVTPL.

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated at FVTPL.

Financial liabilities at amortised cost

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity (continued)

Financial guarantee contracts

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

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition/substantial modification of financial liabilities

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

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

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

Non-substantial modifications of financial liabilities

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

Revenue recognition on tariff adjustments on sales of electricity

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

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

In January 2020, the PRC government has simplified the application and approval process to receive tariff adjustments. Pursuant to the 2020 Measures (as defined in note 6) announced by the PRC government in January 2020, the PRC government will no longer announce new additions to the existing Catalogue while the grid companies will regularly announce a List (as defined in note 6) for solar power plant projects which are entitled to the tariff adjustments. All on-grid solar power plants already registered in the Catalogue would be enlisted in the List automatically. For those on-grid solar power plants which are not yet registered in the Catalogue, they need to meet the relevant requirements and conditions for tariff subsidy as stipulated in the 2020 Measures and to complete the submission and application on the Platform. Grid companies will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plants that are enlisted in the List.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Critical judgements in applying accounting policies *(continued)*

Revenue recognition on tariff adjustments on sales of electricity (continued)

Tariff adjustments of RMB3,623,057,000 (2018: RMB3,408,718,000) were included in the sales of electricity for the year ended 31 December 2019 as disclosed in note 6, of which certain on-grid solar power plants of the Group were still pending for registration to the Catalogue as of 31 December 2019, which was an on-going process as the Catalogue was opened for registration on a batch by batch basis under the requirement of New Tariff Notice. Accordingly, for certain power plants which were pending for registration to the Catalogue, the relevant tariff adjustments were recognised only to the extent that it is highly probable that such an inclusion would not result in a significant revenue reversal in the future on the basis that all of the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants, and taking into account the legal opinion as advised by the Group's legal advisor, who considered that all of the Group's solar power plants currently in operation had met the requirements and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff subsidy when the electricity was delivered on grid, and also the requirements and conditions for the entitlement of the tariff subsidy under the 2020 Measures. Hence, the Group's operating power plants are able to be enlisted in the List subsequent to the year ended 31 December 2019 and the accrued revenue on tariff subsidy are fully recoverable. During the year ended 31 December 2019, the Group recognised revenue of RMB2,589 million (2018: RMB2,008 million) in respective of tariff adjustments recognised as revenue relating to solar power plants not yet registered in the Catalogue.

Accounting and classification of the Group's various financing arrangements

As at 31 December 2019, the Group has other borrowing of RMB17,007,921,000 (2018: RMB14,646,071,000) via various financing arrangements with details disclosed in note 30.

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty

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

Determination of timing of settlement of tariff adjustments on sales of electricity

For the tariff adjustments yet to obtain approval for registration in the Catalogue by the PRC government at the end of the reporting period, the Group considered that it contained a significant financing component over the relevant portion of tariff adjustment until approval is obtained. In determining the period of extended financing, the Group has to exercise judgement and make estimation in timing of collection of the tariff adjustments with reference to historical pattern and experience for application and approval for registration in the Catalogue which was only opened for registrations on a batch by batch basis. The Group has adjusted the respective tariff adjustment for the financing component based on estimated timing of collection.

The adjustment for financing component is sensitive to changes in expected timing of settlement of the tariff adjustments. Change in facts and circumstances will result in revision of the expected collection period of the tariff adjustments which will be reflected as an increase or a reduction in financing component adjustment for the period in which such a revision takes place.

The revenue of the Group was adjusted by approximately RMB151 million for the year ended 31 December 2019 (2018: RMB152 million) for this financing component and in relation to revision of expected timing of tariff settlement.

Provision of ECL for trade receivables and contract assets

The Group uses provision matrix to calculate ECL for the trade receivables and contract assets. The provision rates are based on internal credit rating as groupings for various debtors which shared credit risk characteristics by reference to repayment history of the debtor, taking into account general economic conditions of the solar industry, relevant country default risk, and an assessment of both the current as well as forecast direction at the reporting date. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and contract assets with significant balances and credit-impaired are assessed for ECL individually. As at 31 December 2019 and 31 December 2018, the ECL provision for trade receivables and contract assets is considered insignificant.

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Useful lives and impairment of property, plant and equipment

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

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

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

As at 31 December 2019, the carrying amount of property, plant and equipment was approximately RMB35,400,109,000 (2018: RMB42,970,249,000), net of accumulated depreciation and impairment of approximately RMB3,932,254,000 (2018: RMB3,086,324,000).

6. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of electricity which is recognised at a point in time. Substantially, all of the revenue is derived from electricity sales to local grid companies in the PRC for the years ended 31 December 2019 and 2018.

For sales of electricity, the Group generally entered into power purchase agreements with local grid companies with a term of one to five years which stipulate the price of electricity per watt hour. Revenue is recognised when control of the electricity has transferred, being at the point when electricity has generated and transmitted to the customer and the amount included RMB3,623,057,000 (2018: RMB3,408,718,000) tariff adjustment recognised during the year. The Group generally grants credit period of approximately one month to customers from date of invoice in accordance with the relevant power purchase agreements between the Group and the respective local grid companies. The Group will complete the remaining performance obligations in accordance with the relevant terms as stipulated in the power purchase agreements and the remaining aggregated transaction price will be equal to the quantity of electricity that can be generated and transmitted to the customers times the stipulated price per watt hour.

6. REVENUE AND SEGMENT INFORMATION *(continued)*

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.

In January 2020, the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (Caijian [2020] No. 4)* (《關於促進非水可再生能源發電健康發展的若干意見》) (財建[2020]4號) and the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (Caijian [2020] No. 5)* (《財政部國家發展改革委國家能源局關於印發〈可再生能源電價附加資金管理辦法〉的通知》) (財建[2020]5號) (the "2020 Measures") were jointly announced by the Ministry of Finance, National Development and Reform Commission and National Energy Administration. In accordance with the new government policy as stipulated in the 2020 Measures, the PRC government will not announce new additions to the existing Catalogue and has simplified the application and approval process regarding the registration of tariff adjustments for non-hydro renewable energy power plant projects into the Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單, the "List"). The state grid companies will regularly announce the list based on the project type, time of grid connection and technical level of the solar power projects. All solar power plants already registered in the Catalogue will be enlisted in the List automatically. For those on-grid solar power projects which have already started operation but yet to register into the previous Catalogue and now, the List, these on-grid solar power projects are entitled to enlist into the List once they have met the conditions as stipulated on the Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) and completed the submission and application in the National Renewable Energy Information Management Platform (the "Platform").

Tariff adjustments are recognised as revenue and due from grid companies in the PRC in accordance with the relevant power purchase agreements.

For those tariff adjustments that are subject to approval for registration in the Catalogue by the PRC government at the end of the reporting period, 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 for the years ended 31 December 2018 and 2019, or when the relevant power plant is enlisted in the List since the release of the 2020 Measures.

* English name for identification only

6. REVENUE AND SEGMENT INFORMATION *(continued)*

Since certain of the tariff adjustments were yet to obtain approval for registration in the Catalogue by the PRC government at the end of the reporting period, the management considered that it contained a significant financing component over the relevant portion of tariff adjustment until approval was obtained. For the year ended 31 December 2019, the respective tariff adjustment was adjusted for this financing component based on an effective interest rate ranged from 2.55% to 3.01% per annum (2018: 2.90% to 2.98% 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 RMB151 million (2018: RMB152 million) and interest income amounting to approximately RMB118 million (2018: RMB111 million) (note 7) 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

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

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

	Revenue from external customers		Non-current assets	
	Year ended 31 December 2019 RMB'000	Year ended 31 December 2018 RMB'000	**At 31 December 2019 RMB'000**	At 31 December 2018 RMB'000
PRC	**5,959,721**	5,572,704	**43,955,008**	49,193,375
Other countries	**92,266**	59,693	**1,388,980**	1,562,205
	6,051,987	5,632,397	**45,343,988**	50,755,580

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

Information about major customers

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

	Year ended	
	31 December 2019 RMB'000	31 December 2018 RMB'000
Customer A	**915,648**	655,820

7. OTHER INCOME

	2019 RMB'000	2018 RMB'000
Consultancy income *(Note a)*	**32,111**	12,312
Compensation income	**6,615**	1,100
Government grants		
— Incentive subsidies *(Note b)*	**8,331**	13,063
— Investment Tax Credit ("ITC") *(note 28c)*	**14,159**	9,689
— Others	**1,860**	12,172
Interest arising from contracts containing significant financial component	**118,218**	111,287
Interest income of financial assets at amortised cost:		
— Bank interest income	**21,654**	20,307
— Interest income from other loan receivables *(note 26)*	**682**	5,115
— Interest income from loans to related companies	**2,047**	10,950
Management services income		
— related companies *(note 46a)*	**53,040**	59,309
— third parties	**15,790**	—
Others	**32,375**	16,842
	306,882	272,146

Notes:

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

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

8. OTHER GAINS AND LOSSES, NET

	2019 RMB'000	2018 RMB'000
Exchange losses, net *(Note a)*	**(94,370)**	(404,526)
Impairment loss on property, plant and equipment *(Note b)*	**(57,235)**	—
Gain on disposal of property, plant and equipment	**43,006**	—
Gain on disposal of solar power plant projects *(note 38a and b)*	**26,926**	35,146
Fair value change on other investments	**—**	16,790
Gain on disposal of joint ventures *(note 20)*	**35,263**	—
Others	**(2,576)**	—
	(48,986)	(352,590)

Notes:

(a) Exchange losses mainly arose from a loan from ultimate holding company, bank and other borrowings and the senior notes, all are denominated in US$ which appreciated against RMB.

(b) In August 2019, the power generator and related equipment of a solar power plant of the Group located in Shandong Province, the PRC, was damaged during typhoon. Accordingly, an impairment loss of RMB57,235,000 was recognised for the respective property, plant and equipment for the year ended 31 December 2019. The Group has insurance policies in place to cover damages to property, plant and equipment incidental to typhoon and the related compensation will be recognised only when the compensation becomes receivables. The Group received RMB6,615,000 from insurance claim as of 31 December 2019 which was recognised as compensation income (note 7).

9. FINANCE COSTS

	2019 RMB'000	2018 RMB'000
Interest on financial liabilities at amortised cost:		
Bank and other borrowings	**2,345,024**	2,036,800
Bonds and senior notes	**244,417**	275,465
Loans from related companies *(note 46b)*	**265,188**	122,584
Lease liabilities	**67,838**	—
Total borrowing costs	**2,922,467**	2,434,849
Less: amounts capitalised in the cost of qualifying assets	**(40,715)**	(157,891)
	2,881,752	2,276,958

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.8% (2018: 6.32%) per annum to expenditure on qualifying assets.

10. INCOME TAX EXPENSE

	2019 RMB'000	2018 RMB'000
PRC Enterprise Income Tax ("EIT"):		
Current tax	**129,436**	55,908
Over-provision in prior year	**(6,090)**	—
PRC dividend withholding tax	**49,495**	—
Deferred tax *(note 33)*	**4,722**	(49,392)
	177,563	6,516

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 and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. For the year ended 31 December 2019, certain subsidiaries of the Company engaged in solar photovoltaic projects had their first year of the 3-year 50% exemption period.

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

The Federal and state income tax rate in the US are calculated at 21% and 8.84% respectively for both years. No provision for taxation in the US was made as there is no assessable profit for both reporting periods.

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

	2019 RMB'000	2018 RMB'000
Profit before tax	**782,316**	755,870
Tax at the domestic income tax rate of 25% (2018: 25%) *(Note)*	**195,579**	188,968
Tax effect of share of profits of joint ventures	**(6,098)**	(1,140)
Tax effect of share of (profits) losses of associates	**(12,274)**	260
Tax effect of expenses not deductible for tax purpose	**261,067**	230,605
Tax effect of income not taxable for tax purpose	**(5,644)**	(18,787)
Tax effect of tax losses not recognised	**112,553**	33,290
Utilisation of tax losses previously not recognised	**(6,158)**	(3,349)
Over-provision in prior year	**(6,090)**	—
Withholding tax on undistributed profits of the PRC subsidiaries	**49,495**	—
Effect of tax exemptions and concessions granted to the PRC subsidiaries	**(404,867)**	(423,331)
Income tax expense for the year	**177,563**	6,516

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

11. PROFIT FOR THE YEAR

	2019 RMB'000	2018 RMB'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**4,362**	4,466
Depreciation of:		
— Property, plant and equipment	**1,642,170**	1,510,182
— Right-of-use assets	**91,901**	—
Release of prepaid lease payments	**—**	3,073
Staff costs (including directors' remuneration but excluding share-based payments)		
— Salaries, wages and other benefits	**328,611**	330,674
— Retirement benefit scheme contributions	**66,376**	47,708
Share-based payment expenses *(note 36)* (administrative expenses in nature)		
— Directors and staff	**1,693**	10,104
— Consultancy services	**94**	2,575

12. ASSETS CLASSIFIED AS HELD FOR SALE

Disposal of solar power plants

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

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

The Group guaranteed that for the three-year period following the completion under the equity transfer agreement, Linzhou Project shall generate an average on-grid electricity per year of not less than the guaranteed amount, being 73.1 million kWh ("Guaranteed Amount") and is adjusted in accordance with the degradation rate of the solar panels from benchmark date (i.e. 30 June 2018) to the completion date. In the event that the Linzhou Project fails to reach the aforesaid target, the Group shall make up the loss suffered by CGN Solar and such guarantee shall extend for a period of three years. As the average annual on grid electricity generated by the project in the past two years well exceeded 73.1 million kWh, in the opinion of the Directors, the fair value of the guarantee is insignificant as at completion date on 15 February 2019 and 31 December 2019.

12. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal of solar power plants *(continued)*

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

In addition, the Group has granted a put option to CGN Solar, pursuant to which the Group has agreed that if the Linzhou Project fails to generate an average annual on-grid electricity reaching 70% of the Guaranteed Amount during the three-year period, the Group shall repurchase the 80% equity interest in Linzhou Xinchuang from CGN Solar at a repurchase price to be agreed between both parties and replace all advancement from CGN Solar to Linzhou Xinchuang with its loan. As the average annual on-grid electricity generated by the project in the past two years well exceeded the aforesaid 70% requirement, in the opinion of the Directors, the fair value of the option is considered insignificant as at the completion date on 15 February 2019 and 31 December 2019.

Besides, CGN Solar has granted the Group a put option, pursuant to which CGN Solar has agreed to grant the Group the right, but not an obligation, to request CGN Solar to purchase the remaining 20% equity interest in Linzhou Xinchuang upon the aforesaid guarantee being fulfilled. As the purchase price will be referenced to the fair value of Linzhou Project at the date of purchase of the remaining 20% equity interest in Linzhou Xinchuang by CGN Solar, in the opinion of the Directors, the fair value of the option is considered insignificant as at the completion date on 15 February 2019 and 31 December 2019. Details of this transaction are set out in the announcement of the Company dated 24 October 2018. The disposal is completed on 15 February 2019 as disclosed in note 38(a)(i), and the Group recognised a gain on disposal amounting to RMB4.9 million in the current year.

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

On 30 December 2018, the Group entered into share transfer agreements with 中國三峽新能源有限公司 China Three Gorges New Energy Company Limited* (“China Three Gorges New Energy”), an independent third party, pursuant to which the Group agreed to sell and China Three Gorges New Energy agreed to purchase 100% equity interest of several wholly-owned subsidiaries of the Group for consideration in aggregate of RMB184,643,000. The wholly-owned subsidiaries of the Group operate a number of solar power plant projects in Inner Mongolia, the PRC. The disposal is completed in May 2019 as disclosed in note 38(a)(ii), and a gain on disposal amounting to RMB17.9 million is recognised in current year.

* English name for identification only

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

12. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal of solar power plants *(continued)*

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

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

12. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal of solar power plants *(continued)*

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

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

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

The carrying amounts of the above borrowings are repayable*:

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

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

13. DIRECTORS', PRESIDENT/CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

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

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

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

Year ended 31 December 2019

		Other emoluments				
Name of director	Directors' fees RMB'000	Bonuses RMB'000	Salaries and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
President and Executive Director						
Mr. SUN Xingping *(note i)*	—	1,943	1,677	118	144	3,882
Executive Directors						
Mr. ZHU Yufeng	—	489	3,520	—	32	4,041
Ms. HU Xiaoyan	—	600	1,320	66	27	2,013
Non-executive Directors						
Ms. SUN Wei	440	—	—	—	27	467
Mr. SHA Hongqiu	440	—	—	—	72	512
Mr. YEUNG Man Chung, Charles	440	—	—	—	27	467
Mr. HE Deyong	105	—	—	—	—	105
Independent Non-executive Directors						
Mr. WANG Bohua	248	—	—	—	5	253
Mr. XU Songda	248	—	—	—	5	253
Mr. LEE Conway Kong Wai	291	—	—	—	6	297
Mr. WANG Yanguo	248	—	—	—	9	257
Dr. CHEN Ying	248	—	—	—	9	257
Total	2,708	3,032	6,517	184	363	12,804

13. DIRECTORS', PRESIDENT/CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(continued)*

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

Year ended 31 December 2018

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

Notes:

(i) Mr. Sun Xingping resigned as president and executive director of the Company with effect from 15 January 2020.

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

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

13. DIRECTORS', PRESIDENT/CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(continued)*

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

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

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

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

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

(b) Employees' emoluments

The five highest paid employees of the Group during the year included three directors (2018: four directors), details of whose remuneration are set out in (a) above. Details of the emoluments of the remaining two (2018: one) highest paid employees in 2019 who are neither a director nor president/chief executive of the Company are as follows:

	2019 RMB'000	2018 RMB'000
Salaries, allowances and benefits in kind	**2,750**	1,400
Performance-related bonuses	**1,849**	1,450
Retirement benefits scheme contributions	**194**	153
	4,793	3,003

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

	2019 No. of employees	2018 No. of employees
HK$2,000,001 to HK$2,500,000 (equivalent to approximately RMB1,761,001 to RMB2,201,250)	**1**	—
HK$2,500,001 to HK$3,000,000 (equivalent to approximately RMB2,201,251 to RMB2,641,500)	**1**	—
HK$3,500,001 to HK$4,000,000 (2018: equivalent to approximately RMB2,883,001 to RMB3,295,200)	**—**	1

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2019, nor has any dividend been proposed since the end of the reporting period (2018: nil).

15. 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:

	2019 **RMB'000**	2018 RMB'000
Profit for the year attributable to owners of the Company	**294,688**	469,680
Effect of dilutive potential ordinary shares:		
Loss on changes in fair value of convertible bonds	**—**	5,524
Profit for the purpose of diluted earnings per share	**294,688**	475,204

Number of shares	**2019** **'000**	2018 '000
Number of ordinary shares for the purpose of basic earnings per share	**19,073,715**	19,073,715
Effect of dilutive potential ordinary shares:		
Convertible bonds	**—**	560,080
Number of ordinary shares for the purpose of diluted earnings per share	**19,073,715**	19,633,795

Diluted earnings per share did not assume the exercise of the share options since the exercise price is higher than the average share price for both reporting periods.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Power generators and equipment RMB'000	Leasehold improvements, furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2018	1,184,655	35,713,076	64,658	42,484	2,757,590	39,762,463
Additions	—	16,235	148,278	2,549	6,243,350	6,410,412
Acquired on acquisition of subsidiaries *(note 37)*	50,324	1,497,121	369	—	199,619	1,747,433
Transfer	317,250	6,508,781	—	—	(6,826,031)	—
Disposed on disposal of subsidiaries	(33,659)	(700,182)	(5,677)	(174)	(3,446)	(743,138)
Effect of foreign currency exchange differences	—	4,528	(91)	—	231	4,668
Transfer to assets held for sale *(note 12)*	(22,962)	(1,100,651)	(371)	(354)	(927)	(1,125,265)
At 31 December 2018	1,495,608	41,938,908	207,166	44,505	2,370,386	46,056,573
Additions	—	—	34,149	3,013	445,430	482,592
Acquired on acquisition of subsidiaries *(note 37)*	24,693	975,102	182	386	—	1,000,363
Transfer	151,009	1,756,369	—	—	(1,907,378)	—
Disposed on disposal of subsidiaries	(275,872)	(7,818,916)	(15,908)	(9,466)	(10,499)	(8,130,661)
Disposals	—	(70,644)	(3,475)	(3,499)	—	(77,618)
Effect of foreign currency exchange differences	—	1,100	9	—	5	1,114
At 31 December 2019	**1,395,438**	**36,781,919**	**222,123**	**34,939**	**897,944**	**39,332,363**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2018	67,868	1,559,347	16,447	14,501	—	1,658,163
Depreciation expense	60,385	1,424,531	16,545	8,721	—	1,510,182
Effect of foreign currency exchange differences	—	947	15	—	—	962
Eliminated on disposal of subsidiaries	(1,018)	(24,768)	—	(12)	—	(25,798)
Transfer to assets held for sale *(note 12)*	(620)	(56,458)	(74)	(33)	—	(57,185)
At 31 December 2018	126,615	2,903,599	32,933	23,177	—	3,086,324
Depreciation expense	66,259	1,549,372	18,897	7,642	—	1,642,170
Impairment loss recognised in profit or loss	—	57,235	—	—	—	57,235
Effect of foreign currency exchange differences	—	889	6	—	—	895
Eliminated on disposal of subsidiaries	(25,741)	(800,641)	(6,787)	(5,495)	—	(838,664)
Eliminated on disposals	—	(11,444)	(2,270)	(1,992)	—	(15,706)
At 31 December 2019	**167,133**	**3,699,010**	**42,779**	**23,332**	**—**	**3,932,254**
CARRYING AMOUNTS						
At 31 December 2019	**1,228,305**	**33,082,909**	**179,344**	**11,607**	**897,944**	**35,400,109**
At 31 December 2018	1,368,993	39,035,309	174,233	21,328	2,370,386	42,970,249

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

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

All buildings were held under leases in the PRC.

At 31 December 2019, the Group was in the process of obtaining property ownership certificates in respect of property interests held under land use rights in the PRC with a carrying amount of approximately RMB1,018,525,000 (2018: RMB1,271,801,000). In the opinion of the Directors, the absence of the property ownership certificates to these property interests does not impair their carrying value to the Group as the Group paid the full purchase consideration of these property interests and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

17. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Rooftops RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2019				
Carrying amount	1,796,990	137,212	27,622	1,961,824
As at 31 December 2019				
Carrying amount	1,368,902	126,438	18,603	1,513,943
For the year ended 31 December 2019				
Depreciation charge	(75,033)	(6,071)	(10,797)	(91,901)

Expense relating to:	
— Short-term leases	(8,967)
— Leases with lease term ending within 12 months from the date of initial application	(19,841)
Total cash outflow for leases	(167,964)
Additions to right-of-use assets (including those arising from acquisition of subsidiaries)	(82,038)

17. RIGHT-OF-USE ASSETS *(continued)*

During the year ended 31 December 2019, the Group entered into an early termination agreement with a landlord to terminate a lease contract, which resulted in derecognition of right-of-use assets and lease liabilities of RMB161,000 and RMB168,000, respectively.

For both years, the Group leases lands, rooftops and other equipment for its operations. Lease contracts are entered into for fixed terms of three to fifty years, but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several leasehold lands where its solar power plants are primarily located and office buildings. The Group is the registered owner of these property interests. The Group has obtained the land use right certificates for all leasehold lands except for those with carrying amount of HK$105,402,000 (2018: HK$105,075,000) in which the Group is in the process of obtaining. Lump sum payments were made upfront to acquire these property interests.

The Group regularly entered into short-term leases for office, motor vehicles and staff quarter. As at 31 December 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The Group has extension options in a number of leases for the leasehold lands. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessors.

The Group assessed at lease commencement date/date of initial application whether it is reasonably certain to exercise the extension options. There is no extension option which the Group is not reasonably certain to exercise. As at 31 December 2019, lease liabilities with the exercise of extension options of RMB766,505,000 are recognised.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2019, there is no such triggering event.

Details of the lease maturity analysis of lease liabilities are set out in note 32.

Sale and leaseback transactions — seller-lessee

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the solar power plants. During the year ended 31 December 2019, the Group has raised RMB2,323,585,000 borrowings in respect of such sale and leaseback arrangements.

18. PREPAID LEASE PAYMENTS

	2018 RMB'000
Analysed for reporting purposes as:	
Current assets	2,221
Non-current assets	112,041
	114,262

19. INTERESTS IN ASSOCIATES

	2019 RMB'000	2018 RMB'000
Cost of unlisted investments in associates	**968,779**	37,846
Share of post-acquisition profits (losses), net of dividend received	**44,505**	(1,041)
	1,013,284	36,805

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

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2019	2018	**2019**	2018	
喀什博思光伏科技有限公司 Kashgar Solbright Technology Co. Ltd.*	PRC	**20%**	20%	**20%**	20%	Sale of solar products
華容縣協鑫光伏電力有限公司 Huarong County GCL Solar Power Co. Ltd.* ("Huarong")	PRC	**20%**	20%	**20%**	20%	Operation of solar power plants in the PRC
北京華橋新能源諮詢有限公司 Beijing Hua Qiao New Energy Limited*	PRC	**30%**	30%	**30%**	30%	Provide consultancy services on solar power plant
Linzhou Xinchuang *(note a)*	PRC	**20%**	N/A	**20%**	N/A	Operation of solar power plants in the PRC
汝州協鑫光伏電力有限公司 Ruzhou GCL Photovoltaic Power Co. Ltd.* ("Ruzhou") *(note b)*	PRC	**45%**	N/A	**45%**	N/A	Operation of solar power plants in the PRC
新安縣協鑫光伏電力有限公司 Xinan County GCL Solar Power Co., Ltd.* ("Xinan") *(note b)*	PRC	**45%**	N/A	**45%**	N/A	Operation of solar power plants in the PRC
江陵縣協鑫光伏電力有限公司 Jiangling County GCL Solar Power Co., Ltd.* ("Jiangling") *(note b)*	PRC	**45%**	N/A	**45%**	N/A	Operation of solar power plants in the PRC
山西協鑫新能源科技有限公司 Shanxi GCL New Energy Technologies Co., Ltd.* ("Shanxi GNE") *(note c)*	PRC	**30%**	N/A	**30%**	N/A	Operation of solar power plants in the PRC
汾西縣協鑫光伏電力有限公司 Fenxi County GCL Photovoltaic Co., Ltd.* ("Fenxi GCL") *(note c)*	PRC	**30%**	N/A	**30%**	N/A	Operation of solar power plants in the PRC

* English name for identification only

19. INTERESTS IN ASSOCIATES *(continued)*

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group 2019	2018	Proportion of voting right held by the Group 2019	2018	Principal activity
芮城縣協鑫光伏電力有限公司 Ruicheng County GCL Photovoltaic Co., Ltd.* ("Ruicheng GCL") *(note c)*	PRC	30%	N/A	30%	N/A	Operation of solar power plants in the PRC
盂縣晉陽新能源發電有限公司 Yu County Jinyang New Energy Power Generation Co., Ltd.* ("Yu County Jinyang") *(note c)*	PRC	30%	N/A	30%	N/A	Operation of solar power plants in the PRC
盂縣協鑫光伏電力有限公司 Yu County GCL Photovoltaic Co., Ltd.* ("Yu County GCL") *(note c)*	PRC	30%	N/A	30%	N/A	Operation of solar power plants in the PRC
邯能廣平縣光伏電力開發有限公司 Hanneng Guangping County Photovoltaic Development Co., Ltd.* ("Hanneng Guangping") *(note c)*	PRC	30%	N/A	30%	N/A	Operation of solar power plants in the PRC
河北協鑫新能源有限公司 Hebei GCL New Energy Co., Ltd.* ("Hebei GNE") *(note c)*	PRC	30%	N/A	30%	N/A	Operation of solar power plants in the PRC

Notes:

(a) On 15 February 2019, as disclosed in note 38(a)(i), the Group disposed of 80% equity interest in Linzhou Xinchuang to an independent third party and retained significant influence on Linzhou Xinchuang upon completion of this disposal. Accordingly, the remaining 20% equity interest in Linzhou Xinchuang is accounted for as an investment in an associate.

(b) 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 International Development Limited (中國電力國際發展有限公司), for the disposal of 55% equity interest in Ruzhou, Jiangling and Xinan for consideration in aggregate of approximately RMB328 million. Ruzhou, Jiangling and Xinan operates a number of solar power plants with approximately 280MW installed capacity in aggregate in the PRC. The disposals are completed in April 2019 as disclosed in note 38(a)(iii). Since the Group retains 45% equity interest in aggregate in Ruzhou, Jiangling and Xinan and has significant influence, these companies are accounted for as investments in associates.

(c) 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* ("Shanghai Rongyao"), an independent third party, in which the Group is going to sell 70% of its equity interest in Shanxi GNE, Fenxi GCL, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Hanneng Guangping and Hebei GNE that own 23 operational solar power plants in the PRC with an aggregate installed capacity of approximately 977MW, for a consideration in aggregate of RMB1,441,652,000. The disposals are completed in the second half of 2019 with details set out in note 38(a)(viii). Since the Group retains 30% equity interest in aggregate in these companies and has significant influence, these companies are accounted for as investments in associates.

* English name for identification only

All associates are accounted for using the equity method in these consolidated financial statements.

19. INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of material associates

Summarised financial information in respect of the Group's material associates as at 31 December 2019 and 2018 is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS Standards.

Hebei GNE and its subsidiaries

	2019 RMB'000
Current assets	1,165,101
Non-current assets	3,335,979
Current liabilities	(1,612,961)
Non-current liabilities	(1,880,453)

	From 19 September 2019 to 31 December 2019 RMB'000
Revenue	147,150
Profit and total comprehensive income for the period	70,366
Dividends received from Hebei GNE and its subsidiaries during the period	—

Reconciliation of the above summarised financial information to the carrying amount of the interest in Hebei GNE and its subsidiaries recognised in the consolidated financial statements:

	2019 RMB'000
Net assets of Hebei GNE and its subsidiaries	1,007,666
Proportion of the Group's ownership interest in Hebei GNE and its subsidiaries	30%
Carrying amount of the Group's interest in Hebei GNE and its subsidiaries	302,300

19. INTERESTS IN ASSOCIATES *(continued)*

Huarong

	2019 RMB'000	2018 RMB'000
Current assets	**166,190**	140,294
Non-current assets	**656,579**	704,603
Current liabilities	**(142,688)**	(188,525)
Non-current liabilities	**(494,000)**	(474,806)

	2019 RMB'000	From 10 December 2018 to 31 December 2018 RMB'000
Revenue	**98,499**	2,995
Profit (loss) and total comprehensive income (expense) for the period	**22,263**	(2,516)
Dividends received from Huarong during the year/period	**3,550**	—

Reconciliation of the above summarised financial information to the carrying amount of the interest in Huarong recognised in the consolidated financial statements:

	2019 RMB'000	2018 RMB'000
Net assets of Huarong	**186,081**	181,566
Proportion of the Group's ownership interest in Huarong	**20%**	20%
Carrying amount of the Group's interest in Huarong	**37,216**	36,313

Aggregate information of associates that are not individually material

	2019 RMB'000	2018 RMB'000
The Group's share of profit (loss) from operations and total comprehensive income (expense)	**23,533**	(538)
Carrying amount of the Group's interest in the associates	**673,768**	492

20. INTERESTS IN JOINT VENTURES

	2019 RMB'000	2018 RMB'000
Details of the Group's investments in joint ventures are as follows:		
Cost of unlisted investment in joint ventures	**6,701**	58,417
Share of post-acquisition (losses) profits, net of dividend received	**(5,981)**	4,568
Effect of foreign currency exchange differences	**2,908**	3,094
	3,628	66,079

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group 2019	2018	Proportion of voting right held by the Group 2019	2018	Principal activity
啟創環球有限公司 Qichuang Global Limited*	BVI/Japan	**50%**	50%	**50%**	50%	Operation of solar power plant in Japan
西安中民協鑫新能源有限公司 Xi'an Zhongmin GCL New Energy Company Limited* ("Zhongmin GCL") *(note a)*	PRC	**N/A**	32%	**N/A**	32%	Operation of solar power plant in the PRC
銅陵徽銀北控新能源投資合夥企業 (有限合夥) Tonglin Huiyin BE New Energy Investment Partnership Corporation (Limited Partnership)* ("Tongling Huiyin") *(note b)*	PRC	**N/A**	15%	**N/A**	15%	Operation of solar power plant in the PRC
北京京糧協鑫科技有限公司 Beijing Jing Liang GCL Technology Limited* ("Jingliang") *(note c)*	PRC	**49%**	49%	**49%**	49%	Provision of consultancy services on solar power plant
AD Solar No.3 Godo Kaisha ("AD3") *(note d)*	Japan	**N/A**	50%	**N/A**	50%	Operation of solar power plant in Japan
Himeji Tohori Taiyo-No-Sato No.1 Godo Kaisha ("Himeji") *(note d)*	Japan	**N/A**	50%	**N/A**	50%	Operation of solar power plant in Japan

* English name for identification only

Notes:

a. The Group acquired 100% equity interest of 金湖正輝太陽能電力有限公司 Jinhu Zhenghui Photovoltaic Co., Ltd.* ("Jinhu") and 山東萬海電力有限公司 Shandong Wanhai Solar Power Co., Ltd.* ("Wanhai") from Zhongmin GCL, a joint venture of the Company, during the current year. Upon completion of these acquisitions in March 2019, Jinhu and Wanhai become wholly-owned subsidiaries of the Group. Details are set out in note 37. Zhongmin GCL is also disposed of by the Group in March 2019. As a result of the disposal, a gain of RMB647,000 is recognised and included in other gains and losses during the year 31 December 2019.

b. Tongling Huiyin was established with an independent third party in which the Group holds 15% equity interest and the total attributed registered capital to be contributed by the Group amounted to RMB150,000,000. The Group has joint control over the arrangement as under the contractual agreement, unanimous consent is required from all parties to the agreement for directing the relevant activities. During the year ended 31 December 2019, Tongling Huiyin is deregistered and the contributed capital of RMB1,500,000 was repaid.

20. INTERESTS IN JOINT VENTURES *(continued)*

Notes: (continued)

c. During the year ended 31 December 2018, the Group contributed capital of RMB4,900,000 for a 49% equity interest in Jingliang. The Group has joint control over the arrangement as under the contractual agreement, unanimous consent is required from all parties to the agreement for directing the relevant activities.

d. The Group disposed of its 50% joint venture interest in both AD3 and Himeji to an independent third party in January 2019. As a result of the abovesaid disposals, a gain of RMB34,616,000 is recognised during the year ended 31 December 2019 and is included in other gains and losses.

All joint ventures are accounted for using the equity method in these consolidated financial statements.

Summarised financial information of a material joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS Standards.

Zhongmin GCL

	2019 RMB'000	2018 RMB'000
Current assets	—	289,528
Non-current assets	—	978,859
Current liabilities	—	(445,462)
Non-current liabilities	—	(697,590)

	2019 RMB'000	2018 RMB'000
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	—	81,243
Non-current financial liabilities (excluding trade and other payables and provisions)	—	(697,590)

20. INTERESTS IN JOINT VENTURES *(continued)*

Zhongmin GCL *(continued)*

	From 1 January to 31 March 2019 RMB'000	2018 RMB'000
Revenue	**33,831**	160,247
Profit and total comprehensive income for the period/year	**9,091**	9,162
Dividends received from Zhongmin GCL during the period/year	**3,600**	—
Depreciation and amortisation	**9,684**	42,058
Interest income	**26**	104
Interest expense	**(11,757)**	(56,900)
Income tax expense	**(467)**	(4,393)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Zhongmin GCL recognised in the consolidated financial statements:

	2018 RMB'000
Net assets of Zhongmin GCL	125,335
Proportion of the Group's ownership interest in Zhongmin GCL	32%
Carrying amount of the Group's interest in Zhongmin GCL	40,107

Aggregate information of joint ventures that are not individually material

	2019 RMB'000	2018 RMB'000
The Group's share of profit from operations and total comprehensive income	**21,482**	1,630
Carrying amount of the Group's interest in the joint ventures	**3,628**	25,972

21. OTHER INVESTMENT

The Group invested RMB100,000,000 into an asset management plan managed by a financial institution in the PRC with maturity on 31 March 2021. Since the maturity date of the relevant investment is more than twelve months from the end of the reporting period, the relevant investment is presented as non-current asset as of 31 December 2019 and 2018. The principal is not guaranteed by the relevant financial institution and the expected return rate as stated in the contract is 7.5%.

As at 31 December 2019 and 2018, the above investment was classified as financial assets measured at FVTPL.

22. AMOUNTS DUE FROM/TO RELATED COMPANIES

	2019 RMB'000	2018 RMB'000
Amounts due from related companies — non-current		
— Loans to joint ventures *(Notes a and b)*	—	45,146
— Amount due from an associate of ultimate holding company *(Note c)*	8,000	—
— Amounts due from associates *(Note g)*	88,951	—
	96,951	45,146
Amounts due from related companies — current		
— Amounts due from joint ventures *(Notes a, b and d)*	8,297	230,775
— Amounts due from fellow subsidiaries *(Note e)*	47,319	43,131
— Amounts due from the companies controlled by Mr. Zhu Yufeng and his family *(Note f)*	991	1,214
— Amounts due from an associate of ultimate holding company *(Note c)*	—	18,135
— Amounts due from associates *(Note g)*	902,695	49,073
	959,302	342,328
Amounts due to related companies — current		
— Amounts due to joint ventures *(Note d)*	—	50
— Amounts due to fellow subsidiaries *(Note e)*	79,816	60,980
— Amounts due to associates *(Note g)*	417,103	7,093
— Amounts due to ultimate holding company *(Note d)*	—	39,191
— Amounts due to the companies controlled by Mr. Zhu Yufeng and his family *(Note f)*	96,555	32,146
	593,474	139,460

22. AMOUNTS DUE FROM/TO RELATED COMPANIES *(continued)*

Notes:

(a) As at 31 December 2018, the Group had an amount due from Jinhu amounting to RMB64,000,000, and a loan to Jinhu of RMB38,815,000 with maturity date on 31 December 2022 and interest bearing at 6% per annum. During the year ended 31 December 2019, Jinhu became a wholly-owned subsidiary of the Company (note 37) and accordingly, these inter-group balances are eliminated at group level.

(b) During the year ended 31 December 2018, the Group entered into a loan agreement with Himeji to finance its operations for JPY102,270,000 (equivalent to approximately RMB6,331,000 as of 31 December 2018). The loan was unsecured and interest-bearing at 1% per annum. Himeji was disposed of by the Group in January 2019 and this loan is settled by the acquirer as part of the consideration on disposal date.

(c) As at 31 December 2019, the amount represents pledged deposits placed at 芯鑫融資租賃有限責任公司 Xinxin Finance Leasing Company Limited* ("Xinxin") for long-term loans advanced to the Group. Details of the loans are set out in note 29(c). The balance is interest-free and unsecured, and will be released upon the maturity of the loans from 2024 through 2026.

(d) The amounts due from/to joint ventures and ultimate holding company are non-trade nature, unsecured, non-interest bearing and repayable on demand.

(e) The amounts due from/to fellow subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for the amounts due from fellow subsidiaries of approximately RMB46,742,000 (2018: RMB42,119,000) which is arising from management services rendered to fellow subsidiaries with a credit term of 30 days.

(f) Mr. Zhu Yufeng and his family members hold in aggregate more than 20% of the Company's share capital as at 31 December 2019 and 2018 and exercise significant influence over the Company. The amounts due from/to companies controlled by Mr. Zhu Yufeng and his family are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for amounts due to companies controlled by Mr. Zhu Yufeng and his family of RMB512,000 (2018: RMB495,000) which is arising from training services provided by related companies with credit term of 30 days. The maximum amount outstanding during the year ended 31 December 2019 is RMB1,214,000 (2018: RMB1,214,000) in relation to the non-trade balances for the amounts due from companies in which Mr. Zhu Yufeng and his family have control.

(g) The amounts due from/to associates are non-trade nature, unsecured, non-interest bearing with no fixed repayment term except for an amount of RMB88,951,000 (2018: Nil) which, in the opinion of the Directors, is expected to be received after twelve months from the end of the reporting period and is classified as non-current.

* English name for identification only

23. DEPOSITS, PREPAYMENTS AND OTHER NON-CURRENT ASSETS

	2019 RMB'000	2018 RMB'000
Prepayments for EPC contracts and constructions *(Note)*	—	671,189
Refundable value-added tax	1,716,249	2,160,282
Prepaid rent for parcels of land	—	474,393
Others	56,877	28,137
	1,773,126	3,334,001

Note: Prepayments for the engineering, procurement and constructions ("EPC") contracts and constructions represent payment in advance to contractors which will be transferred to property, plant and equipment in accordance with the percentage of completion of the constructions.

24A.TRADE AND OTHER RECEIVABLES

	2019 RMB'000	2018 RMB'000
Trade receivables	**3,049,935**	2,981,150
Prepayments and deposits	**90,103**	253,795
Other receivables		
— Advance to Borrowers (as defined in note 26)	**13,530**	16,932
— Consultancy service fee receivables	**11,762**	14,527
— Consideration receivable from disposal of subsidiaries	**277,116**	16,141
— Advance to non-controlling interest shareholder	**21,546**	59,740
— Receivables for modules procurement	**287,044**	147,576
— Refundable value-added tax	**741,358**	1,194,357
— Others	**466,524**	246,240
	4,958,918	4,930,458

As at 1 January 2018, trade receivables from contract with customers amounted to RMB4,630,459,000.

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

Trade receivables include bills received amounting to RMB232,493,000 (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:

	2019 RMB'000	2018 RMB'000
Unbilled *(Note)*	**2,524,359**	2,454,010
0–90 days	**128,953**	177,369
91–180 days	**17,814**	95,101
Over 180 days	**146,316**	113,110
	2,817,442	2,839,590

24A. TRADE AND OTHER RECEIVABLES *(continued)*

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 generally billed and settled within 1 year from end of the reporting date.

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

	2019 RMB'000	2018 RMB'000
0–90 days	**504,582**	346,782
91–180 days	**401,488**	635,985
181–365 days	**677,679**	873,117
Over 365 days	**940,610**	598,126
	2,524,359	2,454,010

As at 31 December 2019, included in these trade receivables are debtors with aggregate carrying amount of RMB203,943,000 (2018: RMB271,387,000) which are past due as at the end of the reporting date. These trade receivables relate to a number of customers represented the local grid companies in the PRC, for whom there is no recent history of default. The Group does not hold any collaterals over these balances.

Advance to Borrowers (as defined in note 26) are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Details of impairment assessment of trade and other receivables excluding prepayments and deposits and refundable value-added taxes are set out in note 40b.

24B. CONTRACT ASSETS

	2019 RMB'000	2018 RMB'000
Sales of electricity	**5,639,898**	4,236,405

As at 1 January 2018, contract assets amounted to RMB3,835,070,000.

The contract assets primarily relate to the portion of tariff adjustments for the electricity sold to the grid companies in the PRC in which the relevant on-grid solar power plants are still pending for registration to the Catalogue at the end of the reporting date, and tariff adjustment is recognised as revenue upon electricity is generated as disclosed in note 6. Pursuant to the 2020 Measures, for those on-grid solar power plants yet to be registered on the Catalogue, they are required to meet the relevant requirements and conditions for tariff subsidy as stipulated and to complete the submission and application on the Platform. Local grid companies will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plants that are enlisted in the List. The contract assets are transferred to trade receivables when the Group's respective on-grid solar power plants are enlisted in the List. The Group considers the settlement terms contain significant financing component, and has adjusted the respective tariff adjustment for the financing component based on estimated timing of collection. Accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant counterparties. The revenue of the Group was adjusted by approximately RMB151 million for the year ended 31 December 2019 (2018: RMB152 million) for this financing component and in relation to revision of expected timing of tariff adjustment in the contract assets.

24B. CONTRACT ASSETS *(continued)*

Contract assets are reclassified to trade receivables at the point the respective on-grid solar power plant projects are enlisted on the List. The balances as at 31 December 2019 and 2018 are classified as non-current as they are expected to be received after twelve months from the reporting date.

Details of impairment assessment are set out in note 40b.

25. TRANSFER OF FINANCIAL ASSETS

During the year ended 31 December 2019, the Group endorsed certain bills receivable for the settlement of payables for purchase of plant and machinery and construction costs; and discounted certain bills receivable to banks for raising of cash.

The following were the Group's bills receivable as at 31 December 2019 that were transferred to banks or creditors by discounting or endorsing those receivables, on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and recognised the cash received on the transfer as secured borrowings or the amounts outstanding with the creditors remain to be recognised as other payables. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

At 31 December 2019

	Bills receivable discounted to banks with full recourse RMB'000	Bills receivable endorsed to creditors with full recourse RMB'000	Total RMB'000
Bills receivable from third parties and carrying amount of transferred assets	**190,978**	**1,672**	**192,650**
Carrying amount of associated liabilities	**(190,978)**	**(1,672)**	**(192,650)**
Net position	**—**	**—**	**—**

At 31 December 2018

	Bills receivable discounted to banks with full recourse RMB'000	Bills receivable endorsed to creditors with full recourse RMB'000	Total RMB'000
Bills receivable from third parties and carrying amount of transferred assets	90,000	4,248	94,248
Carrying amount of associated liabilities	(90,000)	(4,248)	(94,248)
Net position	—	—	—

25. TRANSFER OF FINANCIAL ASSETS *(continued)*

The Directors consider that the carrying amounts of the endorsed and discounted bills receivable approximate their fair values.

The finance cost recognised for bills receivable discounted to banks were included in interest on bank and other borrowings (note 9).

26. OTHER LOAN RECEIVABLES

The Group, as lender, entered into loan agreements with independent third parties (the "Borrowers") to provide credit facilities to finance their development and operation of certain solar power plant projects in the PRC. As at 31 December 2019, the outstanding balance is RMB14,250,000 (2018: RMB20,250,000). The loans are repayable within twelve months from 31 December 2019, and interest rate at 6% (2018: ranged from 6% to 12%) per annum.

27. PLEDGED BANK AND OTHER DEPOSITS/BANK BALANCES

Pledged bank and other deposits represent deposits pledged to banks and other financial institutions to secure banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Pledged bank deposits carry fixed interest rates ranging from 0.3% to 2.4% (2018: 0.15% to 2.75%) per annum.

At 31 December 2019, pledged other deposits approximate RMB564,048,000 (2018: RMB506,804,000) are non-interest bearing.

Deposits amounting to RMB823,279,000 (2018: RMB1,279,425,000) have been pledged to secure bills payable and short-term borrowings granted to the Group and are therefore classified as current assets. The remaining deposits amounting to RMB877,996,000 (2018: RMB751,858,000) have been pledged to secure long-term borrowings and are therefore classified as non-current assets.

Bank balances

Bank balances carry interest at floating rates range from 0.01% to 0.385% (2018: 0.01% to 0.385%) per annum or fixed rates range from 1.1% to 2.75% (2018: 0.18% to 2.75%) per annum.

Details of impairment assessment of pledged bank and other deposits and bank balances are set out in note 40b.

28. OTHER PAYABLES AND DEFERRED INCOME

	2019 RMB'000	2018 RMB'000
Payables for purchase of plant and machinery and construction costs *(Note a)*	**4,540,359**	8,754,751
Payables to vendors of solar power plants	**92,873**	98,758
Other tax payables	**88,018**	63,190
Other payables	**363,055**	409,813
Advance from EPC contractors *(Note b)*	**123,030**	196,001
Deferred income *(Note c)*	**401,857**	409,365
Dividend payable to non-controlling shareholders	**225,784**	6,296
Accruals		
— Staff costs	**27,562**	112,186
— Legal and professional fees	**14,344**	41,871
— Consultancy fees	**89,373**	206,873
— Others	**389,405**	229,153
	6,355,660	10,528,257
Analysed as:		
Current	**5,968,129**	10,134,246
Non-current deferred income	**387,531**	394,011
	6,355,660	10,528,257

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

Notes:

a. Included in payables for purchase of plant and machinery and construction costs are RMB619,248,000 (2018: RMB2,126,194,000) in which the Group presented bills to relevant creditors for settlement and remained outstanding at the end of the reporting period. It also contains obligations arising from endorsing bills with recourse with an aggregate amount of RMB1,672,000 (2018: RMB4,248,000). All bills presented by the Group is aged within 1 year and not yet due at the end of the reporting period.

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

28. OTHER PAYABLES AND DEFERRED INCOME *(continued)*

Notes: (continued)

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

Against this, the Group entered into an inverted lease arrangement in February 2017 for its qualified solar power plant projects in the US ("Qualified Assets") with a third party financial institution, which acts as a tax equity investor, and the arrangement allows the Group to pass its entitled ITC ("ITC Benefit") that constitutes the right to offset against future tax payables to the tax equity investor for cash receipts in exchange. During the year ended 31 December 2017, ITC Benefit of the Group related to the Qualified Assets amounted to US$34,090,000 (equivalent to approximately RMB222,751,000) and was recognised as a government grant ("Grant") as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. The Grant would be amortised over the useful lives of the Qualified Assets. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the tax equity investor and accordingly, the ITC Benefit was derecognised during the year that the invested lease arrangement was entered into with the tax equity investor. Approximately US$1,136,000 (equivalent to approximately RMB7,839,000) (2018: US$1,136,000 (equivalent to approximately RMB7,917,000)) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

During the year ended 31 December 2018, the Group entered into another financing arrangement for its four qualified solar power plant projects in the US with a third party financial institution, in which the Group passed its ITC Benefit to the financial institution that constitutes the right to offset against future tax payables to the financial institution for cash receipts in exchange. During the year ended 31 December 2019, ITC Benefit of the Group related to the four projects amounted to US$26,355,000 (equivalent to approximately RMB183,858,000) (2018: US$27,304,000 (equivalent to approximately RMB187,392,000)) and was recognised as a Grant as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. The Grant would be amortised over the useful lives of the Qualified Assets. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the financial institution and accordingly, the relevant ITC Benefit was derecognised during year ended 31 December 2018. Approximately US$906,000 (equivalent to approximately RMB6,320,000) (2018: US$215,000 (equivalent to approximately RMB1,772,000)) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

29. LOANS FROM RELATED COMPANIES

	2019 RMB'000	2018 RMB'000
Loans from:		
— ultimate holding company *(Note a)*	**—**	754,952
— companies controlled by Mr. Zhu Yufeng and his family *(Note b)*	**1,173,643**	1,977,840
— an associate of ultimate holding company *(Note c)*	**390,541**	484,231
	1,564,184	3,217,023
Analysed as:		
Current	**646,111**	1,030,590
Non-current	**918,073**	2,186,433
	1,564,184	3,217,023

29. LOANS FROM RELATED COMPANIES *(continued)*

Notes:

(a) During the year ended 31 December 2018, the Group has obtained a loan from its ultimate holding company, GCL-Poly of US$110,000,000 (equivalent to RMB754,952,000). The loan is unsecured, interest bearing at 7.3% per annum and repayable on 18 February 2019. The amounts were fully repaid during the year ended 31 December 2019.

(b) During the year ended 31 December 2019, the Group obtained and renewed six (2018: three) loans from 協鑫集團有限公司 GCL Group Limited*, 南京鑫能陽光產業投資基金企業（有限合夥） Nanjing Xinneng Solar Property Investment Fund Enterprise (Limited Partnership)* ("Nanjing Xinneng"), 江蘇協鑫房地產有限公司 Jiangsu GCL Real Estate Co., Ltd.* ("Jiangsu GCL Real Estate") and 江蘇協鑫建設管理有限公司 Jiangsu GCL Construction Management Co., Ltd.* ("Jiangsu GCL Construction") in total amounted to RMB1,173,643,000 (2018: RMB1,977,840,000). These loans are unsecured, interest bearing at 8% per annum and repayable from 2020 through 2021. Approximately RMB597,243,000 (2018: nil) of the outstanding loans are repayable within twelve months from the end of the reporting period.

(c) As at 31 December 2019, loans from Xinxin, an associate of GCL-Poly amounted to approximately RMB390,541,000 (2018: RMB484,231,000) and out of which, balance of approximately RMB181,130,000 (2018: RMB271,637,000) is secured by a pledged deposit (note 22(c)), and certain property, plant and equipment held by the Group, interest bearing ranged from 6% to 8.58% (31 December 2018: 6% to 8.58%) per annum and repayable from 2020 through 2026 (31 December 2018: in 2019). The remaining balance of approximately RMB209,411,000 (2018: RMB212,594,000) is secured by certain property, plant and equipment held by the Group and interest bearing at 7.81% per annum.

Approximately RMB48,868,000 (2018: RMB275,638,000) of the outstanding loans are repayable within twelve months from the end of the reporting period, with the remainder of approximately RMB341,673,000 (2018: RMB208,593,000) having a repayment term of eight years.

* English name for identification only

30. BANK AND OTHER BORROWINGS

	2019 RMB'000	2018 RMB'000
Bank loans	**13,925,160**	18,017,204
Other loans	**17,007,921**	14,646,071
	30,933,081	32,663,275
Secured	**28,257,285**	28,280,995
Unsecured	**2,675,796**	4,382,280
	30,933,081	32,663,275
The carrying amounts of the above borrowings are repayable*:		
Within one year	**9,182,329**	5,248,094
More than one year, but not exceeding two years	**2,985,863**	3,103,778
More than two years, but not exceeding five years	**10,287,488**	10,100,645
More than five years	**6,136,822**	11,135,737
	28,592,502	29,588,254
The carrying amount of bank loans that are repayable on demand due to breach of loan covenants# (Shown under current liabilities)	**2,340,579**	3,075,021
Less: Amounts due within one year shown under current liabilities	**(11,522,908)**	(8,323,115)
Amounts due after one year	**19,410,173**	24,340,160
Analysed as:		
Fixed-rate borrowings	**8,262,712**	3,011,337
Variable-rate borrowings	**22,670,369**	29,651,938
	30,933,081	32,663,275

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

During the year ended 31 December 2019, GCL-Poly, being the guarantor of certain bank borrowings of the Group, breached restrictive financial covenants of a borrowing, which led to an event of default for the relevant 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 RMB1,597 million (2018: RMB1,936 million) is reclassified from non-current liabilities to current liabilities as of 31 December 2019. Subsequent to the end of the reporting period, GCL-Poly has obtained waiver from the relevant banks for strict compliance on the relevant financial covenant requirements. Therefore, the Directors consider that such event of default did not have any material impact to the Group.

30. BANK AND OTHER BORROWINGS *(continued)*

\# Scheduled repayment terms for the bank loans that are repayable on demand due to breach of loan covenants:

	2019 RMB'000	2018 RMB'000
Within one year	**743,168**	1,138,853
More than one year, but not exceeding two years	**522,911**	548,525
More than two years, but not exceeding five years	**990,600**	832,699
More than five years	**83,900**	554,944
	2,340,579	3,075,021

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

	2019	2018
Fixed-rate borrowings		
RMB borrowings	**4% to 13%**	2.5% to 13%
EUR borrowing	**—**	2%
US$ borrowings	**2.5% to 9.94%**	2.5% to 9.94%
HK$ borrowings	**9.75%**	5%
Variable-rate borrowings		
RMB borrowings	**100% to 180% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")**	100% to 161% of Benchmark Rate
JPY borrowings	**—**	London Interbank Offered Rate ("LIBOR") +1.6%
US$ borrowings	**LIBOR +2.39% to 4.3%**	LIBOR +2.39% to 4.3%
HK$ borrowings	**—**	1.5% to 2.47%

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

	2019 RMB'000	2018 RMB'000
EUR	**—**	111,432
US$	**1,312,683**	1,409,342
HK$	**197,076**	256,677

30. BANK AND OTHER BORROWINGS *(continued)*

Included in other loans are RMB12,001 million (2018: RMB13,810 million) in which the Group entered into financing arrangements with financial institutions with lease terms ranging from 2 years to 14.5 years (2018: 2 years to 14.5 years), with legal title of the respective equipment transferred to the financial institutions. The Group continued to operate and manage the relevant equipment during the lease term without any involvement from the financial institutions, and the Group is entitled to purchase back the equipment at a minimal consideration upon maturity of respective leases, 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 to purchase back the relevant equipment at a pre-determined price 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 while it does not constitute a sale and leaseback transaction, the Group accounted for the arrangement as a collateralised borrowing at amortised cost using effective interest method under IFRS 9/IAS 39 in prior years before application of IFRS 16, in accordance with the substance of the arrangement. Effective 1 January 2019, the Group applies the requirements of IFRS 15 to assess whether sale and leaseback transactions constitute a sale as disclosed in note 17.

During the year, the Group discounted bills arising from future settlement of trade receivables with recourse in aggregated amount of RMB190,978,000 (2018: RMB90,000,000) to banks for short-term financing. At 31 December 2019, the associated borrowings amounted to approximately RMB188,235,000 (2018: RMB88,452,000). The related cash flows of these borrowings are presented as operating cash flows in the consolidated statement of cash flows as the management considers the cash flows are in substance, the receipts from trade customers.

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

31. BONDS AND SENIOR NOTES

	2019 RMB'000	2018 RMB'000
Bonds *(note a)*	**271,742**	536,334
Senior notes *(note b)*	**3,470,542**	3,398,063
	3,742,284	3,934,397

Notes:

(a) On 3 August 2017 and 7 December 2017, the Group completed the first tranche and second tranche of the non-public issuance of green bonds amounting to RMB375,000,000 and RMB560,000,000, respectively, for a term of 3 years with a fixed interest rate of 7.5% per annum. Part of the second tranche amounting to RMB50,000,000 was subscribed by the Group via an external trust. As at 31 December 2019, the first tranche and second tranche of the non-public green bonds, amounting to RMB1,000,000 (2018: RMB100,000,000) and RMB76,500,000 (2018: RMB300,000,000) have been acquired by the Group, respectively.

In July 2019, RMB275,000,000 out of the first tranche of the non-public green bonds of RMB375,000,000 and RMB310,000,000 out of the second tranche of the non-public green bonds of RMB560,000,000 were redeemed by the Group upon maturity while the holders of the remaining first and second tranche of the non-public green bonds exercised their option to extend the maturity of the bonds to July 2020 and December 2020, respectively.

During the year ended 31 December 2019, 江蘇中能硅業科技發展有限公司 Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.*, a fellow subsidiary of the Group, also purchased part of the first tranche and second tranche of the non-public green bonds through secondary market with a face value of RMB99,000,000 (2018: Nil) and RMB173,500,000 (2018: Nil), respectively.

(b) On 23 January 2018, the Group issued senior notes of US$500 million (equivalent to RMB3,167 million), which bear interest at 7.1% per annum and mature on 30 January 2021. The net proceeds of the notes issuance, after deduction of underwriting discounts and commissions and other expenses, amounted to approximately US$493 million (equivalent to RMB3,119 million).

* English name for identification only

32. LEASE LIABILITIES

	31 December 2019 RMB'000
Lease liabilities payable:	
Within one year	**66,122**
Within a period of more than one year but not more than two years	**132,988**
Within a period of more than two years but not more than five years	**250,765**
Within a period of more than five years	**711,707**
	1,161,582
Less: Amount due for settlement with 12 months shown under current liabilities	**(66,122)**
Amount due for settlement after 12 months shown under non-current liabilities	**1,095,460**

All lease obligations are denominated in the functional currencies of the relevant group entities.

33. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2019 RMB'000	2018 RMB'000
Deferred tax assets	**162,807**	194,087
Deferred tax liabilities	**(63,393)**	(48,814)
	99,414	145,273

33. DEFERRED TAXATION *(continued)*

The following are the deferred tax liabilities (assets) recognised and movements thereon during the year:

	Fair value adjustments on acquisitions RMB'000	**Unrealised profits on plant and equipment** RMB'000	**Others** RMB'000	**Total** RMB'000
At 1 January 2018	(7,081)	(138,484)	34,769	(110,796)
Charge (credit) to profit or loss	295	(63,022)	13,335	(49,392)
Disposal of solar power plant projects	—	14,915	—	14,915
At 31 December 2018	(6,786)	(186,591)	48,104	(145,273)
Charge (credit) to profit or loss	295	(5,737)	10,164	4,722
Acquisition of solar power plant projects	12,165	—	—	12,165
Disposal of solar power plant projects	—	36,867	(7,895)	28,972
At 31 December 2019	**5,674**	**(155,461)**	**50,373**	**(99,414)**

Under the tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards.

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to RMB2,345,155,000 (2018: RMB3,782,031,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. During the year ended 31 December 2019, withholding tax of RMB49,494,000 (2018: nil) are charged to profit or loss for the dividends declared and paid by the PRC subsidiaries of RMB989,880,000 (2018: nil).

At the end of the reporting period, the Group has unused tax losses of approximately RMB747,486,000 (2018: RMB484,220,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses of approximately RMB538,905,000 (2018: RMB231,726,000) will expire from 2020 to 2024 (2018: 2019 to 2023) and other losses may be carried forward indefinitely.

34. SHARE CAPITAL

	Number of shares	**Amount** HK$'000
Authorised:		
At 1 January 2018, 31 December 2018 and 31 December 2019 (Ordinary shares of HK$0.00416 each)	36,000,000,000	150,000

34. SHARE CAPITAL *(continued)*

	Number of shares	Amount	Shown in consolidated financial statements as
		HK$'000	RMB'000
Issued and fully paid:			
At 1 January 2018, 31 December 2018 and 31 December 2019 (Ordinary shares of HK$0.00416 each)	19,073,715,441	79,474	66,674

35. PERPETUAL NOTES

On 18 November 2016, 南京協鑫新能源發展有限公司 Nanjing GCL New Energy Development Co., Ltd* ("Nanjing GCL New Energy"), an indirect wholly-owned subsidiary, entered into a perpetual notes agreement with 保利協鑫（蘇州）新能源有限公司 GCL-Poly (Suzhou) New Energy Co., Ltd.*, 江蘇協鑫硅材料科技發展有限公司 Jiangsu GCL Silicon Material Technology Development Co., Ltd.* ("Jiangsu GCL"), 蘇州協鑫光伏科技有限公司 Suzhou GCL Photovoltaic Technology Co., Ltd.* ("Suzhou GCL") and 太倉協鑫光伏科技有限公司 Taicang GCL Photovoltaic Technology Co., Ltd.* ("Taicang GCL") (together, the "Lenders"). Each of the Lenders is a wholly-owned subsidiary of GCL-Poly. Nanjing GCL New Energy issued perpetual notes of RMB800,000,000 and RMB1,000,000,000 in November and December 2016, respectively and key terms are as follows:

(a) Interest rate

Interest rate is 7.3% per annum for the first two years, 9% per annum for the third to fourth year and 11% per annum starting from the fifth year.

(b) Maturity Date

There is no maturity date.

(c) Repayment terms

The distribution shall be repaid on the 21st day of the last month of each quarter (the "Distribution Payment Date"). Nanjing GCL New Energy shall have the right to defer any due and payable distribution payment indefinitely by notifying the Lenders five working days before the Distribution Payment Date, and there is no compound interest on the deferred distribution payment. If Nanjing GCL New Energy chooses to defer distribution payment, for as long as there is any deferred distribution payment not yet paid in full, Nanjing GCL New Energy is not permitted to declare and pay dividends to its shareholders. The Lenders shall have no right at any time to request repayment of the perpetual notes from Nanjing GCL New Energy, but Nanjing GCL New Energy shall have the right, but not the obligations, to repay the perpetual notes amount by notifying the Lenders in writing five working days before the repayment of the perpetual notes at par value.

* English name for identification only

35. PERPETUAL NOTES *(continued)*

(d) Security

The perpetual notes are classified as equity instruments in the Group's consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the perpetual notes. Any distributions made by Nanjing GCL New Energy to the holders are recognised in equity in the consolidated financial statements of the Group. During the year ended 31 December 2019, profit and total comprehensive income of RMB162,000,000 (2018: RMB135,029,000) was attributable to perpetual notes holders in accordance with the terms of the agreement. The entire distribution payment of RMB162,000,000 for the year ended 31 December 2019 (2018: RMB135,029,000) were deferred by the Group.

36. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme

The Company's new share option scheme was adopted pursuant to a resolution passed on 15 October 2014 ("New Share Option Scheme") for the primary purpose of providing incentives to directors and eligible employees. Under the New Share Option Scheme, the Board of directors of the Company may grant options to eligible employees, including the Directors, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

At 31 December 2019, the number of shares in respect of which had been granted under the New Share Option Scheme and remained outstanding was approximately 500,008,000 (2018: 549,835,000) shares, representing 2.6% (2018: 2.9%) of the issued share capital of the Company at that date. The maximum number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme shall not in aggregate exceed 10% of the shares of the Company in issue at the date of approval of the New Share Option Scheme. The maximum entitlement for any one participant is that the total number of shares issued or to be issued upon exercise of the options granted to each participant in any twelve-month period shall not exceed 1% of the total number of shares in issue.

The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

36. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Equity-settled share option scheme *(continued)*

The following table discloses movements of the Company's share options:

2019

	Exercise price	Date of grant	Exercise period	Number of share options: Outstanding at 1 January 2019	During the year: Forfeited	Outstanding at 31 December 2019
Directors	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	58,382,800	—	58,382,800
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	48,618,780	(8,052,800)	40,565,980
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	231,075,096	(16,145,864)	214,929,232
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	211,758,442	(17,575,236)	194,183,206
				549,835,118	(41,773,900)	508,061,218
Exercisable at the end of the year				274,036,784		273,312,032
Weighted average exercise price *(HK$)*				0.9255	0.8807	0.9147

2018

	Exercise price	Date of grant	Exercise period	Number of share options: Outstanding at 1 January 2018	During the year: Forfeited	Outstanding at 31 December 2018
Directors	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	58,382,800	—	58,382,800
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	48,618,780	—	48,618,780
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	237,114,696	(6,039,600)	231,075,096
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	247,271,290	(35,512,848)	211,758,442
				591,387,566	(41,552,448)	549,835,118
Exercisable at the end of the year				236,720,109		274,036,784
Weighted average exercise price *(HK$)*				0.8927	0.6894	0.9255

Note: During the year ended 31 December 2019, share-based payment expense of RMB1,787,000 (2018: RMB12,679,000) has been recognised in profit or loss. In addition, share options granted to certain employees have been forfeited during the year, and respective share options reserve of approximately RMB16,257,000 (2018: RMB7,621,000) is transferred to the Group's (accumulated losses) retained earnings.

Details of the fair value of the share options granted in 2014 and 2015 are set out in the annual report for the year ended 31 December 2014 and 2015, respectively.

37. ACQUISITIONS OF SUBSIDIARIES

For the year ended 31 December 2019, the Group had several acquisitions due to business expansion, in acquiring a controlling stake in certain companies for a total consideration of approximately RMB264,000,000 (2018: RMB12,759,000).

For the companies set out in note (i) below, these solar power plant project companies are in on-grid stage with relevant economic resources as at the date of the respective acquisitions which are considered as businesses. Therefore, those acquisitions are considered as business combinations under IFRS 3 and accounted for using acquisition method. For the other acquisitions as mentioned in note (ii) below are solar power plant project companies in development stage and did not have any substantial economic resources and processes for creating economic benefits; accordingly, the Group considers the nature of these acquisitions as acquisitions of assets in substance and the considerations have been allocated first to the financial assets acquired and financial liabilities assumed at the respective fair values. The remaining balance of the considerations is then allocated to other identifiable assets and liabilities on the basis of their relative fair values at the date of acquisitions.

There is no asset acquisition during the year ended 31 December 2019.

Year ended 31 December 2019

(i) Business acquisition

On 19 September 2018 and 21 March 2019, 蘇州協鑫新能源投資有限公司 Suzhou GCL New Energy Investment Limited* ("Suzhou GCL New Energy"), a subsidiary of the Group, entered into share transfer agreements with Zhongmin GCL, pursuant to which the Group agreed to repurchase 100% equity interest of Jinhu and Wanhai from Zhongmin GCL, a joint venture which 32% shareholding was held by the Group at the date of acquisition at consideration of approximately RMB192,000,000 and RMB72,000,000, respectively. Jinhu and Wanhai each operate a solar power plant project with capacity of 110MW and 35MW, respectively.

* English name for identification only

37. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Year ended 31 December 2019 *(continued)*

(i) Business acquisition (continued)

The acquisitions of Jinhu and Wanhai are completed in March 2019.

	Jinhu RMB'000	Wanhai RMB'000	Total RMB'000
Fair value of assets and liabilities recognised at the date of acquisition:			
Property, plant and equipment *(Note 1)*	741,478	258,885	1,000,363
Right-of-use assets	15,209	20,524	35,733
Trade receivables	154,526	56,038	210,564
Prepayments and other receivables	30,542	25,525	56,067
Bank balances and cash	23,107	6,562	29,669
Other payables	(166,469)	(71,344)	(237,813)
Deferred tax liabilities	(11,486)	(679)	(12,165)
Lease liabilities	(13,656)	(20,524)	(34,180)
Borrowings	(518,380)	(192,000)	(710,380)
Total fair value of identifiable net assets acquired	254,871	82,987	337,858
Consideration payable to the former owner	(192,000)	(72,000)	(264,000)
Bargain purchase gain recognised *(Note 2)*	62,871	10,987	73,858
Cash consideration paid	—	—	—
Bank balance and cash acquired	23,107	6,562	29,669
Net cash inflow	23,107	6,562	29,669

Note 1: Fair value of property, plant and equipment includes an amount of RMB58 million which represents fair value of relevant licences to operate the power plants. Licences to operate power plant is an intangible asset that meets the contractual legal criterion for recognition separately from goodwill, even if the Group cannot sell or transfer the licences separately from the acquired power plants. The Group recognised the fair value of the operating licenses and the power plants as single assets for financial reporting purposes as the useful lives of those assets are similar.

Note 2: The bargain purchase arose because the consideration paid by the Group was less than the fair value of the identifiable net assets of the underlying business acquired as determined by the independent professional valuer, mainly due to the vendor was in financial difficulties and was not able to repay the debt as it falls due.

37. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Year ended 31 December 2019 *(continued)*

(i) Business acquisition (continued)

Impact of acquisition on the results of the Group

Had the acquisitions as mentioned above been effected at the beginning of the year, total amounts of revenue and profit for the year of the Group would have been RMB6,085,878,000 and RMB614,363,000, respectively. Such pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the above pro forma financial information, depreciation of the property, plant and equipment and right-of-use assets were calculated based on their recognised amounts at the date of the acquisition.

The revenue and profit contributed by entities acquired during the year are RMB120,459,000 and RMB30,997,000 respectively.

The fair value and gross contractual amount of trade and other receivables at the date of acquisition amounted to RMB234,290,000. The estimate at acquisition date of contractual cash flows not expected to be collected is insignificant.

Year ended 31 December 2018

(i) Business acquisition

(a) Acquisition of 易縣國鑫能源有限公司 ("Yixian")

On 31 January 2018, the Group acquired 100% equity interest in Yixian at a consideration of RMB10,000. At the date of acquisition, Yixian had a solar power plant project with capacity of 20MW in operation.

(b) Acquisition of 神木縣國泰農牧發展有限公司 ("Guotai")

On 20 April 2018, the Group acquired 80% equity interest in Guotai at a consideration of RMB80,000. At the date of acquisition, Guotai had two solar power plant projects with total capacity of 40MW in operation.

(c) Acquisition of 伊犁協鑫能源有限公司 ("Yili")

As at 31 December 2017, the Group held 50% equity interest in Yili which was accounted as a joint venture of the Group. On 24 August 2018, the Group acquired an additional 6.51% equity interest in Yili at a consideration of RMB7,369,000. The acquisition is considered as step-acquisition under IFRS 3 and accounted for using acquisition method at the acquisition date. At the date of acquisition, Yili had a solar power plant project with total capacity of 30MW in operation.

37. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Year ended 31 December 2018 *(continued)*

(i) Business acquisition (continued)

(d) Acquisition of 神木縣晶登電力有限公司 ("Jingdeng")

On 10 September 2018, the Group acquired 80% equity interest in Jingdeng at a consideration of RMB700,000. At the date of acquisition, Jingdeng had three solar power plant projects with total capacity of 140MW in operation.

	Yixian RMB'000	**Guotai** RMB'000	**Yili** RMB'000	**Jingdeng** RMB'000	**Total** RMB'000
Fair value of assets and liabilities recognised at the date of acquisition					
Property, plant and equipment	164,010	359,732	169,233	1,047,374	1,740,349
Trade receivables	—	2,541	48,303	3,519	54,363
Contract assets	—	35,777	—	197,940	233,717
Prepayments and other receivables	32,319	147,144	15,297	187,642	382,402
Bank balances and cash	5,677	5,311	10,791	10,793	32,572
Other payables	(83,798)	(353,532)	(185,988)	(813,093)	(1,436,411)
Borrowings	(118,198)	(196,873)	—	(633,030)	(948,101)
Total fair value of identifiable net assets acquired	10	100	57,636	1,145	58,891
Non-controlling interest	—	(20)	(25,216)	(445)	(25,681)
Consideration payable to the former owner	(10)	(80)	—	(700)	(790)
Fair value of previously held equity interest	—	—	(25,051)	—	(25,051)
Cash consideration paid	—	—	(7,369)	—	(7,369)
Bank balances and cash acquired	5,677	5,311	10,791	10,793	32,572
Net cash inflow	5,677	5,311	3,422	10,793	25,203

37. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Year ended 31 December 2018 *(continued)*

(ii) Assets acquisition

(a) Acquisition of 化隆協合太陽能發電有限公司 ("Hualong")

On 31 August 2018, the Group acquired 100% equity interest in Hualong at a consideration of RMB1,200,000. At the date of acquisition, Hualong had a 20MW solar power plant project under development. The project was completed and connected to the grid in November 2018.

(b) Acquisition of 青海百能光伏投資管理有限公司 ("Qinghai Baineng")

On 31 August 2018, the Group acquired 100% equity interest in Qinghai Baineng at a consideration of RMB3,400,000. At the date of acquisition, Qinghai Baineng had a 10MW solar power plant project under development. The project was completed and connected to the grid in November 2018.

	Hualong RMB'000	**Qinghai Baineng** RMB'000	**Total** RMB'000
Assets and liabilities recognised at the date of acquisition			
Property, plant and equipment	6,455	629	7,084
Prepayments and other receivables	2,426	2,766	5,192
Bank balances and cash	24	5	29
Other payables	(7,705)	—	(7,705)
Total identifiable net assets acquired	1,200	3,400	4,600
Consideration payable to the former owner	(1,200)	(3,400)	(4,600)
Cash consideration paid	—	—	—
Bank balances and cash acquired	24	5	29
Net cash inflow	24	5	29

38. DISPOSAL OF SUBSIDIARIES

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

Year ended 31 December 2019

(i) Linzhou Xinchuang

On 15 February 2019, the disposal of equity interest in Linzhou Xinchuang is completed. The Group retains 20% equity interest in Linzhou Xinchuang after the disposal. Details of this transaction are set out in note 12(a).

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

During the year ended 31 December 2019, the disposal of the wholly-owned subsidiaries in Inner Mongolia, the PRC are completed in May 2019. Details of this transaction are set out in note 12(b).

(iii) Ruzhou, Xinan and Jiangling

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 International Development Limited (中國電力國際發展有限公司), for the disposal of 55% equity interest in Ruzhou, Jiangling and Xinan for consideration in aggregate of approximately RMB328,400,000. Ruzhou, Jiangling and Xinan operate a number of solar power plants with approximately 280MW installed capacity in aggregate in the PRC. The disposals are completed in April 2019. The Group retains 45% equity interest in Ruzhou, Jiangling and Xinan and exercises significant influence; accordingly, these companies are accounted for as associates.

(iv) 紹興協鑫光伏電力有限公司 ("Shaoxing")

On 15 February 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Shaoxing at a consideration of RMB500,000. The disposal is completed in April 2019.

(v) 大柴旦協鑫電力有限公司 ("Dachaidan")

On 5 July 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Dachaidan at a consideration of RMB100,000. The disposal is completed in 31 July 2019.

(vi) 平邑富翔光伏電力有限公司 ("Pingyi")

On 31 July 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Pingyi at a consideration of RMB10,000,000. The disposal is completed in 9 October 2019.

* English name for identification only

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Disposal of solar power plant projects in the PRC *(continued)*

Year ended 31 December 2019 (continued)

(vii) 光山影環亞農業科技有限公司 ("Guangshan")

On 10 September 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Guangshan at a consideration of RMB10. The disposal is completed in 14 October 2019.

(viii) Seven subsidiaries in Shanxi and Hebei, the PRC

On 23 May 2019, the Group announced that it has entered into share transfer agreements with Shanghai Rongyao for the disposal of 70% equity interest in Shanxi GNE, Fenxi GCL, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Hanneng Guangping and Hebei GNE (the "Target Company" or collectively as the "Target Companies") for consideration in aggregate of approximately RMB1,441,652,000. The seven subsidiaries operate a number of solar power plants with approximately 997MW installed capacity in aggregate in the PRC. The disposals are completed in second half of 2019. Since the Group retains 30% equity interest in aggregate in the seven disposed companies and has significant influence, these companies are accounted for as associates.

The Group has granted a put option to Shanghai Rongyao, pursuant to which the Group has agreed that within five years of the closing date of the respective disposals of the Target Company ("Closing Date") and at the option of Shanghai Rongyao and/or the Target Company, the Group shall be required to repurchase the entire equity interest of any direct subsidiaries of the Target Companies ("Project Companies") and any outstanding shareholder's loan advanced to the relevant Project Companies by the Target Company, Shanghai Rongyao and/or its affiliates in accordance with the share purchase agreements upon the occurrence of certain specified events, such as certain material defaults not being rectified by the Group within the specified period or any breaches not being rectified leading to certain administrative penalties being imposed on the Project Companies, etc.

In addition, the Group has granted a put option to Shanghai Rongyao, pursuant to which the Group has agreed that within five years of the Closing Date and at the option of the Shanghai Rongyao, the Group shall be required to repurchase the sold equity interest and any outstanding shareholder's loan advanced to the Target Company or each of the Project Companies by Shanghai Rongyao and/or its affiliates in accordance with the share purchase agreements if (i) Shanghai Rongyao has required the Group to repurchase not less than 50% of the Project Companies held by the relevant Target Company pursuant to the terms as stipulated in the share purchase agreements; or (ii) the occurrence of other specified repurchase events as stipulated in the share purchase agreement.

Since the management considered the possibility regarding the occurrence of the specified events as stipulated in the share purchase agreement that would trigger the repurchase event is remote, in the opinion of the Directors, the fair value of the option is considered insignificant as at the Closing Date and as of 31 December 2019.

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Disposal of solar power plant projects in the PRC *(continued)*

Year ended 31 December 2019 (continued)

The net assets of the solar plant projects at the date of disposal were as follows:

	Linzhou Xinchuang RMB'000	Wholly-owned subsidiaries in Inner Mongolia RMB'000	Ruzhou, Xinan and Jiangling RMB'000	Shaoxing RMB'000	Dachaidan RMB'000	Pingyi RMB'000	Guangshan RMB'000	Seven subsidiaries in Shanxi and Hebei RMB'000	Total RMB'000
Consideration:									
Consideration received	73,488	142,402	110,900	500	100	—	—	—	327,390
Consideration receivable	20,000	108,489	217,500	—	—	10,000	—	1,441,652	1,797,641
	93,488	250,891	328,400	500	100	10,000	—	1,441,652	2,125,031
Analysis of assets and liabilities over which control was lost:									
Property, plant and equipment	426,928	672,087	1,552,416	3,734	—	180,345	—	5,555,502	8,391,012
Right-of-use assets	13,760	13,508	84,496	—	—	4,963	—	318,224	434,951
Contract assets	—	—	—	—	—	73,757	—	704,795	778,552
Other non-current assets	28,802	95,159	98,402	18	210	5,309	—	62,887	290,787
Trade and other receivables	79,876	124,247	427,470	—	—	67,263	—	1,174,301	1,873,157
Pledged bank and other deposits	—	—	—	—	—	—	—	31,620	31,620
Bank balances and cash	8,116	31,255	44,928	—	—	—	412	212,291	297,002
Trade and other payables	(28,922)	(33,923)	(29,103)	(2,272)	—	(75,289)	(470)	(896,599)	(1,066,578)
Bank and other borrowings	(221,198)	(647,410)	(1,317,785)	—	—	—	—	(4,331,170)	(6,517,563)
Lease liabilities	(12,931)	(6,125)	(85,477)	—	—	(28)	—	(154,191)	(258,752)
Intragroup payables	(181,978)	(15,849)	(168,788)	(538)	—	(220,317)	—	(637,680)	(1,225,150)
Net assets (liabilities) disposed of	112,453	232,949	606,559	942	210	36,003	(58)	2,039,980	3,029,038
Gain on disposal of subsidiaries:									
Total consideration	93,488	250,891	328,400	500	100	10,000	—	1,441,652	2,125,031
Fair value of residual interest	23,859	—	285,174	—	—	—	—	621,900	930,933
Net (assets) liabilities disposed of	(112,453)	(232,949)	(606,559)	(942)	(210)	(36,003)	58	(2,039,980)	(3,029,038)
Gain (loss) on disposal	4,894	17,942	7,015	(442)	(110)	(26,003)	58	23,572	26,926
Net cash inflow arising on disposal:									
Cash consideration received	73,488	142,402	110,900	500	100	—	—	—	327,390
Less: bank balances and cash disposed of	(8,116)	(31,255)	(44,928)	—	—	—	(412)	(212,291)	(297,002)
	65,372	111,147	65,972	500	100	—	(412)	(212,291)	30,388

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Disposal of solar power plant projects in the PRC *(continued)*

Year ended 31 December 2018

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

(ii) On 10 December 2018, Suzhou GCL New Energy, a subsidiary of the Group, entered into a share transfer agreement with an independent third party, CGN Solar. Pursuant to the agreement, Suzhou GCL New Energy agreed to sell 80% equity interest of Huarong at a consideration of RMB119,155,000. Huarong operates solar power plant projects in Huarong, the PRC ("Huarong Project").

The Group guaranteed that for the three-year period following the completion date under the equity transfer agreement, Huarong Project shall generate an average on-grid electricity per year of not less than the guaranteed amount, being 115.4 million kWh and is adjusted in accordance with the degradation rate of the solar panels from 30 June 2018 to the completion date. In the event that the Huarong Project fails to reach the aforesaid target, Suzhou GCL New Energy shall make up the loss suffered by CGN Solar and such guarantee shall extend for a period of three years. As the average annual on grid electricity generated by the project in the past two years well exceeded 115.4 million kWh, in the opinion of the Directors, the fair value of the guarantee is insignificant at the completion date on 20 May 2018, 31 December 2018 and 31 December 2019.

In addition, the Group has granted a put option to CGN Solar, pursuant to which the Group has agreed that (i) if the Huarong Project fails to generate an average annual on-grid electricity reaching 70% of the aforesaid on-grid electricity during the three-year period; (ii) if Huarong fails to receive the tariff adjustment continuously for reasons unrelated to CGN Solar, the Group shall repurchase the 80% equity interest in Huarong from CGN Solar at a repurchase price to be agreed between both parties and replace all advancement from CGN Solar to Huarong with its loan. As the average annual on-grid electricity generated by the project in the past 2 years well exceeded the aforesaid 70% requirement, and the Group has obtained legal opinion from the Group's PRC legal advisor that Huarong Project has met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustment when the electricity was delivered on grid, in the opinion of the Directors, the fair value of the option is considered insignificant as at the completion date on 20 May 2018, 31 December 2018 and 31 December 2019.

Besides, CGN Solar has granted to the Group a put option, pursuant to which CGN Solar has agreed to grant the Group the right, but not an obligation, to request CGN Solar to purchase the remaining 20% equity interest in Huarong upon the aforesaid guarantee being fulfilled. As the purchase price will be made reference to the fair value of the project at the date of purchase of the remaining 20% in Huarong by CGN Solar, in the opinion of the Directors, the fair value of the option is considered insignificant at the completion date on 20 May 2018, 31 December 2018 and 31 December 2019.

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Disposal of solar power plant projects in the PRC *(continued)*

Year ended 31 December 2018 (continued)

The net assets of those two solar plant projects at the date of disposal were as follows:

	Xinjing RMB'000	Huarong RMB'000	Total RMB'000
Consideration:			
Consideration receivable	—	10,950	10,950
Consideration received	22,000	108,205	130,205
	22,000	119,155	141,155
Analysis of assets and liabilities over which control was lost:			
Property, plant and equipment	109,403	588,909	698,312
Other non-current assets	16,868	91,447	108,315
Bank balances and cash	—	8,323	8,323
Trade and other receivables	1,712	147,989	149,701
Trade and other payables	(126,305)	(134,694)	(260,999)
Bank and other borrowings	—	(547,964)	(547,964)
Net assets disposed of	1,678	154,010	155,688
Gain on disposal of subsidiaries:			
Total consideration	22,000	119,155	141,155
Carrying amount of the residual interest	—	36,816	36,816
Net assets disposed of	(1,678)	(154,010)	(155,688)
Gain on disposal	20,322	1,961	22,283
Net cash inflow arising on disposal:			
Cash consideration received	22,000	108,205	130,205
Less: bank balances and cash disposed of	—	(8,323)	(8,323)
	22,000	99,882	121,882

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Disposal of solar power plant projects in Japan

(i) Disposal of AD3

On 9 February 2018, the Group entered into a transfer agreement with an independent third party to dispose 50% beneficial interest of its then wholly-owned subsidiary, AD3, a solar plant project in Japan, at a consideration of JPY419,200,000 (equivalent to approximately RMB24,422,000). Upon completion of the disposal on the same date, the Group and the independent third party had joint control over AD3, as under the contractual agreement unanimous consent is required from both parties to the agreement in directing the relevant activities of AD3. Part of the consideration, amounting to JPY330,100,000 (equivalent to approximately RMB19,231,000), has been received on the date of share transfer agreement as deposits. The remaining consideration of JPY89,100,000 (equivalent to approximately RMB5,191,000) will be paid upon fulfilment of certain conditions. Accordingly, AD3 is classified as a joint venture of the Group since 9 February 2018 till the Group disposed of its remaining interest in January 2019.

(ii) Disposal of Himeji

On 14 February 2018, the Group entered into an equity interest transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to transfer 50% beneficial interest in Himeji to the independent third party resulting the Group and the independent third party having joint control over Himeji, as under the contractual agreement, unanimous consent is required from both parties to the agreement for directing the relevant activities. Accordingly, Himeji is classified as a joint venture of the Group since 14 February 2018 till the Group disposed of its remaining interest in January 2019.

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Disposal of solar power plant projects in Japan *(continued)*

	AD3 RMB'000	Himeji RMB'000	Total RMB'000
Fair value of consideration			
Consideration received	19,231	—	19,231
Consideration receivable	5,191	—	5,191
	24,422	—	24,422
Carrying amount of residual interest	11,801	1,745	13,546
	36,223	1,745	37,968
Less: net identifiable assets derecognised:			
Property, plant and equipment	19,028	—	19,028
Prepaid lease payments	—	14,564	14,564
Trade and other receivables	4,233	5	4,238
Bank balances and cash	374	2,055	2,429
Trade and other payables	(33)	(15,121)	(15,154)
Net identifiable assets disposed of	23,602	1,503	25,105
Gain on disposal of subsidiaries	12,621	242	12,863
Net cash inflow (outflow) arising on disposal:			
Cash consideration received	19,231	—	19,231
Less: bank balances and cash disposal of	(374)	(2,055)	(2,429)
	18,857	(2,055)	16,802

39. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which mainly includes amounts due to related companies, loans from related companies, bank and other borrowings, bonds and senior notes and lease liabilities, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, perpetual notes and reserves.

The Directors review the capital structure on a periodical basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debt.

40. FINANCIAL INSTRUMENTS

40a. Categories of financial instruments

	2019 **RMB'000**	2018 RMB'000
Financial assets		
Amortised cost	**7,972,686**	7,353,719
FVTPL:		
Mandatorily measured at FVTPL	**100,000**	100,000
Financial liability		
Amortised cost	**42,575,778**	49,813,855
Lease liabilities	**1,161,582**	—

40b. Financial risk management objectives and policies

The Group's major financial instruments include other investments, trade and other receivables, other loan receivables, amounts due from related companies, pledged bank and other deposits, bank balances and cash, other payables, amounts due to related companies, loans from related companies, bank and other borrowings, bonds and senior notes and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk

Currency risk

The Group operates in the PRC, Japan and the US and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB, HK$, US$, Japanese Yen ("JPY") and Euro ("EUR"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group currently does not have a currency risk hedging policy. However, the management monitors foreign currency risk exposure by closely monitoring the movement of foreign currency rate and considers hedging against it should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
The Group				
HK$	**30,779**	16,780	**314,481**	467,218
US$	**9,403**	19,752	**4,125,780**	5,274,799
JPY	**19,226**	—	**—**	—
EUR	**—**	—	**—**	111,432
Inter-company balances				
RMB	**—**	—	**561**	1,276
HK$	**423,823**	210,917	**7,168**	24,674
US$	**778,701**	1,185,959	**618,192**	627,090
JPY	**1,279**	45,858	**10,657**	—

The foreign currency assets in 2019 and 2018 mainly relate to the US$, HK$ and JPY denominated pledged bank and other deposits and bank balances.

The foreign currency liabilities in 2019 and 2018 mainly relate to the US$, HK$ and EUR denominated bonds and senior notes, bank and other borrowings and convertible bonds.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk (continued)

Sensitivity analysis

The following sensitivity analysis details the Group's sensitivity to a 5% (2018: 5%) increase and decrease in functional currency of respective entities against the relevant foreign currencies. 5% (2018: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2018: 5%) change in foreign currency rates. The sensitivity analysis also includes inter-company balances where the denomination of the balance is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit and a negative number below indicates a decrease in post-tax profit, where the functional currency of the respective entities had weakened 5% (2018: 5%) against the relevant foreign currencies. For a 5% (2018: 5%) strengthening of functional currency of respective entities against the relevant foreign currency, there would be an equal and opposite impact on the profit for the year.

	HK$ RMB'000	US$ RMB'000	JPY RMB'000	EUR RMB'000
2019				
Increase (decrease) in profit for the year	**5,381**	**(164,958)**	**411**	**—**
2018				
(Decrease) increase in profit for the year	(10,853)	(195,363)	1,915	(4,179)

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to currency risk during the year.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see note 32). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 27), and the management has considered that the cash flow interest rate risk is limited because the current market interest rates on general deposits are relatively low and stable.

Additionally, certain of the Group's borrowings are issued at variable rates which expose the Group to cash flow interest rate risk. It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk. The Group currently does not have a hedging policy on interest rate exposure. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. The Group's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

The sensitivity analysis below has been determined based on the exposure to cash flow interest rates risks. The analysis is prepared assuming the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. The following represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2019 would have decreased/increased by approximately RMB115,305,000 (2018: RMB150,681,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to interest rate risk during the year.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, contract assets, pledged bank and other deposits, bank balances, amounts due from related companies, other receivables, other loan receivables, and the financial loss to the Group arising from the financial guarantees provided by the Group. The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets and financial guarantee contracts.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the Group has a credit control policy in place under which credit evaluations of customers are performed on all customers requiring credit. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances based on provision matrix.

The Group's concentration of credit risk by geographical locations is mainly the PRC, which accounted for over 99% (31 December 2018: 99%) of the trade receivables as at 31 December 2019.

The trade receivables arising from sales of electricity are mainly due from the local grid companies in various provinces in the PRC. The management considered the probability of default of trade receivables is low by taking into the account of the past default experience of the debtors, adjusted for general economic conditions of the solar industry and an assessment of both current as well as forecast direction of market conditions at the reporting date. Accordingly, the management is of the opinion that the credit risk of trade receivables is limited.

In relation to contract assets of tariff adjustment receivables, the management performs impairment assessment on a periodic basis. Based on the assessment, the management is of the opinion that the probability of defaults of the relevant counterparties are insignificant since the solar power industry is well supported by the PRC government. In addition, as detailed in Note 5, the management are confident that all of the Group's operating power plants are able to be enlisted on the List in due course and the accrued revenue on tariff subsidy are fully recoverable but only subject to timing of allocation of funds. Accordingly, the credit risk regarding contract assets of tariff adjustment receivables is limited.

The Group always measures the loss allowance for trade receivables and contract assets, including those with significant financing component at an amount equal to lifetime ECL. The ECL on trade receivables and contract assets are estimated using a provision matrix for debtors which shared credit risk characteristics by reference to repayment history of the debtors, taking into account general economic conditions of the solar power industry, relevant country default risk, and an assessment of both the current as well as the forecast direction at the reporting date.

Based on the average loss rates, the ECL on trade receivables and contract assets is considered to be insignificant.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Bank balances and pledged bank and other deposits

The credit risks on bank balances and pledged bank and other deposits are limited because the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit-rating agencies in the PRC and Hong Kong.

The Group assessed 12m ECL for bank balances and pledged bank deposits by reference to information relating to average loss rate of the respective credit rating grades published by external credit rating agencies.

Based on the average loss rates, the ECL on bank balances and pledged bank and other deposits is considered insignificant.

Other loan receivables

The Group has concentration of credit risk on other loan receivables as majority of the balances is due from a borrower. The management performs impairment assessment on the other loan receivables on a periodic basis. The Group has not encountered significant difficulties in collecting from the relevant parties in the past. In assessing the probability of default of the other loan receivables, the management has taken into account the industries the Borrowers operate, the past repayment history as well as forward looking information that is available without undue cost or effort. Since the Borrowers have good repayment history and they are engaged in the solar power industry which is well supported by prevailing government policies, the management is of the opinion that the credit risk is limited.

For the purpose of impairment assessment of other loan receivables, the loss allowance is measured at an amount equals to 12m ECL. In determining the ECL of other loan receivables, after taking into account of the aforesaid factors, and forward looking information that is available without undue cost or effort, the management considered the ECL for other loan receivables is insignificant as at 31 December 2019.

Other receivables and amounts due from related companies

In relation to amounts due from related companies and other receivables, the management performs impairment assessment on the balances on a periodic basis. In assessing the probability of defaults of the amounts due from related companies and other receivables, the management has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward looking information that is available without undue cost or effort. Since the counterparties are mainly engaged in solar power industry in which their major current assets are tariff receivables, the collection of which is well supported by government policies; accordingly, the management considered the credit risk is limited.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Other receivables and amounts due from related companies *(continued)*

For the purpose of impairment assessment of other receivables and amounts due from related parties, the loss allowance is measured at an amount equals to 12m ECL. In determining the ECL of other receivables and amounts due from related parties, after taking into account of the aforesaid factors and the forward looking information that is available without undue cost or effort, and considering the debtors operate in the solar power industry which is well supported by the prevailing government policies, the management considered the ECL provision for amounts due from related parties and other receivables is insignificant.

Financial guarantee contracts

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB5,909,119,000 (2018: RMB697,590,000) as at 31 December 2019. The credit risks on financial guarantee contracts provided by the Group were limited as the underlying borrowings were secured by assets of the relevant borrowers.

At the end of the reporting period, the Directors have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Therefore, the loss allowance is measured at 12m ECL and details of the financial guarantee contracts are set out in Note 46(f).

The management considered the ECL provision of financial guarantee contracts is insignificant.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/ other items
Low risk	The counterparty has a low risk of default of counterparties	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets and other items, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2019 RMB'000	Gross carrying amount 2018 RMB'000
Financial assets at amortised cost						
Other loan receivables	26	N/A	N/A *(Note a)*	12m ECL	**14,250**	21,208*
Amounts due from related companies	22	N/A	N/A *(Note a)*	12m ECL	**1,056,253**	387,474
Pledged bank and other deposits						
— Pledged bank deposits	27	Aa1 to Ba1 (2018: AA to Ba1)	N/A	12m ECL	**1,137,227**	1,524,479
— Pledged other deposits	27	N/A	N/A *(Note a)*	12m ECL	**564,048**	506,804
					1,701,275	2,031,283
Bank balances and cash	27	AA+ to Ba3	N/A	12m ECL	**1,073,451**	1,361,978
Other receivables and deposits	24A	N/A	N/A *(Note a)*	12m ECL	**1,077,522**	590,976
Trade receivables	24A	N/A	Low risk *(Note b)*	Lifetime ECL (provision matrix)	**3,049,935**	2,981,150
Other items						
Contract assets	24B	N/A	Low risk *(Note b)*	Lifetime ECL (provision matrix)	**5,639,898**	4,236,405
Financial guarantee contracts	46(f)	N/A	Low risk *(Note c)*	12m ECL	**5,909,119**	697,590

* The gross carrying amounts disclosed above include the relevant interest receivables which are presented in other receivables.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Notes:

a. For the purposes of internal credit risk management, the Group uses repayment history or other relevant information to assess whether credit risk has increased significantly since initial recognition. As at 31 December 2019, the balances of other loan receivables, amounts due from related companies, other receivables, and pledged bank and other deposits are not past due and the internal credit rating of these balances are considered as low risk.

b. For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix for debtors grouped by internal credit rating.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to the Solar Energy Business. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are based on provision matrix within lifetime ECL (not credit-impaired) as at 31 December 2019 .

Gross carrying amount

2019

Internal credit rating	**Average loss rate**	**Trade receivables RMB'000**	**Average loss rate**	**Contract assets RMB'000**
Low risk	**0.04%**	**3,049,935**	**0.24%**	**5,639,898**

2018

Internal credit rating	Average loss rate	Trade receivables RMB'000	Average loss rate	Contract assets RMB'000
Low risk	0.06%	2,981,150	0.38%	4,236,405

The estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The Directors are of the opinion that the ECL for trade receivables and contract assets is insignificant for the year ended 31 December 2019.

c. For financial guarantee contracts, the gross carrying amount represents the maximum amount that the Group has guaranteed under the relevant contract.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings to ensure unutilised banking facilities are adequate and ensures compliance with loan covenants or to obtain waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements.

As at 31 December 2019, the Group's current liabilities exceeded its current assets by RMB11,267 million and had bank balances and cash of approximately RMB1,073 million (2018: RMB1,362 million) against bank and other borrowings, bonds, loans from related companies and lease liabilities due within one year amounted to approximately RMB12,507 million (2018: RMB9,354 million).

The Group finances its capital intensive operations by short-term and long-term bank and other borrowings and shareholders' equity and perpetual notes.

During the year ended 31 December 2019, the Group obtained new borrowings totalling RMB10,054 million of which RMB2,818 million had a repayment terms of over 3 years. The Group also implementing different long-term financing strategies as disclosed in note 2.

Furthermore, the management maintains continuous communication with the Group's principal banks on the grant of additional banking facilities. The Directors have reviewed the Group's bank loans and banking facilities available to the Group and are of the opinion that there are good track records or relationship with the relevant banks which enhance the Group's ability to obtain new financing.

Despite uncertainties mentioned in note 2, the Directors believe that the Group will be able to generate sufficient cash flows to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

The Directors are of the opinion that, taking into account the above measures, undrawn banking facilities and the Group's cash flow projection for the coming year, the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the contractual repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

Liquidity and interest rate risk tables

	Weighted rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2019								
Other payables	—	5,742,755	—	—	—	—	5,742,755	5,742,755
Amounts due to related companies	—	593,474	—	—	—	—	593,474	593,474
Loans from related companies	9.31	15,952	735,034	627,367	366,136	78,888	1,823,377	1,564,184
Bank and other borrowings								
— fixed-rate	8.60	1,934,625	5,803,874	525,615	461,933	573,381	9,299,428	8,262,712
— variable-rate	5.72	1,305,214	3,915,643	2,984,868	10,499,441	5,924,821	24,629,987	22,670,369
Bonds and senior notes	7.13	123,828	129,640	330,968	3,611,928	—	4,196,364	3,742,284
Financial guarantee contracts	—	5,909,119	—	—	—	—	5,909,119	—
Subtotal		15,624,967	10,584,191	4,468,818	14,939,438	6,577,090	52,194,504	42,575,778
Lease liabilities	5.33	28,214	84,642	145,036	307,032	1,737,107	2,302,031	1,161,582
Total		15,653,181	10,668,833	4,613,854	15,246,470	8,314,197	54,496,535	43,737,360

	Weighted rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2018								
Other payables	—	9,859,700	—	—	—	—	9,859,700	9,859,700
Amounts due to related companies	—	139,460	—	—	—	—	139,460	139,460
Loans from related companies	7.96	267,040	840,140	2,227,261	135,717	94,218	3,564,376	3,217,023
Bank and other borrowings								
— fixed-rate	6.46	597,611	1,792,832	110,975	325,232	528,797	3,355,447	3,011,337
— variable-rate	5.33	3,333,811	4,192,928	4,307,538	12,562,766	13,495,568	37,892,611	29,651,938
Bonds and senior notes	7.15	121,822	161,947	818,769	3,553,422	—	4,655,960	3,934,397
Financial guarantee contracts	—	697,590	—	—	—	—	697,590	—
Total		15,017,034	6,987,847	7,464,543	16,577,137	14,118,583	60,165,144	49,813,855

The amounts included above for variable-rate borrowings are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

Bank borrowings that are repayable on demand due to breach of loan covenants by GCL-Poly, the guarantor of certain bank borrowings of the Group, as disclosed in notes 2 and 30, are included in the "on demand or less than 3 months" time band in the above maturity analysis. As at 31 December 2019, the aggregate carrying amounts of these bank loans amounted to RMB2,340,579,000 (2018: RMB3,075,021,000). The Directors do not believe that the banks will exercise their rights to demand immediate repayment from the Group, given that subsequent to the end of the reporting period, GCL-Poly has obtained consents from the relevant lenders to waive the financial covenants concerned. The Directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The following table details the Group's aggregate principal and interest cash outflows based on scheduled repayments for bank borrowings that became repayable on demand due to the aforesaid breach of loan covenants by GCL-Poly. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of the reporting period.

	Weighted average interest rate	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2019	**5.08**	**860,113**	**605,330**	**1,103,986**	**88,351**	**2,657,780**	**2,340,579**
As at 31 December 2018	5.43	1,278,229	642,775	990,642	705,824	3,617,470	3,075,021

The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount was claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considered that it is more likely than not that no amount would be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

40c. Fair value measurements of financial instruments

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the qualified valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports the findings to the Directors every half year to explain the cause of fluctuations in the fair value of the assets and liabilities.

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

40. FINANCIAL INSTRUMENTS *(continued)*

40c. Fair value measurements of financial instruments *(continued)*

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	2019 RMB'000	2018 RMB'000			
Asset management plan investment measured at FVTPL *(Note)*	**100,000**	100,000	Level 3	Income approach — in this approach, the discounted cash flow method was used to capture the present value of future expected cash flows to be derived from the underlying assets	Discount rate of 7.5% (2018: 7.5%)

Note: If the estimated discount rate used were multiplied by 95% or 105% while all the other variables were held constant, the fair value of the investments would increase by approximately RMB507,000 (2018: RMB776,000) or decrease by approximately RMB503,000 (2018: RMB765,000), respectively.

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

(ii) Reconciliation of Level 3 fair value measurements

	Other investments RMB'000	**Convertible bonds** RMB'000
At 1 January 2018	340,040	(925,642)
Fair value change in profit or loss	16,790	(5,524)
Fair value loss on financial liabilities designated as at FVTPL attributed to changes in credit risk	—	(108)
Payment of interests	—	41,072
Redemption of convertible bonds	—	890,202
Redemption of other investments	(256,830)	—
At 31 December 2018 and 31 December 2019	100,000	—

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Accrued interest expense RMB'000 *(Note 28)*	**Amounts due to related companies** RMB'000 *(Note 22)*	**Loans from related companies** RMB'000 *(Note 29)*	**Bank and other borrowings** RMB'000 *(Note 30)*	**Convertible bonds** RMB'000	**Bonds and senior notes** RMB'000 *(Note 31)*	**Lease liabilities** RMB'000 *(Note 32)*	**Dividend payable to non-controlling shareholders** RMB'000 *(Note 28)*	**Total** RMB'000
At 1 January 2018	73,504	102,784	1,071,876	32,550,002	925,642	882,760	—	—	35,606,568
Financing cash flows	(964,688)	(50,972)	1,409,777	399,535	(931,274)	2,511,522	—	(38,389)	2,335,511
Loss on change in fair value of convertible bonds	—	—	—	—	5,524	—	—	—	5,524
Exchange alignment on translation	—	2,500	63,262	25,969	—	264,650	—	—	356,381
Finance costs	900,977	78,952	43,632	977,932	—	275,465	—	—	2,276,958
Interest capitalisation	157,891	—	—	—	—	—	—	—	157,891
Acquisition of subsidiaries	—	—	—	948,101	—	—	—	—	948,101
Reclassification to loan from related companies	—	—	628,476	(628,476)	—	—	—	—	—
Disposal of subsidiaries	—	—	—	(547,964)	—	—	—	—	(547,964)
Recognition of deferred income on government grant — ITC	—	—	—	(188,869)	—	—	—	—	(188,869)
Fair value change to OCI	—	—	—	—	108	—	—	—	108
Dividend declared	—	—	—	—	—	—	—	44,685	44,685
Operating activities	—	6,196	—	—	—	—	—	—	6,196
Transfer to liabilities directly associated with assets as held-for-sale	(970)	—	—	(872,955)	—	—	—	—	(873,925)
At 31 December 2018	166,714	139,460	3,217,023	32,663,275	—	3,934,397	—	6,296	40,127,165
Adjustment upon application of IFRS 16	—	—	—	—	—	—	1,361,507	—	1,361,507
As at 1 January 2019	166,714	139,460	3,217,023	32,663,275	—	3,934,397	1,361,507	6,296	41,488,672
Financing cash flows	(728,532)	(207,536)	(286,996)	1,746,069	—	(493,030)	(75,383)	(126,157)	(171,565)
Exchange alignment on translation	—	801	6,879	(5,459)	—	56,500	309	—	59,030
Finance costs	935,487	226,075	39,113	1,368,822	—	244,417	67,838	—	2,881,752
Interest capitalisation	40,715	—	—	—	—	—	—	—	40,715
Acquisition of subsidiaries	—	—	—	710,380	—	—	34,180	—	744,560
Disposal of subsidiaries	(48,200)	419,587	—	(6,517,563)	—	—	(258,752)	—	(6,404,928)
Dividend declared	—	—	—	—	—	—	—	383,839	383,839
Set off with consideration receivables and amounts due from associates	—	—	(1,400,000)	—	—	—	—	—	(1,400,000)
Set off with amount due from an associate of ultimate holding company	—	—	(11,835)	—	—	—	—	—	(11,835)
Set off with advance to non-controlling interest	—	—	—	—	—	—	—	(38,194)	(38,194)
Non-cash settlement of discounted bills	—	—	—	(90,000)	—	—	—	—	(90,000)
Proceeds from bills discounted including in operating activities	—	—	—	184,602	—	—	—	—	184,602
Other operating activities	—	15,087	—	—	—	—	—	—	15,087
New leases entered	—	—	—	—	—	—	32,051	—	32,051
Lease terminated	—	—	—	—	—	—	(168)	—	(168)
Transfer from liabilities directly associated with assets as held-for-sale	970	—	—	872,955	—	—	—	—	873,925
At 31 December 2019	**367,154**	**593,474**	**1,564,184**	**30,933,081**	**—**	**3,742,284**	**1,161,582**	**225,784**	**38,587,543**

42. OPERATING LEASES

The Group as lessee

	2018 RMB'000
Minimum lease payments paid under operating leases during the year:	
Buildings	48,821
Land	80,243
Others	3,841
	132,905

At 31 December 2018, the Group's commitments for future minimum lease payments under non-cancellable operating leases including lease payments during renewal period in which renewals are reasonably certain, which fell due as follows:

	2018 RMB'000
Within one year	99,230
In the second to fifth year inclusive	399,231
After five years	1,753,776
	2,252,237

Leases are negotiated and rentals are fixed for terms ranging from 3 to 34 years for parcels of land and ranging from 1 to 3 years for the office premises and staff quarters. The lease agreements entered into between the landlords and the Group include renewal options at the discretion of the respective group entities for further 5 to 10 years from the end of the leases with fixed rental.

43. COMMITMENTS, CONTINGENT ASSET AND LIABILITIES

(i) Commitments

	2019 RMB'000	2018 RMB'000
Capital commitments		
Construction commitments in respect of solar power plant projects contracted for but not provided in the consolidated financial statements	377,044	1,055,737
Other commitments		
Commitments to contribute share capital to joint ventures contracted for but not provided	—	94,960
	377,044	1,150,697

(ii) Contingent asset

As disclosed in note 8, the Group has insurance policies in place to cover damages to property, plant and equipment amounting to RMB57,235,000 incidental to typhoon during the year ended 31 December 2019. The Group received RMB6,615,000 from insurance claim as compensation income and has an ongoing insurance claim for the remaining loss as at 31 December 2019 which will be recognised only when the compensation becomes receivable. Based on the insurance policies, the Directors believe that it is possible that their remaining claim will be successful.

(iii) Contingent liabilities

In July 2019, the Group discounted certain bills provided by third parties with a total face value of RMB1,136,390,000 for short-term financing, and the liabilities relating to these arrangements were fully settled to these relevant third parties during the year. As at 31 December 2019, these bills were not yet matured and outstanding. In accordance with the relevant regulations in the PRC, the Group, being an endorser of the bills, is jointly and severally liable if the relevant bills are not settled by the issuer upon maturity. However, in the opinion of the Directors, the risk of default in payment of these bills is remote because they are guaranteed by reputable PRC banks. The maximum exposure to the Group of these outstanding bills was RMB1,136,390,000 as at 31 December 2019.

(iv) Financial guarantees provided to third parties

In addition to those financial guarantees provided to related parties as set out in note 46(f), the Group also provided financial guarantees to certain third parties for certain of their bank and other borrowings amounting to RMB540,000,000 as at 31 December 2019. Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment, (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, in the opinion of the Directors, the fair value of the guarantees is considered insignificant at initial recognition, and the ECL as at 31 December 2019 is insignificant.

44. PLEDGE OF ASSETS/RESTRICTIONS ON ASSETS

Pledge of assets

The Group's borrowings had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	2019 RMB'000	2018 RMB'000
Property, plant and equipment	**21,027,038**	28,529,134
Right-of-use assets	**14,980**	—
Prepaid lease payments	**—**	16,910
Pledged bank and other deposits	**1,701,276**	2,031,283
Trade receivables and contract assets	**4,143,233**	6,568,048
Amount due from an associate of ultimate holding company	**8,000**	18,135
	26,894,527	37,163,510

The Group's secured bank and other borrowings and loans from related companies were secured, individually or in combination, by (i) certain property, plant and equipment of the Group; (ii) certain pledged bank and other deposits of the Group; (iii) certain subsidiaries' trade receivables, contract assets and fee collection rights in relation to the sales of electricity; (iv) certain right-of-use assets (31 December 2018: prepaid lease payments) of the Group; (v) amount due from an associate of ultimate holding company*; and (vi) equity interests in some project companies of the Group.

* The loans from an associate of ultimate holding company are secured by pledged deposits, which are classified as amount due from a related company.

Restrictions on assets

In addition, lease liabilities of RMB1,161,582,000 are recognised with related right-of-use assets of RMB1,395,426,000 as at 31 December 2019. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by lessor and the relevant leased assets may not be used as security for borrowing purposes.

Bills receivable issued by third parties endorsed with recourse for settlement of payables for purchase of plant and machinery and construction costs is disclosed in note 28.

45. RETIREMENT BENEFITS SCHEMES

(a) The PRC

The Group contributes to retirement plans for its employees in the PRC at a percentage of their salaries in compliance with the requirements of the respective municipal governments in the PRC. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group in the PRC.

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

(c) The US

In 2015, the Company established a 401(k) savings trust plan ("401(k) Plan"), a defined contribution plan and is funded by employers and employees, in the US that qualifies as an Inland Revenue Service ("IRS") deferred salary arrangement under Section 401(k) of the US Internal Revenue Code. Under the 401(k) Plan, participating employees may elect to contribute up to a maximum amount subject to certain IRS limitations.

(d) Japan

The Group participated in an employee's pension fund for all its employees in Japan. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to Employee's Pension Insurance Act.

During the year ended 31 December 2019, total amounts contributed by the Group to the schemes in the PRC, Hong Kong, the US and Japan and charged to profit or loss, which represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes are approximately RMB66,376,144 (2018: RMB47,708,000).

46. RELATED PARTY DISCLOSURES

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

(a) Management services income from related companies

	2019 RMB'000	2018 RMB'000
Fellow subsidiaries		
蘇州保利協鑫光伏電力投資有限公司 Suzhou GCL-Poly Solar Power Investment Ltd.* ("Suzhou GCL-Poly")	**33,302**	33,302
GCL Solar Energy Limited	**3,443**	3,309
武漢華鑫易能源有限公司 Wuhan Huaxinyi Energy Co. Ltd.* ("Wuhan Huaxin")	**246**	—
Joint ventures		
Jinhu	**6,226**	14,898
Wanhai	**2,136**	7,800
Associates		
Jiangling	**656**	—
Huarong	**3,837**	—
Linzhou Xinchuang	**2,031**	—
Xinan	**632**	—
Ruzhou	**531**	—
	53,040	59,309

蘇州協鑫新能源運營科技有限公司 Suzhou GCL New Energy Operation and Technology Co., Ltd.* ("Suzhou GCL Operation"), an indirect wholly-owned subsidiary of the Company, provides operation and management services to the solar power plants of Suzhou GCL-Poly and its subsidiaries.

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

Suzhou GCL Operation provides operation and management services to the solar power plant of Wuhan Huaxin, a subsidiary of GCL-Poly, and also the solar power plants of Jinhu and Wanhai. Jinhu and Wanhai were wholly-owned subsidiaries of Zhongmin GCL, a joint venture of the Group before their entire interest are acquired by the Group during the year.

During the year ended 31 December 2019, Suzhou GCL Operation also provided operation and management services to the solar power plants of Jiangling, Huarong, Linzhou Xinchuang, Xinan and Ruzhou, associates of the Group.

* English name for identification only

46. RELATED PARTY DISCLOSURES *(continued)*

(b) Interest on loans from related companies

	2019 RMB'000	2018 RMB'000
Fellow subsidiaries		
GCL-Poly (Suzhou)	—	22,911
Taicang GCL	—	3,889
揚州協鑫光伏科技有限公司 Yangzhou GCL Photovoltaic Technology Co., Ltd.*	—	3,889
GCL Solar Energy Limited	—	1,645
	—	32,334
Ultimate holding company		
GCL-Poly	**37,777**	38,287
Associate of ultimate holding company		
Xinxin	**31,449**	39,470
Related companies		
GCL Group Limited	**114,993**	11,914
Nanjing Xinneng	**51,590**	579
Jiangsu GCL Real Estate	**6,733**	—
Jiangsu GCL Construction	**22,646**	—
	195,962	12,493
	265,188	122,584

* English name for identification only

Details of the loans from related companies are set out in note 29.

(c) Rental expense to a fellow subsidiary

	2019 RMB'000	2018 RMB'000
蘇州協鑫工業應用研究院有限公司 Suzhou GCL Industrial Applications Research Co., Ltd* ("Suzhou GCL Industrial Applications Research")	**24,681**	24,966

協鑫新能源投資（中國）有限公司 GCL New Energy Investment (China) Co., Ltd* ("GCL New Energy Investment"), an indirect wholly-owned subsidiary of the Company, leased two premises from Suzhou GCL Industrial Applications Research, an indirect wholly-owned subsidiary of GCL-Poly.

* English name for identification only

46. RELATED PARTY DISCLOSURES *(continued)*

(d) Profit attributable on perpetual notes

	2019 RMB'000	2018 RMB'000
GCL-Poly (Suzhou)	**63,000**	52,697
Taicang GCL	**18,000**	15,190
Suzhou GCL	**45,000**	37,503
Jiangsu GCL	**36,000**	29,639
	162,000	135,029

Perpetual notes which are denominated in RMB and unsecured, have a variable distribution rate of 7.3% to 11% which could be deferred indefinitely at the option of the issuer and have no fixed repayment term. There is no distribution on perpetual notes for both years.

(e) Guarantees granted by related companies

At 31 December 2019, certain bank and other loans of the Group amounting to RMB2,770,079,000 (2018: RMB2,970,917,000) were guaranteed by ultimate holding company and/or fellow subsidiaries.

(f) Guarantees provided to related companies

As at 31 December 2019, the Group provided guarantee to its associates, including Shanxi GNE, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Fenxi GCL, Hanneng Guangping and Hebei GNE and their subsidiaries, for certain of their bank and other borrowings with maximum amount of RMB5,369,119,000. Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment, (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, in the opinion of the Directors, the fair value of the guarantee is considered insignificant at initial recognition and the ECL as at 31 December 2019 is insignificant.

As at 31 December 2018, the Group provided guarantee to Huarong, an associate of the Group, and Wanhai, a joint venture of the Group, for certain of their bank and other borrowings amounting to RMB204,000,000 and RMB493,590,000, respectively. Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment, (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, in the opinion of the Directors, the fair value of the guarantee is considered insignificant at initial recognition and as at 31 December 2018. During the year ended 31 December 2019, Wanhai became a wholly-owned subsidiary of the Group, the guarantee provided therefore has no financial impact on the Group's consolidated financial statements. Besides, the guarantee provided to Huarong by the Group has been released in the current year.

46. RELATED PARTY DISCLOSURES *(continued)*

(g) Compensation of key management personnel

The remuneration of senior management personnel, comprising directors' (whether executive or otherwise) remuneration during the year was as follows:

	2019 RMB'000	2018 RMB'000
Short-term benefits	**12,257**	15,203
Post-employment benefits	**184**	683
Share-based payments	**363**	2,804
	12,804	18,690

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

47. MAJOR NON-CASH TRANSACTIONS

(i) The Group acquired 100% equity interest of Jinhu and Wanhai from Zhongmin GCL in March 2019 with aggregate consideration of RMB264,000,000.

Subsequent to the acquisition date, the Group partially settled consideration of RMB204,904,000 to Zhongmin GCL by (i) cash payment of RMB86,999,000, (ii) endorsement of bills receivables of RMB47,905,000 and (iii) offset with amount due from Zhongmin GCL by RMB70,000,000.

For the remaining consideration payable of RMB59,096,000, the Group further entered into a multi-party debt settlement agreement with Zhongmin GCL, Jinhu, Wanhai, and 中民新能（上海）投資有限公司 Zhongmin New Energy (Shanghai) Investment Company Limited* on 1 April 2019, and approximately RMB41,682,000 of such remaining consideration has been settled among these parties pursuant to this multi-party debt settlement agreement. The remaining sum of RMB17,414,000 was settled by the Group in cash during the current year.

(ii) The Group disposed of 70% equity interest in seven subsidiaries in Hebei and Shanxi Province to Shanghai Rongyao in 2019 for an aggregate consideration of RMB1,441,652,000.

Subsequent to the disposal date, the Group, Golden Concord Holdings Limited ("Golden Concord"), a substantial shareholder of GCL-Poly with significant influence, Shanghai Rongyao and Yunnan Provincial Energy Investment Group Company Limited ("Yunnan Energy"), a shareholder of Shanghai Rongyao, entered into an offsetting agreement. They agreed to offset part of the Group's consideration receivables from Shanghai Rongyao amounting to RMB1,329,674,000 and amounts due from those seven subsidiaries of RMB170,326,000 with (i) the loan from Golden Concord of RMB1,400,000,000 and (ii) a receipt in advance from Yunnan Energy of RMB100,000,000.

(iii) During the year ended 31 December 2019, the Group entered into new lease agreements for land, office and staff quarter, for 2–24 years. On the lease commencement, the Group recognised right-of-use assets of RMB32,051,000 and the related lease liabilities.

* English name for identification only

48. EVENTS AFTER REPORTING PERIOD

Other than those disclosed elsewhere in these consolidated statements, the Group has the following significant event after the reporting period:

Despite the outbreak of Coronavirus disease ("COVID-19") in the PRC in early 2020 and the subsequent quarantine measures imposed by the PRC government, the solar power plants of the Group continuously operate as usual. The Group has been paying close attention to the development of the COVID-19 outbreak, and implements a series of precautionary and control measures, as well as evaluates the impact of the COVID-19 outbreak on the financial position and operating results of the Group. Given the dynamic nature of these circumstances, the Directors will continue to assess the financial effects on the Group but as of the date of these consolidated financial statements are authorised for issuance, the Group is not aware of any material adverse effects on its consolidated financial statements as a result of the COVID-19 outbreak.

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES

49a. General information of subsidiaries

Details of the Group's principal subsidiaries at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2019 %	2018 %	Principal activities
Directly held:					
Pioneer Getter Limited	BVI	US$1	100%	100%	Investment holding
Bliss Corporate Group Limited	BVI	US$1	100%	100%	Investment holding
Indirectly held:					
協鑫新能源國際有限公司 GCL New Energy International Limited	Hong Kong	HK$1	100%	100%	Investment holding
協鑫新能源發展有限公司 GCL New Energy Development Limited	Hong Kong	HK$1	100%	100%	Investment holding
協鑫新能源管理有限公司 GCL New Energy Management Limited	Hong Kong	HK$1	100%	100%	Investment holding
協鑫新能源貿易有限公司 GCL New Energy Trading Limited	Hong Kong	HK$1	100%	100%	Investment holding
GCL New Energy Investment[2]	PRC	US$1,188,000,000	100%	100%	Investment holding
Suzhou GCL Operation[3]	PRC	RMB50,000,000	100%	100%	Investment holding
Nanjing GCL New Energy[3]	PRC	US$1,188,000,000	100%	100%	Investment holding
Suzhou GCL New Energy[3]	PRC	RMB12,928,250,000	92.82%	92.82%	Investment holding
南京協鑫新能源科技有限公司 Nanjing GCL New Energy Technology Co., Ltd.[1,3]	PRC	RMB300,000,000	100%	100%	Investment holding
Zhenjiang GCL[3]	PRC	RMB33,000,000	100%	100%	Investment holding

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

49a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2019 %	Interest held 2018 %	Principal activities
包頭市中利騰暉光伏發電有限公司 Baotou Shi Zhong Li Photovoltaic Co., Ltd.[1,3]	PRC	RMB110,000,000	**100%**	100%	Operation of solar power
冊亨協鑫光伏電力有限公司 Ceheng Solar Power Co., Ltd.[1,3]	PRC	RMB130,000,000	**100%**	100%	Operation of solar power plant
德令哈協合光伏發電有限公司 Delingha Century Concord Photovoltaic Power Co., Ltd.[1,3]	PRC	RMB222,000,000	**100%**	100%	Operation of solar power plant
阜南協鑫光伏電力有限公司 Funan GCL Photovoltaic Power Co., Ltd.[1,3]	PRC	RMB165,000,000	**100%**	100%	Operation of solar power plant
高唐縣協鑫晶輝光伏有限公司 Gaotang County GCL Jing Hui Photovoltaic Co., Ltd.[1,3]	PRC	RMB81,000,000	**100%**	100%	Operation of solar power plant
哈密耀輝光伏電力有限公司 Hami Yaohui Photovoltaic Company Limited[1,3]	PRC	RMB181,960,000	**100%**	100%	Operation of solar power plant
海豐縣協鑫光伏電力有限公司 Haifeng County GCL Solar Power Co., Ltd.[1,3]	PRC	RMB155,900,000	**100%**	100%	Operation of solar power plant
海南州世能光伏發電有限公司 Hainanzhou Shineng Photovoltaic Power Co., Ltd.[1,3]	PRC	RMB60,000,000	**100%**	100%	Operation of solar power plant
橫山晶合太陽能發電有限公司 Hengshan Jinghe Solar Energy Co., Ltd.[1,3]	PRC	RMB222,000,000	**96.35%**	96.35%	Operation of solar power plant
湖北省麻城市金伏太陽能電力有限公司 Hubei Macheng Jinfu Solar Energy Limited[1,3]	PRC	RMB191,000,000	**100%**	100%	Operation of solar power plant
淮北鑫能光伏電力有限公司 Huaibei Xinneng Solar Power Co., Ltd[1,3]	PRC	RMB90,000,000	**100%**	100%	Operation of solar power plant
靖邊縣順風新能源有限公司 Jingbian County Shunfeng New Energy Limited[1,3]	PRC	RMB68,550,000	**95%**	95%	Operation of solar power plant
靖邊協鑫光伏電力有限公司 Jingbian GCL Solar Power Co., Ltd.[1,3]	PRC	RMB80,000,000	**100%**	100%	Operation of solar power plant
開封華鑫新能源開發有限公司 Kaifeng Huaxin New Energy Development Co., Ltd.[1,3]	PRC	RMB200,000,000	**100%**	100%	Operation of solar power plant
蘭溪金瑞太陽能發電有限公司 Lanxi Jinrui Photovoltaic Power Co., Ltd[1,3]	PRC	RMB60,320,000	**100%**	100%	Operation of solar power plant
猛海協鑫光伏農業電力有限公司 Menghai GCL Solar Agricultural Power Co., Ltd.[1,3]	PRC	RMB85,000,000	**100%**	100%	Operation of solar power plant
內蒙古香島新能源發展有限公司 Inner Mongolia Xiangdao New Energy Development Company Limited[1,3]	PRC	RMB273,600,000	**90.1%**	90.1%	Operation of solar power plant

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

49a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2019 %	Interest held 2018 %	Principal activities
寧夏金禮光伏電力有限公司 Ningxia Jinli Photovoltaic Electric Power Co., Ltd.[1,3]	PRC	RMB86,830,000	**100%**	100%	Operation of solar power plant
寧夏金信光伏電力有限公司 Ningxia Jinxin Photovoltaic Electric Power Co., Ltd.[1,3]	PRC	RMB126,300,000	**100%**	100%	Operation of solar power plant
寧夏中衛協鑫光伏電力有限公司 Ningxia Zhongwei GCL Solar Power Co., Ltd.[1,3]	PRC	RMB61,600,000	**100%**	100%	Operation of solar power plant
淇縣協鑫新能源有限公司 Qi County GCL New Energy Limited[1,3]	PRC	RMB84,000,000	**100%**	100%	Operation of solar power plant
汝陽協鑫新能源有限公司 Ruyang GCL New Energy Limited[1,3]	PRC	RMB146,000,000	**100%**	100%	Operation of solar power plant
三門峽協立光伏電力有限公司 Sanmenxia Xie Li Solar Power Co., Ltd.[1,3]	PRC	RMB65,000,000	**100%**	100%	Operation of solar power plant
上林協鑫光伏電力有限公司 Shanglin GCL Solar Power Co., Ltd. ("Shanglin GCL")[1,3]	PRC	RMB124,800,000	**67.95%**	67.95%	Operation of solar power plant
神木市晶富電力有限公司 Shenmu Jingfu Solar Power Co., Ltd.[1,3]	PRC	RMB75,400,000	**80%**	80%	Operation of solar power plant
神木市平西電力有限公司 Shenmu Ping Xi Power Co., Ltd.[1,3]	PRC	RMB82,000,000	**100%**	100%	Operation of solar power plant
神木市平元電力有限公司 Shenmu Ping Yuan Power Co., Ltd.[1,3]	PRC	RMB78,700,000	**100%**	100%	Operation of solar power plant
Guotai[3]	PRC	RMB20,000,000	**80%**	80%	Operation of solar power plant
Jingdeng[3]	PRC	RMB50,000,000	**80%**	80%	Operation of solar power plant
石城協鑫光伏電力有限公司 Shicheng GCL Solar Power Co., Ltd. ("Shicheng")[1,3]	PRC	RMB112,838,100	**51%**	51%	Operation of solar power plant
天長市協鑫光伏電力有限公司 Tianchang GCL Solar Energy Limited[1,3]	PRC	RMB63,960,000	**100%**	100%	Operation of solar power plant
烏拉特後旗源海新能源有限責任公司 Wulate Houqi Yuanhai New Energy Limited[1,3]	PRC	RMB50,000,000	**100%**	100%	Operation of solar power plant
宿州協鑫光伏電力有限公司 Suzhou GCL Solar Power Co., Ltd.[1,3]	PRC	RMB74,000,000	**100%**	100%	Operation of solar power plant
鹽邊鑫能光伏電力有限公司 Yanbian Xin Neng Solar Power Co., Ltd.[1,3]	PRC	RMB56,000,000	**100%**	100%	Operation of solar power plant

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

49a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2019 %	2018 %	Principal activities
鹽源縣白烏新能源科技有限公司 Yanyuan County Bai Wu New Energy Technology Co., Ltd.[1,3]	PRC	RMB113,000,000	**100%**	100%	Operation of solar power plant
餘幹縣協鑫新能源有限責任公司 Yugan County GCL New Energy Limited[1,3]	PRC	RMB139,300,000	**100%**	100%	Operation of solar power plant
榆林隆源光伏電力有限公司 Yulin Longyuan Solar Energy Limited[1,3]	PRC	RMB465,000,000	**100%**	100%	Operation of solar power plant
榆林市榆神工業區東投能源有限公司 Yulin Yushen Industrial Area Energy Co., Ltd.[1,3]	PRC	RMB170,000,000	**100%**	100%	Operation of solar power plant
元謀綠電新能源開發有限公司 Yuanmou Green Power New Energy Development Limited[1,3]	PRC	RMB85,000,000	**80%**	80%	Operation of solar power plant
鄆城鑫華能源開發有限公司 Yuncheng Xinhua Energy Development Co,. Ltd. ("Yuncheng")[1,3]	PRC	RMB58,597,800	**51%**	100%	Operation of solar power plant
正藍旗國電光伏發電有限公司 Zhenglanqi State Power Photovoltaic Company Limited[1,3]	PRC	RMB125,000,000	**99.2%**	99.2%	Operation of solar power plant
中利騰暉海南電力有限公司 Zhongli Tenghui Hainan Solar Power Co., Ltd.[1,3]	PRC	RMB105,500,000	**100%**	100%	Operation of solar power plant
東海縣協鑫光伏電力有限公司 Donghai County GCL Solar Energy Co., Ltd.[1,3]	PRC	RMB54,470,000	**100%**	100%	Operation of solar power plant
阜寧縣鑫源光伏電力有限公司 Funing County Xin Yuan Solar Power Co., Ltd.[1,3]	PRC	RMB52,000,000	**100%**	100%	Operation of solar power plant
碭山協鑫光伏電力有限公司 Dangshan GCL Solar Power Co., Ltd.[1,3]	PRC	RMB44,000,000	**100%**	100%	Operation of solar power plant
欽州鑫金光伏電力有限公司 Qinzhou Xin Jin Solar Power Co., Ltd. ("Qinzhou")[1,3]	PRC	RMB134,950,000	**70.36%**	70.36%	Operation of solar power plant
永城鑫能光伏電力有限公司 Yongcheng Xin Neng Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB101,600,000	**100%**	100%	Operation of solar power plant
商水協鑫光伏電力有限公司 Shangshui GCL Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB130,000,000	**100%**	100%	Operation of solar power plant
微山鑫能光伏電力有限公司 Weishan Xin Neng Solar Power Co., Ltd.[1,3]	PRC	RMB75,000,000	**100%**	100%	Operation of solar power plant
互助昊陽光伏發電有限公司 Huzhu Haoyang Photovoltaic Electric Power Co., Ltd.[1,3]	PRC	RMB66,000,000	**100%**	100%	Operation of solar power plant

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

49a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2019 %	Interest held 2018 %	Principal activities
Jinhu[3]	PRC	RMB160,600,000	**100%**	N/A	Operation of solar power plant
河南協鑫新能源投資有限公司 Henan GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB600,000,000	**100%**	100%	Operation of solar power plant
南召鑫力光伏電力有限公司 Nanzhao Xin Li Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB100,000,000 (2018: RMB181,600,000)	**50%**	50%	Operation of solar power plant
江蘇協鑫新能源有限公司 Jiangsu GCL New Energy Co., Ltd.[1,3]	PRC	RMB500,000,000	**100%**	100%	Operation of solar power plant
西安協鑫新能源管理有限公司 Xi'an GCL New Energy Management Co., Ltd.[1,3]	PRC	RMB1,500,000,000	**100%**	100%	Operation of solar power plant
神木市晶普電力有限公司 Shenmu Jingpu Power Co., Ltd.[1,3]	PRC	RMB266,400,000	**80%**	80%	Operation of solar power plant
安徽協鑫新能源投資有限公司 Anhui GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB238,000,000	**100%**	100%	Operation of solar power plant
內蒙古協鑫光伏電力有限公司 Inner Mongolia GCL Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB200,000,000	**100%**	100%	Operation of solar power plant
上林縣鑫安光伏電力有限公司 Shanglin County Xinan Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB50,000,000	**60%**	60%	Operation of solar power plant
Wanhai[3]	PRC	RMB60,000,000	**100%**	N/A	Operation of solar power plant
寧夏協鑫新能源投資有限公司 Ningxia GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB200,000,000	**100%**	100%	Operation of solar power plant
江蘇協鑫新能源投資有限公司 Jiangsu GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB100,000,000	**100%**	100%	Operation of solar power plant
汾西縣協鑫光伏電力有限公司 Fenxi County GCL Photovoltaic Power Co., Ltd.[1,3,4]	PRC	RMB130,000,000	**N/A**	100%	Operation of solar power plant
邯能廣平縣光伏電力開發有限公司 Hanneng Guangping County Solar Energy Development Limited[1,3,4]	PRC	RMB130,000,000	**N/A**	100%	Operation of solar power plant
江陵縣協鑫光伏電力有限公司 Jiang Ling County GCL Solar Power Co., Ltd.[1,3,4]	PRC	RMB230,000,000	**N/A**	100%	Operation of solar power plant
汝州協鑫光伏電力有限公司 Ru Zhou GCL Photovoltaic Power Co., Ltd.[1,3,4]	PRC	RMB15,000,0000	**N/A**	100%	Operation of solar power plant

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

49a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2019 %	Interest held 2018 %	Principal activities
芮城縣協鑫光伏電力有限公司 Ruicheng County GCL Solar Power Co., Ltd.[1,3,4]	PRC	RMB134,000,000	N/A	100%	Operation of solar power plant
山西佳盛能源股份有限公司 Shanxi Jiasheng Energy Holding Ltd.[1,3,4]	PRC	RMB50,000,000	N/A	96%	Operation of solar power plant
尚義元辰新能源開發有限公司 Shangyi Yuanchen New Energy Development Company Limited[1,3]	PRC	RMB400,650,000	N/A	100%	Operation of solar power plant
新安縣協鑫光伏電力有限公司 Xinan County GCL Solar Power Co., Ltd[1,3,4]	PRC	RMB120,000,000	N/A	100%	Operation of solar power plant
盂縣晉陽新能源發電有限公司 Yu County Jinyang New Energy Power Generation Co., Ltd.[1,3]	PRC	RMB171,800,000	N/A	99%	Operation of solar power plant
盂縣協鑫光伏電力有限公司 Yu County GCL Solar Power Co., Ltd.[1,3,4]	PRC	RMB140,000,000	N/A	100%	Operation of solar power plant

1 English name for identification only

2 Foreign investment enterprises

3 Domestic PRC Companies

4 The controlling stake of the entity was disposed of by the Group during the year ended 31 December 2019 which becomes associate of the Group.

The above table lists the subsidiaries of the Group which in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Other than Suzhou GCL New Energy issued green bonds as disclosed in note 31, none of the subsidiaries had issued any debt securities at the end of the year.

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

49b. Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that has material non-controlling interests as at 31 December 2019 and 31 December 2018:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2019	2018	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
Suzhou GCL New Energy	PRC	**7.18%**	7.18%	**99,903**	131,099	**995,033**	1,255,055
Non-wholly owned subsidiaries of Suzhou GCL New Energy				**48,162**	13,546	**364,910**	310,173
				148,065	144,645	**1,359,943**	1,565,228

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations as at 31 December 2019 and 2018.

Suzhou GCL New Energy and subsidiaries

	2019 RMB'000	2018 RMB'000
Current assets	**18,156,187**	17,760,249
Non-current assets	**37,061,622**	45,667,922
Current liabilities	**18,884,256**	18,461,992
Non-current liabilities	**20,466,254**	27,176,130
Equity attributable to owners of the Company	**14,507,356**	16,224,821
Non-controlling interests of Suzhou GCL New Energy	**995,033**	1,255,055
Non-controlling interests of Suzhou GCL New Energy's subsidiaries	**364,910**	310,173

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

49b. Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Suzhou GCL New Energy and subsidiaries (continued)

	2019 RMB'000	2018 RMB'000
Revenue	**5,966,081**	5,465,931
Profit and total comprehensive income for the year	**1,439,564**	1,838,185
Profit and total comprehensive income attributable to owners of the Company	**1,291,499**	1,693,540
Profit and total comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy	**99,903**	131,099
Profit and total comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy's subsidiaries	**48,162**	13,546
Profit for the year	**1,439,564**	1,838,185
Dividends declared to non-controlling interests of Suzhou GCL New Energy and its subsidiaries	**383,839**	44,685
Net cash inflow from operating activities	**1,702,192**	3,118,616
Net cash outflow from investing activities	**(2,087,278)**	(4,752,411)
Net cash inflow from financing activities	**216,326**	237,988
Net cash outflow	**(168,760)**	(1,395,807)

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

49c. Change in ownership interest in subsidiaries

Year ended 31 December 2019

(a) Yuncheng

In August 2019, Yuncheng entered into a capital increase agreement with an independent third party and received capital contribution in cash amounting to RMB28,713,000; accordingly, the equity interest held by the Group has been diluted to 51%. An amount of approximately RMB30,489,000 (being the proportionate share of the carrying amount of the net assets of Yuncheng) has been transferred to non-controlling interests.

Year ended 31 December 2018

(a) 碭山鑫能光伏電力有限公司 ("Dangshan")

In March 2018, Dangshan entered into a solar power project co-operation agreement with an independent third party and received a capital contribution in cash amounting to RMB14,850,000; accordingly, the equity interest held by the Group was diluted to 67%. An amount of approximately RMB16,674,000 (being the proportionate share of the carrying amount of the net assets of Dangshan) has been transferred to non-controlling interests.

(b) Shicheng

In September 2018, the Group disposed of 19% equity interest in Shicheng at a consideration of RMB21,544,000 to an independent third party, and decreased its shareholding in Shicheng to 51%. An amount of approximately RMB27,095,000 (being the proportionate share of the carrying amount of the net assets of Shicheng) has been transferred to non-controlling interests.

(c) Qinzhou

In November 2018, Qinzhou entered into a capital increase agreement with an independent third party and received capital contribution in cash amounting to RMB40,000,000; accordingly, the equity interest held by the Group was diluted to 70.36%. An amount of approximately RMB42,560,000 (being the proportionate share of the carrying amount of the net assets of Qinzhou) has been transferred to non-controlling interests.

(d) Shanglin GCL

In November 2018, Shanglin GCL entered into a capital increase agreement with an independent third party and received capital contribution in cash amounting to RMB40,000,000; accordingly, the equity interest held by the Group has been diluted to 67.95%. An amount of approximately RMB44,271,000 (being the proportionate share of the carrying amount of the net assets of Shanglin GCL) has been transferred to non-controlling interests.

50. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position

	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS		
Interests in subsidiaries	**2,192,835**	2,452,432
Amounts due from subsidiaries *(Note)*	**6,669,165**	6,764,185
	8,862,000	9,216,617
CURRENT ASSETS		
Prepayments	**958**	937
Amounts due from joint ventures	**34**	32
Bank balances and cash	**6,229**	13,489
	7,221	14,458
CURRENT LIABILITIES		
Accruals and other payables	**128,825**	130,679
Amount due to a subsidiary	**—**	27,944
Bank borrowings	**896,278**	1,728,290
	1,025,103	1,886,913
NET CURRENT LIABILITIES	**(1,017,882)**	(1,872,455)
TOTAL ASSETS LESS CURRENT LIABILITIES	**7,844,118**	7,344,162
NON-CURRENT LIABILITIES		
Bank borrowings	**241,233**	—
Bonds payable	**3,470,542**	3,398,063
	3,711,775	3,398,063
NET ASSETS	**4,132,343**	3,946,099
CAPITAL AND RESERVES		
Share capital	**66,674**	66,674
Reserves	**4,065,669**	3,879,425
TOTAL EQUITY	**4,132,343**	3,946,099

Note: ECL for amounts due from subsidiaries and joint ventures, and bank balances and cash are assessed on a 12m ECL basis as there had been no significant increase in credit risk since initial recognition and impairment allowance is considered to be insignificant.

50. SUMMARY FINANCIAL INFORMATION OF THE COMPANY *(continued)*

Movement in equity

	Share premium RMB'000	Contributed surplus RMB'000	Translation reserve RMB'000	Financial liabilities at FVTPL credit risk reserve *(Note)* RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2018	4,265,230	56,318	(64,015)	(10,445)	209,766	(437,391)	4,019,463
Loss for the year	—	—	—	—	—	(152,609)	(152,609)
Other comprehensive expense	—	—	—	(108)	—	—	(108)
Total comprehensive expenses for the year	—	—	—	(108)	—	(152,609)	(152,717)
Redemption of convertible bonds	—	—	—	10,553	—	(10,553)	—
Recognition of equity settled share-based payments *(note 36)*	—	—	—	—	12,679	—	12,679
Forfeitures of share options *(note 36)*	—	—	—	—	(7,621)	7,621	—
At 31 December 2018	4,265,230	56,318	(64,015)	—	214,824	(592,932)	3,879,425
At 1 January 2019	**4,265,230**	**56,318**	**(64,015)**	**—**	**214,824**	**(592,932)**	**3,879,425**
Profit and total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**184,457**	**184,457**
Recognition of equity settled share-based payments *(note 36)*	**—**	**—**	**—**	**—**	**1,787**	**—**	**1,787**
Forfeitures of share options *(note 36)*	**—**	**—**	**—**	**—**	**(16,257)**	**16,257**	**—**
At 31 December 2019	**4,265,230**	**56,318**	**(64,015)**	**—**	**200,354**	**(392,218)**	**4,065,669**

Note: Financial liabilities at FVTPL credit risk reserve represents the amount of change in fair value of the convertible bonds issued by the Company, which is classified as financial liabilities designated as at FVTPL under IFRS 9, that is attributable to changes in credit risk of the convertible bonds and is transferred to accumulated losses on redemption.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	For the year ended				
	31 December 2019 RMB'000	31 December 2018 RMB'000	31 December 2017 RMB'000	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Results (for continuing and discontinued operations)					
Revenue	**6,051,987**	5,632,397	4,785,113	3,737,989	1,969,899
Profit (loss) attributable to owners of the Company	**294,688**	469,680	841,439	130,386	(15,229)

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000	As at 31 December 2017 RMB'000	As at 31 December 2016 RMB'000	As at 31 December 2015 RMB'000
Assets and liabilities					
Total assets	**54,416,226**	61,179,861	55,434,344	41,478,178	23,502,458
Total liabilities	**(44,446,583)**	(51,478,321)	(46,638,402)	(35,058,574)	(21,060,419)
Total equity	**9,969,643**	9,701,540	8,795,942	6,419,604	2,442,039

For the year ended 31 December 2019, the Group has applied International Financial Reporting Standard ("IFRS") 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. The impact upon initial recognition is recognised in the opening retained earnings and comparative information has not been restated.

For the year ended 31 December 2018, the Group has applied IFRS 9 and IFRS 15 for the first time. The impact of IFRS 9 and IFRS 15 upon initial recognition on 1 January 2018 are recognised in the opening retained earnings and other components of equity without restating the comparative information.

Environmental, Social and Governance Report

About This Report

This report is the fifth annual Environmental, Social and Governance (ESG) Report (the "Report") of GCL New Energy Holdings Limited (hereinafter referred to as "GCL New Energy", the "Company" or "we") and its subsidiaries (hereinafter collectively referred to as "the Group"). This Report is prepared to disclose the ESG performance of GCL New Energy and related information. In this Report, "GCL" refers to the brand operated by the Group. "GCL Group" refers to Golden Concord Holdings Limited. This Report focuses on the concerns of stakeholders and comprehensively explains the ESG performance and management policies of GCL New Energy in 2019.

Reporting Scope

The reporting period is from January 1, 2019 to December 31, 2019, and this Report covers GCL New Energy Holdings Limited and its subsidiaries.

Basis of Preparation

This Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide published by the Hong Kong Stock Exchange Limited (hereinafter referred to as "HKEX"). We made every effort to meet the reporting principles of materiality, quantitative, balance, and consistency.

Preparation Methods

This Report was prepared in the following procedures: identifying and ranking important stakeholders and material issues in ESG development, determining the Report boundary, collecting relevant materials and evidence, preparing the Report based on the data, and verifying the data included in this Report.

Data Source and Reliability Assurance

Information and cases included in this Report are mainly from the Group's statistical reports and relevant documents. We undertake that this Report does not contain any false or misleading statement and are responsible for the authenticity, accuracy, and completeness of its contents.

Confirmation and Approval

After confirmation by management, this Report was approved by the board of directors on 27 April 2020.

Access and Response to This Report

This Report is available in both traditional Chinese and English versions. The electronic version of this Report is published under the "Financial Statements/ESG Information" headline category of GCL New Energy on the HKEXnews website or the official website of the Company at http://www.gclnewenergy.com/site/social-responsibility.

The Group highly value your opinion on our sustainability. Stakeholders and other readers who have any comments or suggestions on this Report and our sustainability performance can contact our Company Secretary and Investor Relations Department by e-mail, phone, or a written format to seek or request information (publicly disclosed information only).

Company Secretary and Investor Relations Department
Tel: +852 2606 9200
E-mail: newenergydm@gclnewenergy.com
Address: Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

Sustainable Development Performance in 2019

Environmental Protection Performance and Achievements

	Unit	2017	2018	2019
Sales volume of electricity	Million kWh	5,347	7,830	**8,762**
Ratio of new projects with environmental and social impact assessments	%	100	100	**100**
Coal consumption reduced in thermal power generation	TCE	1,668,264	2,419,470	**2,707,458**
Reduction in CO_2 emissions	Tonnes	4,395,234	7,830,000	**8,762,000**

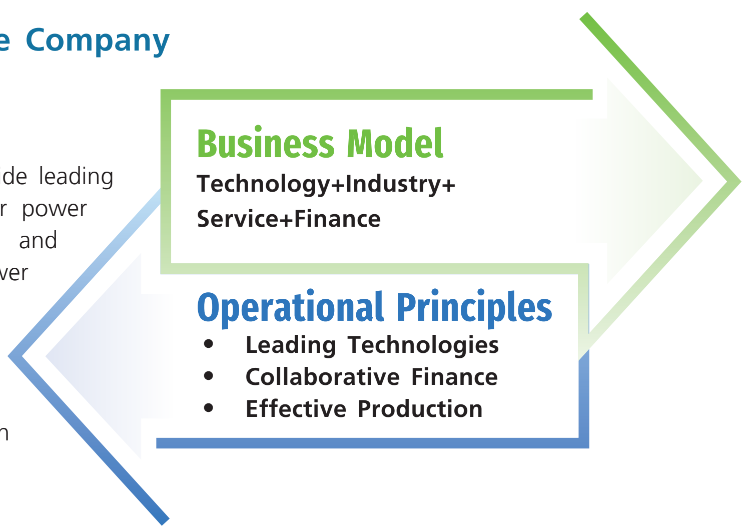
Employee Development and Protection

	Unit	2017	2018	2019
Number of new employees	/	332	335	**127**
Number of total employees	/	2,341	1,829	**1,457**
Average training hours per employee	Hour	17.55	24.76	**19.03**
Percentage of employees having received training	%	100	100	**100**
Number of employees having received training on safety and occupational health	/	9,460	9,823	**9,936**
Number of consecutive days without safety incidents	Day	365	365	**365**
Number of work-related injury incidents	/	0	0	**0**
Lost time due to work injury	Hour	0	0	**0**
Occupational disease	/	0	0	**0**
Percentage of employees having received occupational physical examination	%	100	100	**100**
Percentage of employees with occupational health record	%	100	100	**100**

Common Efforts to Build a Responsible Company

About Us

GCL New Energy Holdings Limited (HK.451) is a worldwide leading new energy company with its primary business in solar power generation equipped with development, construction and operation capabilities. Since its development of solar power business, the Group has adhered to the sustainable development-oriented development strategy of focusing equal efforts on the two major businesses of centralised photovoltaic power plants and distributed photovoltaic power plants, in a bid to continue to provide society with clean, safe and efficient green and popular energy.



As a world-leading new energy enterprise specialized in solar power generation and management service provision, we instill environmental and social responsibility into every aspect of our daily operation. Internally, we actively optimise the operational management model, improve the job optimisation and system construction, and give play to the value of corporate culture. Externally, we are committed to improving the value of collaboration with our partners, creating a socially responsible ecological chain, and committed to promoting the Group's sustainable development performance.

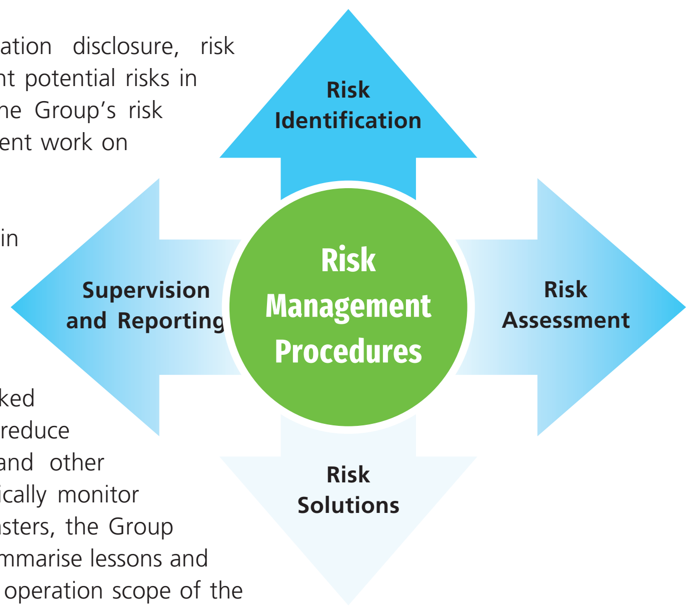
As of 2019, the Group has been included in the trading list of Shenzhen-Hong Kong Stock Connect and Hang Seng Stock Connect Hong Kong Index, gaining prominent recognition from investors and capital markets.

Compliance and Integrity

The Group recognizes that a compliant and transparent operating atmosphere and the clean and efficient risk management are the basis for an enterprise's long-term development. By continuously improving the corporate governance system, optimising management policies and raising employees' awareness of compliance, the Group has fully implemented policies regarding anti-corruption, anti-monopoly and anti-unfair competition.

Risk Management

The Group adopts various methods such as information disclosure, risk management, internal audit and internal control to prevent potential risks in the course of business operations. To further improve the Group's risk response capabilities. In 2019, we carried out risk assessment work on the refinement of the power stations we operate.



Typhoons, floods, rainstorms and fires that may occur in the course of business operations may cause power generation losses. The Group monitors such risks through the operational management departments. In order to reduce the risks brought about by climate changes to the Group's business operations, the Group has tracked potential risk issues and regularly reported on projects to reduce economic losses due to typhoons, floods, rainstorms and other climate change risks. Although the Group will not specifically monitor and report on low-probability risks such as geological disasters, the Group will conduct postmortem analysis and identification and summarise lessons and coping methods in writing if such events occur within the operation scope of the Group. However, for risks with a relatively high probability of occurrence, such as production and operation risks due to fire, the Group expands the scope of monitoring through CCTV and sets up walls around the power stations for fire isolation. For the areas within the fire isolation zones, the Group conducts weeding and cleaning twice a year, and also conducts daily publicity, and based on the characteristics of each power station and the customs of the surrounding residents, arouses the fire awareness of the surrounding residents during festivals to ensure the safety of the Group's power stations.

Also, the Group's operational management lines and other business departments organise spring, autumn and mid-year safety production, environmental protection, occupational health comprehensive inspections every year, and organise the safety-themed activities to identify risks and prepare emergency plans.

Honest Operation

The Group formulated and abided by the *Anti-Corruption Regulations* to build a clear and effective anti-fraud management structure, in an effort to clarify the code of conduct of employees in the process of dealing with customers, partners and procurement suppliers during the operations and thus to create a fair and clean working atmosphere.

Supervisory Committee

- The highest anti-fraud department that reviews the anti-fraud procedures and control measures of the Company;
- Supervise the normal operation of whistleblowing and complaint mechanisms and ensure their effectiveness;
- Examine investigation reports and proposed solutions to frauds committed by senior management;
- Listen to the reports and suggestions of the internal control and supervision departments at all levels on the Company's anti-fraud work.

Internal Control and Supervision Departments

- Permanent anti-fraud departments responsible for daily anti-fraud supervision within the Company;
- Organise investigation into fraud cases and conduct corporate anti-fraud promotion activities;
- Examine investigation reports and proposed solutions to frauds committed by middle management.

Management at All Levels

- Responsible for establishing sound internal control mechanisms, implementing control measures to reduce the chance of fraud, and taking appropriate and effective remedial measures to reduce damage caused by fraud;
- Assist in investigation work, execute solutions to fraud incidents, take responsibility for frauds, and give feedback.

In order to promote the stable development of the Group and prevent the violation of regulations, disciplinary violations, fraud and acts that may damage our interests and image within our Group, the Group has formulated the *Management Standards for Anti-Fraud and Whistleblowing* to clarify the channels and mechanisms for complaints, whistleblowing and investigation channels and mechanism. The Group receives reports via telephone, email, WeChat and Lanxin online platform.

At the same time, the Group is responsible for the information security of the whistleblowers, and strictly prohibits the disclosure of information about the whistleblowers and any retaliation against the whistleblowers. For those who violate the disciplinary provisions, the Group will give serious treatment and order the relevant responsible departments to make rectifications, so as to promote the Group's compliance operation. During the reporting period, the Group carried out 17 trainings on honesty and integrity education, with 2,137 employees receiving trainings of 2,564 hours.

ESG Governance

The Group incorporates China dream with "bluer sky, clearer water and better living environment" in its strategies, governance and long-term development goals as an underlying concept through the entire process of its business operations. The Group is fully aware of its responsibilities to shareholders and investors, employees, customers, the industry, society and the future, and aims to continuously create more value for employees, customers, shareholders, investors and society to fulfill the Group's commitment on the sustainable development of society and the industry.

The Group believes that integrating ESG governance with corporate operation will ultimately promote the sustainable development of the enterprise. We continuously optimise the sustainable development management structure, and formulate and perfect the ESG-related policies through the ESG Working Group. During the reporting period, the Board of Directors of the Group increased its participation in and supervision of the ESG work, and led the Group to carry out sustainable development affairs in an efficient manner. The ESG Management Committee continued to be responsible for the management and monitoring of the ESG risks of the Group. Through the identification and analysis of ESG risks and the formulation of risk emergency plans, the Group's risk response capabilities have been reinforced. Based on the Group's business development, the ESG Working Group continuously improved the formulation of ESG-related policies to improve the management and execution capabilities of ESG-related affairs.

ESG Working Group
Composed of persons in charge of ESG at provincial level and project companies

1. Assigning employees to collect ESG data and prepare ESG reports
2. Reporting to ESG Management Committee on a regular basis to assist them in assessing and determining whether the management and internal monitoring of ESG risks are appropriate and effective

ESG Management Committee
Composed of all ESG units of the holding company and persons in charge of power plant operation and construction

1. Implementing and monitoring ESG risks
2. Providing guidance to the ESG Working Group
3. Confirming the accuracy of KPI data in ESG reports

Board of Directors

1. Assessing and identifying ESG risks of the Group
2. Ensuring that an appropriate and effective ESG risk management and internal monitoring system is in place in the Group
3. Reviewing and approving ESG policies
4. Reviewing and approving ESG reports

Stakeholder Engagement

With reference to the attributes of stakeholders defined in the AA1000SES:2015 Stakeholder Engagement Standard, the Group identified seven key stakeholder groups based on their dependency, responsibility, tension, influence and diverse perspectives.

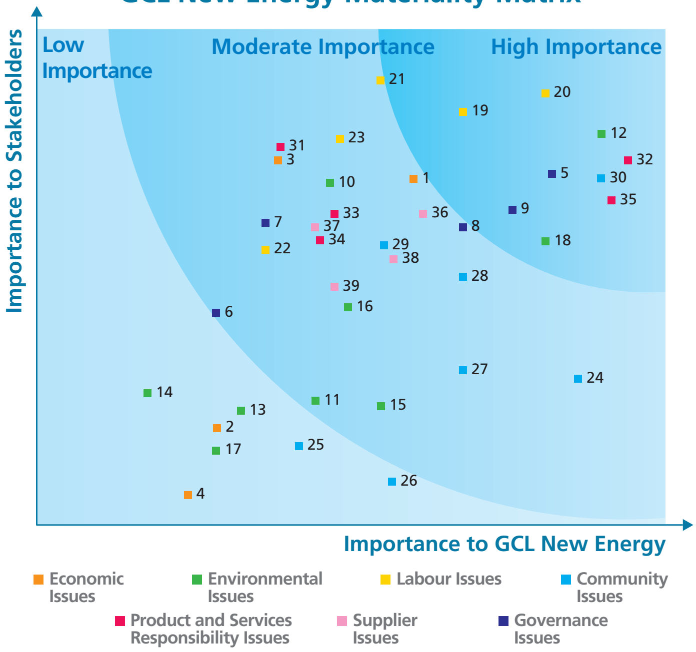
The Group communicated with stakeholders through multiple channels, discovered the expectations of various stakeholders on the ESG-related issues of the Group, and incorporated feedback that can contribute to the sustainable development of the Group into the scope of consideration to help the Group make decisions. During the reporting period, the communication channels and frequency and stakeholders' concerns of the seven groups of stakeholders identified by the Group are as follows:

Stakeholder Group	Major Communication Channels	Issues of Concern
Investors/Shareholders	• Periodic report/temporary announcement • On-site visit • Telephone • E-mail	• Business performance • Management framework for sustainable development • Sustainable development risk identification • Incorporation of sustainable development policies
Government Bodies	• Periodic report/temporary announcement • Correspondence • On-site visit	• Compliance with laws and regulations on environmental protection • Compliance with social rules and regulations • Compliance with laws and regulations on products and services • Contribution to communities
Clients	• Telephone • On-site visit • Satisfaction survey	• Quality assurance of products and services • Protection of customer privacy and personal information • Development and exploitation of new energy • Compliance with laws and regulations on products and services
Employees	• Employee meeting • Employee performance review and interview • Newspaper and magazine	• Remuneration, employee development and training • Workplace diversity and equal opportunities • Occupational safety and health • Energy consumption and goals
Local Communities	• Community activities • Press release • Announcement • Interview and investigation	• Contribution to communities • Impact of daily business activities on surrounding communities • Integration into surrounding communities • Compliance with laws and regulations on environmental protection
Media	• Press release • Announcement • Interview and investigation	• Development and exploitation of new energy • Social performance of suppliers • Quality assurance of products and services • Compliance with social rules and regulations
Partners	• Interview and investigation • Telephone/e-mail • Forum, seminar, etc.	• Sustainability risk identification • Quality assurance of products and services • Supplier social performance • Protection of the rights of suppliers' employees

Materiality Assessment

According to the results of media analysis, interviews with senior management, the results of communication with various stakeholders during the reporting period as well as the business operations of the Group during the reporting period, the Group revised the materiality issues of sustainable development in 2019 based on the materiality issues matrix of the 2018 ESG Report. This materiality matrix will serve as an important reference for the Group's planning of ESG related matters for the next year. In this report, the Group will focus on the nine highly important issues identified in the analysis and make corresponding improvements to the identified materiality issues in future work.

GCL New Energy Materiality Matrix



Economic Issues		Governance Issues		Environmental Issues	
1	Business performance	**5**	**Management framework of sustainable development**	10	Energy consumption and goals
2	Corporate tax planning	6	Formulation of sustainable development goals	11	Water consumption and goals
3	Government support	7	Sustainable development risk identification	**12**	**Development and exploitation of new energy**
4	Influence of trade environment	8	Incorporation of sustainable development policies	13	Waste management
		9	**Anti-corruption**	14	Wastewater disposal
				15	Greenhouse gas emissions
				16	Investment in environmental protection
				17	Biodiversity
				18	**Compliance with laws and regulations on environmental protection**

Labour Issues	Community Issues	Product and Services Responsibility Issues
19 Background diversity and equal opportunities	24 Contribution to communities	31 Protection of customer health and safety
20 Occupational safety and health	25 Impact of daily business activities on surrounding communities	**32 Quality assurance of products and services**
21 Remuneration, employee development and training	26 Integration into surrounding communities	33 Protection of customer privacy and personal information
22 Prohibition of child labour and forced labour	27 Improve electricity quality and living standards of farmers	34 Complaint handling mechanism
23 Protection of employee political rights and labour rights	28 Contribution to the Belt and Road Initiative	**35 Compliance with laws and regulations on products and services**
	29 PV (photovoltaic)-agriculture development	
	30 Compliance with social rules and regulations	

Supplier Issues
36 Supplier environmental performance
37 Supplier social performance
38 Supplier labour standard performance
39 Protection of the rights of suppliers' employees

Note: Issues in bold above are issues of high importance.

Common Efforts to Build a Cooperative Team

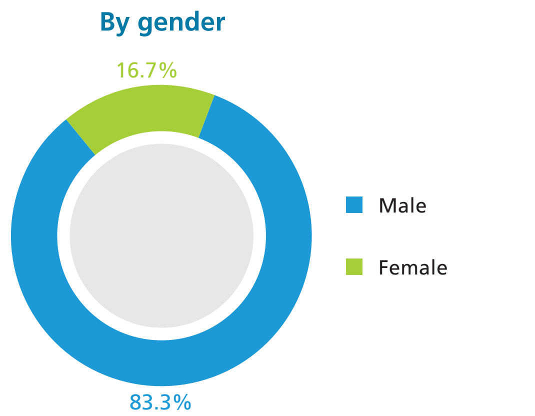
The Group firmly believes that united and efficient teams with outstanding team members are important drivers of an enterprise's sustainable operation. We regard our employees as our most valuable assets, and adhere to the "people-oriented" concept when dealing with our responsibility to our employees. We effectively protect the basic rights and interests of employees, implement diverse and equal employment policies, build scientific training systems, formulate an efficient talent incentive mechanism, provide a healthy and safe working environment, and are committed to achieving a win-win situation between employees and the Group.

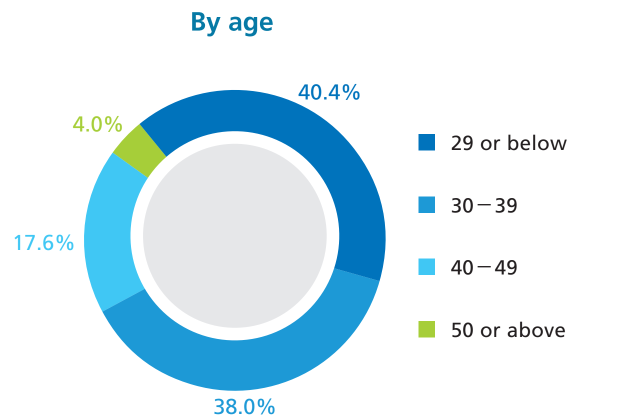
Employees

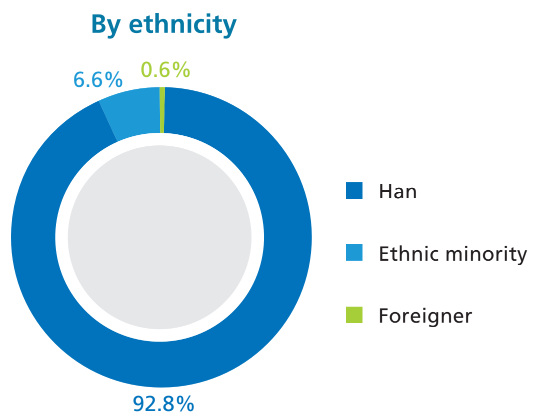
We comply with laws and regulations such as the *Labour Law of the People's Republic of China* and the *Labour Contract Law of the People's Republic of China* as well as conventional practices to continuously improve human resources management. We have formulated and released internal systems such as the *Management Standards on Staff Recruitment and Employment,* the *Remuneration Management Standards, Management Standards for Talent Team Development,* the *Training Management Standards,* the *Welfare Management Standards* and the *Employee Performance Management Standards* in a bid to fully protect the legitimate rights and interests of employees in terms of recruitment, promotion, resignation, working hours, compensation and benefits.

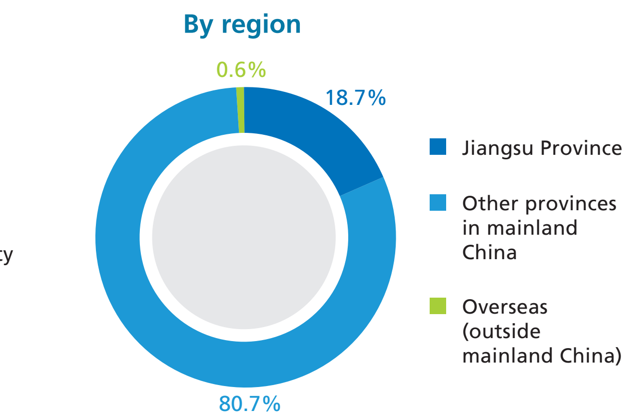
We continue to evaluate the Group's performance in terms of equal opportunities and diversity, actively safeguard women's rights and protect the rights and interests of vulnerable groups such as the disabled. In the process of recruitment and employment, child labour and forced labour are strictly prohibited, and the differences in gender, age, race and cultural background of applicants are respected, and any form of discrimination and unequal competition are opposed. Moreover, we take active steps to train local talents and create jobs for local communities to support the local economy. During the reporting period, the Group recruited 127 new talents, and no child labour or forced and compulsory labour issues occurred. We have signed employment contracts with all employees and all of them have been included in the social security scheme.

As of December 31, 2019, the Group had a total of approximately 1,460 employees in the People's Republic of China (PRC) and overseas, of which the composition is as follows:









Structural Adjustment

In order to grasp the enormous opportunities in the photovoltaic market in the future, GCL New Energy has been undergoing active strategic transformation since 2018. During the reporting period, we merged similar functional centers at the holding level, reasonably allocated staffing and rank structures and advocated the integration of multiple positions and one position with multiple capabilities to increase the value contribution of unit labour cost. At the level of regional companies, we have further streamlined the establishment of the functional departments of the headquarters of regional companies based on organisational positioning, and based on factors such as market situations, geographic conditions and operating capacity, we have scientifically and reasonably allocated personnel, focused on the business and professional attributes of regional companies, and continuously improved the per capita efficiency under the premise of ensuring asset safety and normal production.

Protection of Employee Rights and Interests

Remuneration

The Group is committed to providing employees with reasonable compensation and benefits, adheres to a unified incentive system and conducts regular reviews. We ensure that our salary levels are competitive based on salary changes in various regions and industries and other reference factors. During the reporting period, we revised *the Employee Performance Management Standards* to unify the performance evaluation systems and logic of employees at all levels. We adjust the relevant structures and weights for the annual business theme, broaden the paths and channels for personnel development and income enhancement, and further stimulate the vitality of personnel.

In strict accordance with the relevant national or regional government regulations, the Group has established a comprehensive welfare system, and has purchased "five social insurances and one housing fund" for all of its employees. At the same time, in order to retain and motivate employees, we also issue cash subsidies and non-cash benefits according to the specifics of posts, and make appropriate adjustments according to our economic benefits and market conditions.

Statutory Benefits	• Five social insurances and one housing fund • Paid leave	
Corporate Welfare	• Meals and high-temperature subsidies • Holiday subsidies • Special-day allowance • Communication subsidies • Transportation subsidies	• Rental subsidies • Altitude allowance • Construction site allowance • Night shift allowance • Long service payment
Non-cash Benefits	• Supplementary commercial insurance • Entry medical examination/annual routine physical examination	

We strictly abide by laws and regulations on gender equality and protecting the rights of disadvantaged employees. For instance, pregnant employees are entitled to sufficient maternity leave and male employees are entitled to paternity leave. We hold their jobs while they are taking maternity/paternity leave, and encourage them to return to work after the end of their leave. We promise to offer them the same career development opportunities and salaries when they return.

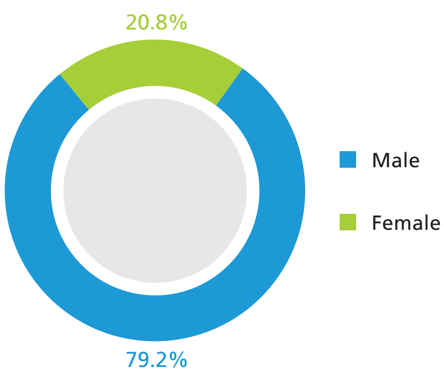
Indicator	Gender	2017	2018	2019	Unit
Number of employees who took maternity/paternity leave	Male	71	50	46	ppl
	Female	15	12	9	ppl
Number and percentage of employees who returned to work after the end of their maternity/paternity leave	Male	71/100%	50/100%	46/100%	ppl/%
	Female	15/100%	12/100%	9/100%	ppl/%
Total number and retention rate of employees who returned to work after the end of their maternity/paternity leave and worked for the Group for 12 months after their return to work	Male	71/100%	50/100%	46/100%	ppl/%
	Female	15/100%	12/100%	9/100%	ppl/%

Each year, the Group calculates the number of employees to be eligible for retirement to develop effective human resource policies and offer employees more appropriate career management plans, including plans for retirement.

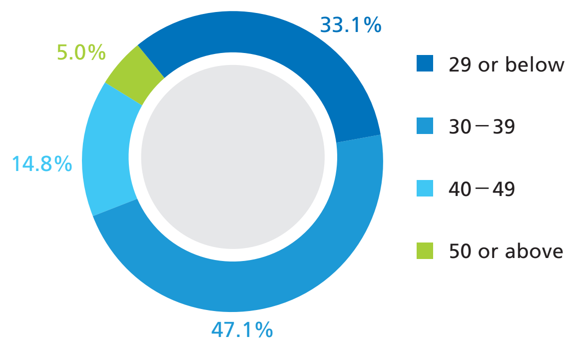
Rank	Percentage of Employees Eligible for Retirement in Five Years	Percentage of Employees Eligible for Retirement in Ten Years
Senior Management	0.48%	1.21%
Middle Management and Engineers	0.48%	1.15%
General and Technical Employees	0.49%	1.20%

In 2019, 499 employees left the Group, representing a decreased of 41% as compared with 2018, of which the composition is as follows:

By gender



By age



Democratic Management

Safeguarding the legitimate rights and interests of employees, protecting employees' entitlement to labour rights and fulfilling labour obligations are the basis for the Group to build a harmonious labour relationship and effectively strengthen democratic management. We regularly convene employees' representative conferences, solicit and listen to employees' opinions and suggestions, and set up a performance appeal mechanism in *the Employee Performance Management Standards*. If considering that they have been treated unfairly during the performance appraisal process or have objections to the results of the performance appraisal, the employees may appeal to the in-charge leader or the human resources management department.

In response to the strategy of reform and transformation within the Group in 2019 and in accordance with the requirements of deepening organisational reforms, streamlining organisational settings, improving operational efficiency and activating management efficiency, we streamline relevant regional companies and adopt the following placement measures for affected employees.

Retain employees' posts by outsourcing the operation and maintenance work	• For most of the off-balance sheet projects, after consultation and communication with our partners, we have secured the continuous outsourcing of operation and maintenance work for the related projects for the next 3–5 years, so that we can retain the relevant operation and maintenance team;
Retain employees' posts by outsourcing the operation and maintenance work	• For some key asset-light projects, we recommended the relevant teams to our partners, and we secured the opportunity for all the original staffing to be included in our partners to become their formal employees.
Retain employees' posts by outsourcing the operation and maintenance work	• For light-asset projects that were operated or configured by our partners themselves, the Group was responsible for properly distributing the relevant personnel to the surrounding power stations or related power stations, retaining the excellent and young talents.

Employee Relocation Measures Adopted in the Off-Balance-Sheet Work of Light Assets in 2019

Employee Development

Outstanding talents are the driving power for an enterprise's sustainable development, and also the core competitiveness of its healthy development. We provided for management responsibilities, management contents and methods in the *Management Standards for the Recruitment and Employment of Talents*, and established internal training systems including the *Management Standards for Talent Team Development* and the *Training Management Standards* to promote the conduct of training works in a standardised, reasonable and systematic way and to specify detailed training management methods, procedures, working standards and implementation standards for comprehensively facilitating employees' growth.

We established the guidelines and procedures for talent team development in accordance with the *Management Standards for Talent Team Development*, and broadened the promotion channels for professional technician cadres during the reporting period, both of which are for encouraging employees to study further in their professional areas and enhancing the training of their professional skills and career development.

Basic Talent Selection Criteria

- With high performance and value creation
- Have great potential and being young
- With high loyalty and being professional

Ability Training Programs for Cadres

- Young keybone cadres: GCL Hope (the post-90s generation), GCL Future (the post-80s generation)
- Programs for newly-selected cadres becoming leadership
- Training programs for expert professionals

Diversified Training Models

- Tutor teaching
- Job rotation and secondment — job practice
- Action study — Cash analysis

Guarantee Mechanism for Cadre Training

- Establish a multi-dimensional pool of outstanding talents
- Build a multi-channel career development path for cadres
- Set up the job rotation practise mechanism for cadres
- The mechanism for regular talent review
- The talent training and utilisation channel of Datong Group

The Management Standards for Talent Team Development

The Group firmly believes that an efficient and professional team is the cornerstone for an enterprise's sustainable development. With the aim of building a "learning" enterprise, in accordance with the *Training Management Standards*, we have built a comprehensive training system for employees at all levels which offers a variety of training programs including GCL Leadership Program (GLP), GCL Expert Program (GEP), GCL Technology Program (GTP), GCL Operation Program (GOP), GCL New Program (GNP), GCL Value Program (GVP), in order to enhance employees' abilities from aspects of management ability, professional ability and professional ethnics, and explore their potential and creativity, thereby keeping abreast of the fast development pace of the industry.

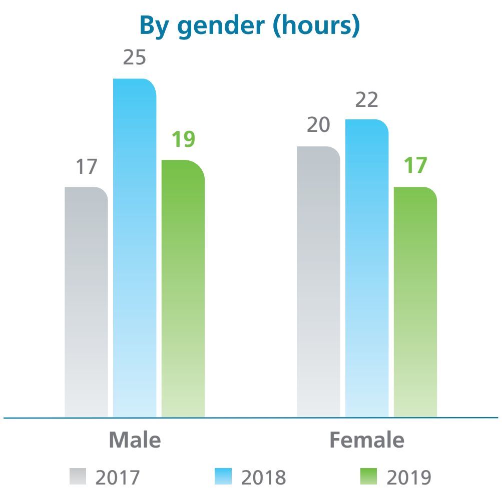
Trainees	Comprehensive Training System for Employees at All Levels	
Managerial staff	Leadership Stepwise programs Management improvement	GLP
Professional staff	Expert nurturing program	GEP
Employees at functional departments	Professional skills Self improvement Technical Skills	GTP
Front-line operators	Training on module operation Special license Expertise improvement	GOP
New employees	New employee training GCL Star Program Induction training	GNP
All employees	Corporate culture training	GVP

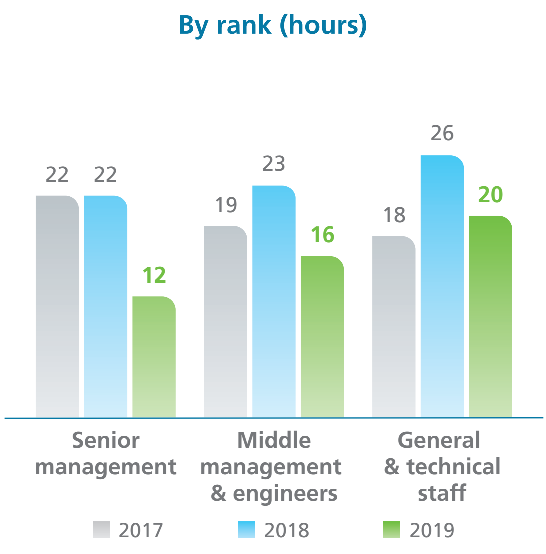
In addition, in order to enhance the learning and study abilities of talents in new energy and the skills of workers in charge of the smart operation of solar power, the Group has implemented the "New Energy Apprenticeship Alliance Plan" for facilitating the talent nurturing programs between schools and enterprises. During the reporting period, we have built school-enterprise cooperation with Huaian Vocational College of Information Technology, Zhongwei Campus of Ningxia University and Soochow University by focusing on the nurturing of young talents and smart operation talents through the consolidation of universities and the expansion of internal talent nurturing channels and knowledge levels.

During the reporting period, with endless efforts, we have obtained the following honors and recognition for talents training:

- The title of "Learning Organization in Enterprise" by Suzhou Industrial Park and the relevant subsidies;
- Successful application for subsidies for short-supplied talents from Suzhou Industrial Park;
- Becoming a member unit of Suzhou Apprenticeship Alliance (蘇州市學徒制聯盟) and receipt of the relevant government subsidies for obtaining national vocational qualifications in accordance with the relevant training policies.

During the reporting period, we invested an average of RMB2,054 for each employee in training and development, registering satisfactory training rates of employees of 100% (either by gender or rank) for two consecutive years. Average training hours per employee by category are as follows:





Warm GCL New Energy

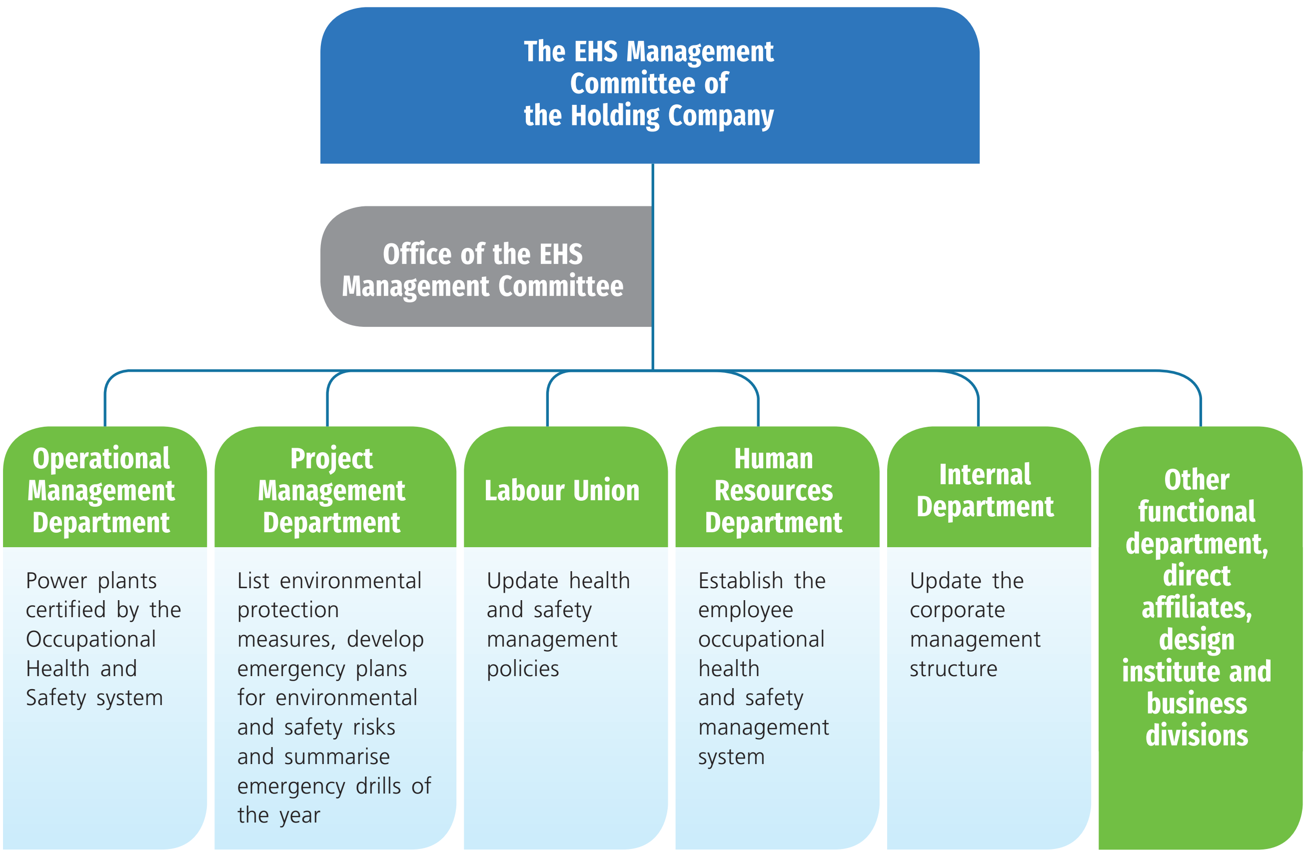
The Group is always loyal to its important concept of "Synergy as one family" and committed to helping employees achieve work-life balance. During the reporting period, we endeavored to enrich corporate culture, build platforms of entertainment and sports activities for employees, and organised a variety of entertainment activities, such as giving away cool drinks and blessings, keeping-fit activities, spring sightseeing, and basketball matches, in order to meet employees' growing spiritual and cultural demands, and allow them release pressures from work and achieve a sense of belonging and happiness. Meanwhile, we offer care to female employees and employees in difficulties, support employees in need, and promote employees' happiness.

Common Efforts to Ensure Work Safety

Making sure employees perform safety production is the basis for our business. GCL New Energy is committed to creating a safe, healthy and environmentally-friendly working environment for employees as we believe that building a sound occupational health and safety management system is the key for the management of our employees and the communities where they are located. The Group continues to comply with the 2018 *Environment, Health, and Safety (EHS) Management Standards*, adjusted the structure of our EHS Management Committee, and further improved safety production. During the reporting period, we did not experience any work-related injury accident or any casualty accident.

Health and Safety Management

Ensuring the health and safety of employees is an integral part of our corporate culture. In 2019, we amended and issued the *Notice on Changing Members of the EHS Management Committee of the Holding Company* to change the members of the organisations of our EHS Management Committee and to further clarify the corresponding management functions of the organisations at all levels.



Structure of the EHS Management Committee

In 2019, we insisted on the approach of "safety first, precaution crucial, comprehensive management" and consistently implemented the management philosophy of "safety is the fundament, efficiency is the base" by performing safety production works including formulating annual safety production goals, building dual-precaution systems, establishing standardised safety production systems, nurturing employees' awareness of safety, and improving safety production measures. We strictly complied with our internal standardised systems such as the *EHS Management Standards*, the *EHS Emergency Management Standards*, the *EHS Accident Investigation Management Standards* and the *EHS Reward and Punishment Management Standards*, which has effectively enhanced the EHS management standard of the Group. Meanwhile, in order to improve occupational health and safety management, we have already included the content of that module in the contracts with suppliers and contractors, effectively incorporating management culture and management policies into the whole supply chain.

Firm Safety Production Goals

2019 EHS Management Goals	Project Construction Safety Goals
1. No fatal accidents 2. No equipment malfunctions with general or higher liability 3. No fire accidents with primary or higher liability 4. No traffic accidents with shared or more liability 5. No environmental pollution incidents 6. No grid accidents caused by the Company 7. No incidents that causes serious damage to company assets 8. No occupational diseases	1. Limit minor incident rate of injury accident to 0.3% 2. No major injuries or more serious safety accidents 3. No major equipment malfunctions 4. No major traffic accidents 5. No major fire accidents

The Group has always strictly complied with the laws and regulations in relation to occupational health such as the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases* and the *Provisions on Construction Project Occupational Health Examination*. During the reporting period, we organised the 2019 publicity week activity on the *Law on the Prevention and Treatment of Occupational Diseases* with the theme of "put priority on occupational health during the building of a healthy China", which further fulfilled the responsibilities of occupational health subjects and enhanced the level of occupational health management. In order to strengthen labour protection and heatstroke prevention in summer, we issued the *Notice on Carefully Improving Labour Protection and Heatstroke Prevention in the Summer of 2019*, which requires the establishment of staff rooms in workshops (if conditions permit) and granting RMB200 subsidy to each front-line employees in power plants for buying summer heatstroke prevention products in a bid to prevent any heatstroke from happening to employees. The Group will continue to implement the following occupational health measures to achieve the goals of health and safety management. During the year, the occupational physical examination rate and health record coverage rate of GCL New Energy were both 100%.

Measures for Occupational Health and Safety

During the reporting period, Suzhou GCL New Energy Operation and Technology Co., Ltd. ("Operation Technology Company") under the Group had obtained the *Four Management Systems Certification* from the China Electricity Council, which signifies the smart operation of solar power plants of the Group has obtained national certification, offering its development a double protection. The *Four Management Systems Certification* collectively refers to the certificates for the *Quality Management System (QMS)*, the *Environment Management System (EMS)*, the *Occupational Health and Safety Management System (OHSMS)* and the *Information Safety Management System (ISMS)*.

Safe Operation Practice

During the reporting period, we issued the *Notice on Guidelines for Safety Production in 2019*, which sets out the key line of "a year for promoting the responsibilities of safety subjects" and the guiding direction of "one core, two systems, three controls" for reinforcing safety basis and major works in nine aspects, thereby comprehensively improving the management level of safety production.

During the reporting period, in order to effectively prevent and resolutely contain the occurrence of all accidents, the Group issued a series of notices and guidelines for safety production risks in different seasons of the whole year, including the *Notice on Effectively Performing EHS Works during the 2019 Spring Festival*, the *Notice on the "Safety Production Month" Activity of 2019*, the *Notice on Conducting Safety Production Examinations in the Autumn of 2019* and the *Notice on Effectively Performing EHS Works at the End of the Year*. In addition, we had also formulated the "Nine Red Lines" institutional documents in relation to safety production and implemented cash penalties and accountability for irregular production operations.

During the reporting period, we formulated and implemented the *2019 Operation Training Program*, which provides for that all regional companies shall conduct thematic trainings such as "risk prevention, hidden hazard elimination, accident containment" and drills including fire emergency evacuation every month. We offered trainings to employees with training methods such as operation training, video demonstration, face-to-face teaching, together with supplemental ways such as on-site operation and offline closed-book examinations, in order to help them establish strong sense of safe operation, enable them to master emergency handling methods for emergencies, and improve their responding abilities in coping with emergencies. During the reporting period, GCL New energy recorded safe operation for 365 consecutive days and incurred no equipment malfunction.

Safety Performance Indicator	Unit	2017	2018	2019
Number of trainees of the trainings on operation management safety and occupational safety education	Number of participants	9,460	9,823	9,936
Amounts invested in safety production	RMB10,000	1,011	1,172	226

For risks arising from climate change and extreme weathers, the Group paid attention to the environmental risks including wind disasters and flooding disasters by organising various special inspections to comprehensively locate hidden safety risks, comprehensively sorting out and identifying safety risks brought by climate change, and taking practical actions to minimise the effect of extreme weather on operation and power generation.

Reinforcement of power lines

During the reporting period, we performed foundation reinforcement to the outward power lines of the Jiangsu Guanyun GCL Project in order to avoid wind disaster-related risks. Before the reinforcement, the outward power lines are vulnerable to wind power. After the reinforcement, the outward power lines showed significant stronger ability in confronting higher grades of wind disasters.

Raising height of power equipment

During the reporting period, for the Jiangsu Xuzhou Xinri Fishery-solar Hybrid Project (江蘇徐州鑫日漁光互補項目), we raised the ground clearance height of inverters and convergence boxes in order to avoid flooding disaster-related risks.

Proactively build a harmonious and safe production environment

In 2019, Yanbian Xinneng Power Plant (鹽邊鑫能電站) took initiatives to communicate and promote external risks that have probability to affect safety production to governments, village committees, and villagers, and gained strong support from governments and local village committees. We have adopted the following active actions to ensure a safe production environment:

- Conducted promotion work for 3 times among village committees and village teams by using the opportunities brought by all kinds of safety activities;
- Conducted fire emergency drills for twice and skill trainings for twice by joining hands with the forestry bureaus and the forest fire brigade;
- The power plant received supplies including 4 wind power fire extinguishers, 9 sets of firefighting suits, 9 firefighting caps, and 2 head lights donated in 2 batches by the forestry bureau.

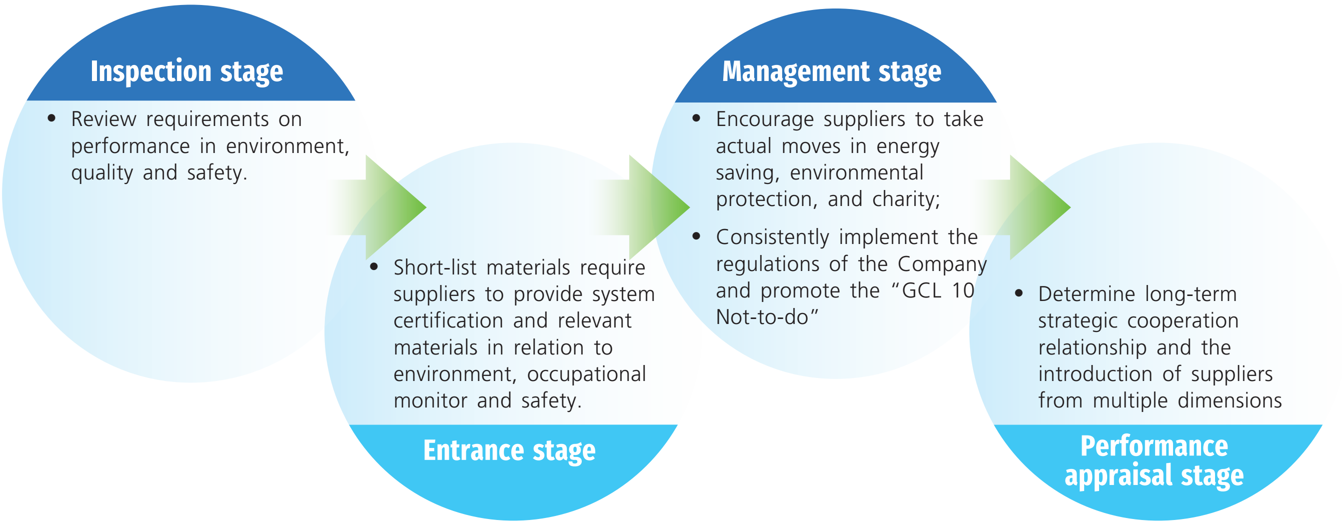
From 2019 till now, Yanbian Xinneng Power Plant maintained safety operation with equivalent utilisation hours recording a new high since the grid connection, which ranked 2nd in our West China Regional Companies and 1st in the nearby 4 power plants.

Common Effort to Offer Superior Quality

During the reporting period, the Group focused on the strategy of "adjusting structure, lowering gearing, guarantying cash flows, streamlining operation", demonstrated its determination of strategic transformation by actual actions, and put great efforts in promoting the quality-oriented management strategy. The Group has insisted in quality control throughout the whole process from product Research & Development (R&D) and design, project construction, operation to maintenance. Under the guidance of the streamlined operation strategy of becoming a "solar power cloud service provider", the Group continuously improved the building of procurement and operation platform, and optimised fair cooperation channel in order to offer strong support to the construction and operation of energy power plant.

Win-Win Cooperation

The Group established and complied with the *Standards for Supplier Management*, pursuant to which, it established specific supply chain management department to control all key sections including the selection, assessment and exit of suppliers. In addition to reviewing the qualifications, supply capacity, and products of suppliers, the Group also paid more attention on their abilities in environmental protection, energy and water saving, workers' rights and interests, as well as safety guarantee, incorporating the promotion of "green concept" to the procurement section.

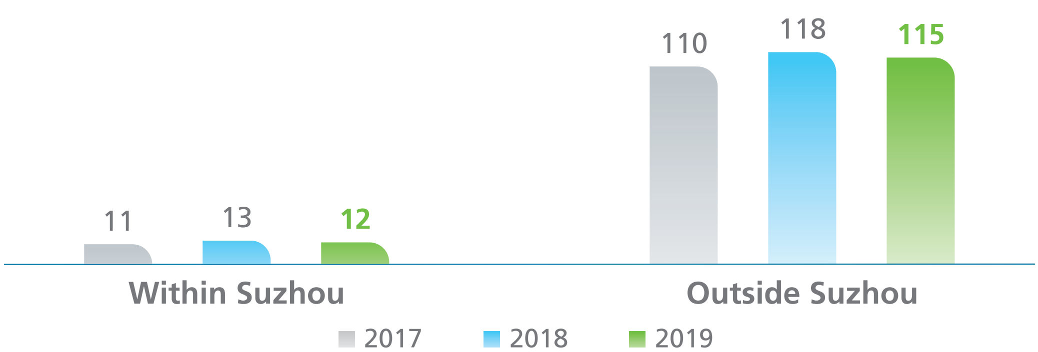


Supplier Social Responsibility Assessment

- In 2019, the suppliers of the Group had obtained ISO 14001 and OHSAS 18001 certification, respectively. Among which, the passing rate of ISO 9001 was **100%**;
- In 2019, the Group performed reviews on suppliers as scheduled. As of 31 December 2019, the number of reviewed suppliers as a percentage of the number of suppliers of the Group was **32.5%**.

In order to raise procurement efficiency, lower procurement costs, reduce carbon emissions and support sustainability, besides selecting the most suitable suppliers, the Group continued to promote centralised procurement and to choose suppliers located in Suzhou to support local suppliers. During the reporting period, the Group had a total of 127 suppliers, the details of which are as follows:

Distribution of Procurement Suppliers for 2017–2019



Innovation Quality

The Group regards quality as the key to development and controls the quality of products and services through a top-down power station management system and the cooperation of each functional department. The Group formulated rules, regulations, and measures such as the *Reliability Management Standards for Power Plant Equipment, Standards for Maintenance and Inspection of Power Plant Equipment*, and *Procedures of Regular PV Power Plant Operation for Solar Power Plants* to implement quality assurance for all key links.

Quality Operation Management

To strengthen management of innovation quality, Suzhou GCL New Energy Operation and Technology Co., Ltd. conducted the construction of management system throughout the year, compiled more than 400 documents and finally received Four Standard Management System Certification, namely Quality Management System Certification, Occupational Health and Safety Management System Certification, Environmental Management System Certification, and Information Security Management System. Meanwhile, Suzhou GCL New Energy Operation and Technology Co., Ltd. smoothly passed the operation and maintenance service certification review and became the first "5A" certified operation and maintenance service unit in China.

Consolidate Operation Method

The Group operates centralised and distributed power plants. In response to national policies, we continue to focus on the development of distributed solar power plants, which generates power through unoccupied roofs. Moreover, in view of the amount of space solar power plants occupy, we further developed agricultural complementary solar power projects, fishery complementary solar power projects and poultry farming-solar power projects.

The Group has built large-scale agricultural greenhouses, chicken houses and high-tech intelligent greenhouses in Shandong, Ningxia, Inner Mongolia, Jilin, Anhui and other places. In Jiangsu, Anhui and other provinces, we adapt to local conditions and prepare corresponding fishery plans based on the surrounding ecological environment. By learning from and cooperating with breeding experts, we have created fishery complementary solar power plants with distinctive characteristics. We improve the PV module array structure and increase the height of supports by utilizing the unoccupied space under photovoltaic panels so that large-scale agricultural machinery can enter the farmland, and thereby preventing yield reduction.

Optimise Operation and Maintenance Quality

The Group took innovative steps to transform traditional power plant operation into more professional, more intelligent and leaner models which integrate development, construction and maintenance. Relying on five regional operation and maintenance centres, we manage power plants in a real-time, centralised, intelligent and connected manner. As a result, we realise "semi-automatic and even fully-automatic operation of power plants", which boosts our per capita performance, greatly reduces maintenance costs, and improves the reliability and profitability of power plants throughout their service lives.

To provide timely solutions to customers, the Group receives feedback via a variety of channels including national customer service hotline, online customer service, express mail, and e-mail. To improve customer service level, the Group provide customer service staff with skill training on a regular basis to improve their professional ability and coordination capability. During the reporting period, the Group did not receive any complaint about product quality and safety.

Based on the advantages of big data, the Group strengthens the process management and control of photovoltaic power plants, and improves the refined management level of photovoltaic power plants through intelligent control centers. In terms of power plant operation and maintenance, the Group is committed to restoring power plant operation within a reasonable time to reduce power loss. In terms of data management, the Group assists photovoltaic power plants in ensuring the accuracy and completeness of various types of data to create a high-quality database reserve. During the reporting period, the average failure recovery time of the Group's photovoltaic power plants was reduced by 40%, which would reduce the loss of electricity caused by equipment failure by 22.7 million kWh.

Patents and Honors

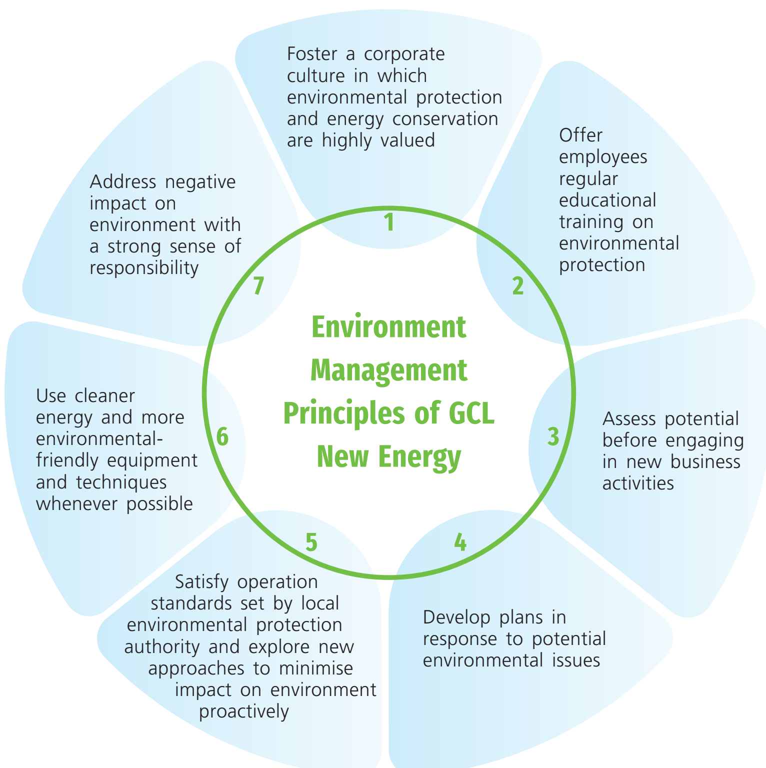
The Group protects intellectual property rights in strict accordance with laws and regulations such as the *General Principles of the Civil Law of the People's Republic of China* and the *Patent Law of the People's Republic of China*. Thanks to the innovation efforts of our employees, the Group obtained 61 patents and 8 software copyrights in total, 3 of which were new software copyrights.

Common Efforts to Protect Green Environment

Environment is the foundation of human being's existence and development. The Group is committed to promoting the coordinated development of its business activities and the environment through continuous innovation. We have established environmental management principles and environmental supervision systems to continuously identify the possible environmental impacts of business activities and minimise the negative impact of our business operations on the environment. The Group encourages sustainable development in R&D, production and operation through environmental management, green operation, and green office measures.

Environmental Management

The Group acts in strict compliance with laws including *Law of the People's Republic of China on Conserving Energy, Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Prevention and Control of Water Pollution*, and *Law of the People's Republic of China on Environmental Impact Assessment*, as well as regulations and industry standards on environmental protection in our business locations such as *Regulations on Environmental Protection Management of Construction Projects*. We developed management regulations such as the *EHS Management Standards and Management Standards for Environmental Protection of Power Plants*, and are following them to promote and implement our environment management principles.



Green Operation

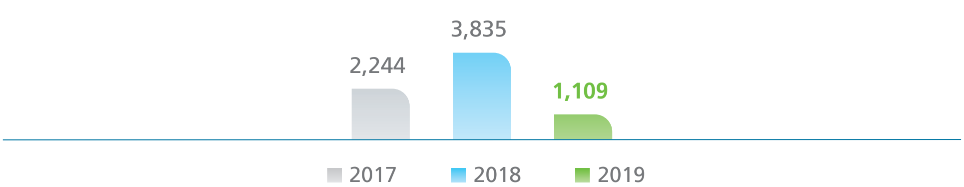
The Group follows the principles of "thorough planning, sensible configuration, prevention first, abatement second, and comprehensive treatment". We set up an environmental supervision and management system and engage third parties for objective and impartial environmental impact assessment to promote and implement environmental protection in the production and operation processes.

Environmental Supervision and Management System

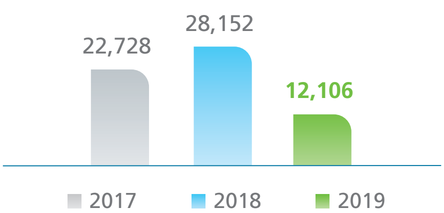
In response to the call of the headquarters, all units of the Group carry out training and activities on labour safety and environmental protection, so as to improve employees' awareness of environmental protection. The Group has set up a series of incentive and disincentive mechanisms. We reward units and individual employees that achieve remarkable results. Regarding units and individuals that cause major pollution incidents or serious adverse social consequences, we will punish the main responsible person. In addition to environmental protection, the Group fully considers local land forms and industries in project construction and operation and actively explores the construction environment to develop the best construction plan, assure timely connected to grid, ensure agricultural irrigation, and protect historical and cultural sites.

During the reporting period, the Group improved its environmental capabilities regarding project design, construction and operation and raised employees' environmental awareness and skills, by ways of capital investment, environmental protection training and etc.

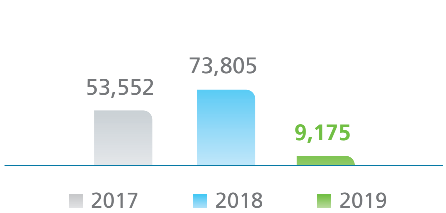
2017-2019 Investment in Environmental Protection (RMB10,000)



2017-2019 Number of Employees that Received Training on Environmental Protection (person-time)



2017-2019 Number of Environmental Protection Training Hours (hour)



Save Energy

The Group uses outsources electricity only during power plant construction. We use renewable power generated from solar power plants or wind power plant during production. Meanwhile, we employ our independently developed products to clean our solar power plants. We make full use of rainwater and minimise the exploitation of natural resources.

We use primary energy (gasoline) and secondary energy (electricity and diesel). In 2019, we continued to promote energy efficiency, explore and implement energy-saving projects, and optimise energy use. At the same time, due to the adjustment of the Group's business strategy, there was only one new construction project, therefore, the energy and emissions have decreased during the reporting period.

Energy and Resource Consumption					
Indicator		**Unit**	**2017**	**2018**	**2019**
Energy Consumption	Outsourced electricity	kWh	748,331	1,169,330	683,376
	Diesel consumption	TCE	1,864	1,339	718
	Gasoline consumption	TCE	196	418	256
	Comprehensive energy consumption	TCE	2,152	1,900	992
	Energy consumption per million kWh produced	TCE/million kWh	0.40	0.24	0.11
Resource Consumption	Water consumption	Tonnes	828,454	1,079,880	254,444
	Water consumption per million kWh produced	Tonnes/million kWh	154	138	29

Reduce Emissions

As for greenhouse gas and other gaseous pollutants produced by the Group are mainly from fuel combustion of construction vehicles. Waste water mainly includes reclaimed water generated in the production and construction stage, sewage from the cleaning of PV modules in the operation stage, and domestic sewage produced by power plant staff. By continuously enhancing the intelligent management of each operating power station, the Group has made efforts to ensure that the management and control of the plants have reached national standards in terms of waste water, waste gas, plant noise, etc.

Emissions					
Indicator		**Unit**	**2017**	**2018**	**2019**
Greenhouse gas emissions	Scope 1 Greenhouse gas emissions	Tonnes of CO_2 equivalent	4,415	3,753	1,937
	Scope 2 Greenhouse gas emissions	Tonnes of CO_2 equivalent	509	796	465
	Total Greenhouse gas emissions	Tonnes of CO_2 equivalent	4,924	4,549	2,402
	Greenhouse gas emissions per million kWh produced	Tonnes/million kWh	0.92	0.58	0.27
Sulfur oxides	Sulfur oxides from the use of gasoline and diesel in vehicles during construction and operation	Kg	/	23.37	12.10

The Group has established a management mechanism for waste handling, and required each plant to comply with the local laws and regulations and the treatment standards for compliance treatment, which effectively reduces the damage of waste to the environmental soil and ecological environment. The wastes produced during our construction, production and operation include: construction waste and domestic waste, among which domestic waste is processed by waste stations near the power plants, and it is forbidden to pile up indiscriminately. All of the hazardous waste was recycled and disposed by qualified third parties. We have formulated corresponding control methods and measures for different types of waste, and the control rate of solid waste has reached 100%.

Solid Waste Disposal				
Indicator	**Unit**	**2017**	**2018**	**2019**
Construction waste	Tonnes	1,060	1,300	320
Construction waste disposed per million kWh produced	Tonnes/million kWh	0.20	0.17	0.04

Green Office

The Group always advocates green production and the concept of "low-carbon, environmental protection, and green office" by adopting various low-carbon emission reduction methods. For example, we advocate paperless office to reduce paper waste, we turn off electrical equipment such as computer and air conditioners after use, we urge staff to develop good water-use habits, and save water resources.

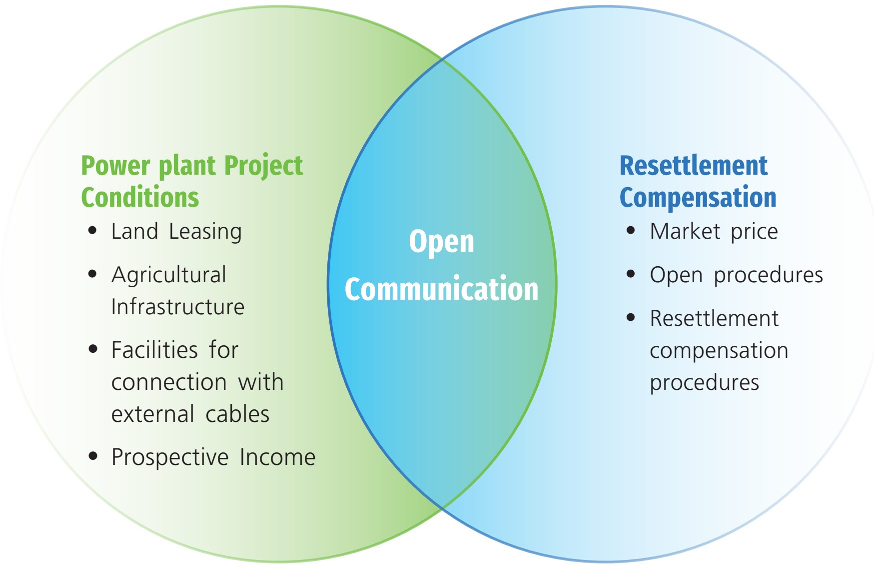
Make the best use of natural light and minimise the use of lighting	Make full use of office supplies and reduce waste
Set air conditioner temperature based on the season. Keep doors and windows closed when air conditioners are in use Turn on the air conditioner one hour later than the beginning of a working day and turn it off 20 minutes before the end of working hours	Bring your own bottles to reduce the use of disposable cups
Reduce the length of time before computers enter sleep mode. Switch off computer when finish using it	Develop good water-use habits and raise awareness of water conservation
Advocate paperless office	Control the use of company cars and advocate ride-sharing Encourage employees to use public transport as much as possible
Print on both sides of paper to save paper	

Common Efforts to Build Better Communities

The Group not only endeavors to create economic value for our shareholders, employees and the public, but also fulfills our responsibility to repay communities. We contribute to a beautiful and harmonious society through open communication and organising charitable events for groups with special needs.

Open Communication

To protect the interests of local stakeholders and the implementation of the project, it is necessary to carry out extensive communication and exchanges with stakeholders of the project in the entire process of design, construction, and operation of photovoltaic power plants. The Group will assess the potential environmental and social impacts on the surrounds in order to minimise the negative impact of the project on the community. For land leasing and ancillary facilities involved in the project construction, the Group would handle in accordance with the principles of fairness and legality. In addition, the solar power plants will be closed off for management to ensure safe power generation and the personal safety of staff.



Contribute to Industry Development

The operation technology of photovoltaic power plants is maturing, and the operation data is gradually enriched, which makes digital power plants become mainstream. Intelligent operation and maintenance are on the rise, but what the industry focuses most is the management of the operation objectives and results of photovoltaic power plants, and process control remains to be explored. Through the combination of "production real-time management platform + regional operation and maintenance center", the Group gradually explored the process management and control of intelligent operation and maintenance of photovoltaic power plants, and actively participated in industry exchanges, shared experience with peer companies to jointly explored better industry solution.

Knowledge Sharing at the "Industry Workshop on Balance of System and O&M of PV plants" of SENC

At the "Industry Workshop on Balance of System and O&M of PV Plants" of SENC[1] held on June 4, 2019, Sheng Yuanmao, professional director of GCL new energy Operation Center, shared with the guests attended how GCL New Energy's intelligent operation and maintenance can overcome challenges of photovoltaic power plant assets and operation management and promote the maturity of intelligent operation and maintenance through strengthening process management and control.

[1] SNEC PV POWER EXPO, International Photovoltaic Power Generation and Smart Energy Exhibition & Conference : an industry exhibition co-sponsored by solar energy industry associations across the world. It is one of the largest photovoltaic exhibitions in the world.

Some of the industry-recognized awards and honors we received in 2019 are as follows:

NO.	HONORS AND AWARDS
1	"Most Socially Responsible Listed Company in 2018 Golden Hong Kong Stock Awards"
2	"Top Ten Power Station Investor Brand in China of 2019"
3	2019 "Best PR Team of Listed Company in Hong Kong Stock"
4	2019 "APVIA Award — Photovoltaic Application"
5	"2019 Best Investor Relations of Snowball Awards"
6	"Photovoltaic Smart Operation and Maintenance Brand" at The Top 100 of Leading China Renewable Energy Pioneer Enterprises 2019

Charity and Philanthropy

Corporate is to society like fish to water. The Group devotes itself to a better life for the society, actively undertakes social and environmental responsibilities, actively participates in various public welfare undertakings, carries out photovoltaic poverty alleviation, pays attention to the education and protection of special groups, and promotes the harmonious development of society. During the reporting period, the Group's charitable donations amounted to RMB190,000.

Xuzhou GCL Solar Energy Co., Ltd. Visit the impoverished residents

At the end of December 2019, employees of Xuzhou GCL Solar Energy Co., Ltd. carried out support activities and visited 97 poor households in Housizhuang, Qingshanquan Town, Jiawang District, Xuzhou City, asked in detail about the family life and physical conditions of the impoverished residents and sent supplies to each household. Xuzhou GCL Solar Energy Co., Ltd. hopes to help poor families through loving assistance activities, and bring more entrepreneurs and caring people to participate in poverty alleviation.

East China Regional Company "Learn-From-Lei Feng" Volunteer Activity

At noon on March 5, 2019, the employees of the Nanjing headquarters of the East China Regional Company put on the uniforms of volunteers in the Gulou District to carry out volunteer activities to learn from Lei Feng. By sorting out the disordered shared bicycles, volunteers guided people to correctly park the shared bicycles, and restored the shared bicycles parked around the office building in order. Although it was a simple action, it brought about a marked improvement in the environment. Through this activity, volunteers promoted the spirit that "Everyone can learn from Lei Feng, and dedication can be done everywhere".

Appendix I Laws, Regulations and Internal Policies

LAWS:
Company Law of the People's Republic of China
Trademark Law of the People's Republic of China
Patent Law of the People's Republic of China
General Principles of the Civil Law of the People's Republic of China
Law of the People's Republic of China on Conserving Energy
Environmental Protection Law of the People's Republic of China
Law of the People's Republic of China on Prevention and Control of Water Pollution
Law of the People's Republic of China on Environmental Impact Assessment
Environmental Protection Tax Law of the People's Republic of China
Production Safety Law of the People's Republic of China
Labour Law of the People's Republic of China
Labour Contract Law of the People's Republic of China
Law of the People's Republic of China on the Protection of Minors
Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases
Electric Power Law of the People's Republic of China
Renewable Energy Law of the People's Republic of China

REGULATIONS:
Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Measures for the Administration of Environmental Protection Standards of the People's Republic of China
Measures for Environmental Administrative Punishment of the People's Republic of China
Regulations on the Implementation of the Trademark Law of the People's Republic of China
Action Plan for the Development of Intelligent Photovoltaic Industry (2018–2020)
Regulations of Environmental Protection Management of Construction Projects
Provisions on the Prohibition of Using Child Labour
Provisions on Construction Project Occupational Health Examination
Regulations on the Supply and Usage of Electric Power of the People's Republic of China
Regulations on the Supervision of Electric Power of the People's Republic of China Supervision

INTERNAL POLICIES:
Anti-Corruption Regulation
Management Standards for Anti-Fraud and Whistleblowing
Commitment to the Anti-Corruption Regulation
Standards for Supplier Management
Reliability Management Standards for Power Plant Equipment
Procedures of Regular PV Power Plant Operation for Solar Power
Operational Safety Management Standards
Environment, Health and Safety (EHS) Management Standards
Safety Occupational Health Management System
EHS Emergency Management Standards
EHS Accident Investigation Management Standards
EHS Reward and Punishment Management Standards
Management Standards for Environmental Protection of Power Plants
Employee Performance Management Standards
Regulations on Human Resources Administration
Management Standards for Talent Team Development
Training Management Standards
Measures for Evaluation for Professional Titles and Recruitment of Engineers and Technicians (Trial)
Management Standards on Staff Recruitment and Employment
Remuneration Management Standards
Welfare Management Standards
EHS Management Standards
Standards for Maintenance and Inspection of Power Plant Equipment
Procedures of Regular PV Power plant Operation for Solar Power Plants

Appendix II HKEX ESG Reporting Guide Content Index

Aspects, General Disclosures and KPIs	Description	Chapter	Comment
A. Environmental			
Aspect A1	**Emissions**		
A1	General Disclosure	Environmental Management	
A1.1	The types of emissions and respective emissions data.	Green Operation	
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation	
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	/	During the reporting period, the Group produced little hazardous waste. Therefore, no disclosure is made
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation	
A1.5	Description of measures to mitigate emissions and results achieved.	Green Operation	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Green Operation	
Aspect A2	**Use of Resources**		
A2	General Disclosure	Environmental Management	
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Operation	
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Operation	
A2.3	Description of energy use efficiency initiatives and results achieved.	Green Operation	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Green Operation	
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A	The business of the Group does not involve packaging material
Aspect A3	**The Environment and Natural Resources**		
A3	General Disclosure	Environmental Management	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operation	

Aspects, General Disclosures and KPIs	Description	Chapter	Comment
B. Social			
Employment and Labour Practices			
Aspect B1	**Employment**		
B1	General Disclosure	Employees	
B1.1	Total workforce by gender, employment type, age group and geographical region.	Employees	
B1.2	Employee turnover rate by gender, age group and geographical region.	Protection of Employee Rights and Interests	
Aspect B2	**Health and Safety**		
B2	General Disclosure	Common Efforts to Ensure work safety	
B2.1	Number and rate of work-related fatalities.	Common Efforts to Ensure Work Safety	
B2.2	Lost days due to work injury.	Common Efforts to Ensure Work Safety	During the reporting period, no case of work-related injury was noted
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety Management	
Aspect B3	**Development and Training**		
B3	General Disclosure	Employee Development	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Development	
B3.2	The average training hours completed per employee by gender and employee category.	Employee Development	
Aspect B4	**Labour Standards**		
B4	General Disclosure	Employees	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employees	
B4.2	Description of steps taken to eliminate such practices when discovered.	Employees	
Operating Practices			
Aspect B5	**Supply Chain Management**		
B5	General Disclosure	Win-Win Cooperation	
B5.1	Number of suppliers by geographical region.	Win-Win Cooperation	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Win-Win Cooperation	

Aspects, General Disclosures and KPIs	Description	Chapter	Comment
Aspect B6	**Product Responsibility**		
B6	General Disclosure	Innovation Quality	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	The business of the Group does not involve any products sold or shipped subject to recalls for safety and health reasons
B6.2	Number of products and service related complaints received and how they are dealt with.	Innovation Quality	
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Innovation Quality	
B6.4	Description of quality assurance process and recall procedures.	Innovation Quality	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	N/A	The business of the Group does not involve any consumer data
Aspect B7	**Anti-corruption**		
B7	General Disclosure	Compliance and Integrity	
B7.1	Number of concluded legal cases regarding corrupt experiences against the issuer or its employees during the reporting period and the outcomes of the cases.	Compliance and Integrity	
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Compliance and Integrity	
Community			
Aspect B8	**Community Investment**		
B8	General Disclosure	Charity and Philanthropy	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Charity and Philanthropy	
B8.2	Resources contributed (e.g. money or time) to the focus area.	Charity and Philanthropy	

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. ZHU Yufeng *(Chairman)*
Mr. MO Jicai *(President)* (appointed on 15 January 2020)
Ms. HU Xiaoyan

Non-executive Directors

Ms. SUN Wei
Mr. SHA Hongqiu
Mr. YEUNG Man Chung, Charles
Mr. HE Deyong

Independent Non-executive Directors

Mr. WANG Bohua
Mr. XU Songda
Mr. LEE Conway Kong Wai
Mr. WANG Yanguo
Dr. CHEN Ying

BOARD COMMITTEES

Audit Committee

Mr. LEE Conway Kong Wai *(Chairman)*
Mr. WANG Bohua
Mr. XU Songda

Remuneration Committee

Mr. LEE Conway Kong Wai *(Chairman)*
Mr. ZHU Yufeng
Ms. SUN Wei
Mr. WANG Bohua
Mr. WANG Yanguo

Nomination Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. WANG Bohua
Mr. XU Songda
Mr. WANG Yanguo

Corporate Governance Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. MO Jicai
Ms. HU Xiaoyan
Mr. YEUNG Man Chung, Charles
Mr. XU Songda
Mr. LEE Conway Kong Wai

Investment Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. MO Jicai *(Vice-Chairman)*
Ms. HU Xiaoyan *(Vice-Chairman)*

Strategic Planning Committee

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

COMPANY SECRETARY

Mr. HO Yuk Hay

AUTHORISED REPRESENTATIVES

Mr. YEUNG Man Chung, Charles
Mr. HO Yuk Hay

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1707A, Level 17
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

AUDITOR

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

PRINCIPAL BANKERS

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

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Share Registrar and Transfer Agent

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law

King & Wood Mallesons
13/F Gloucester Tower, The Landmark,
15 Queen's Road Central
Hong Kong

As to PRC law

Grandall Law Firm (Beijing)
9th Floor, Taikang Financial Tower
No. 38 North Road East Third Ring
Chaoyang District
Beijing, 100026
PRC

SHARE INFORMATION

Stock Code:	451
Board Lot Size:	2,000
Issued Shares as at 31 December 2019:	19,073,715,441 shares

LINKS TO OFFICIAL WEBSITE/ WECHAT PLATFORM OF THE COMPANY

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

Glossary

"2014 Share Option Scheme"	the share option scheme adopted by the Company on 15 October 2014
"2019 Asset Management and Administrative Services Agreement"	the agreement dated 21 May 2019 between GCL New Energy, Inc. and GCL Solar Energy in relation to certain asset management and administrative services to be provided by GCL New Energy, Inc. to GCL Solar Energy
"2019 First Lease Agreement"	the lease agreement between Suzhou GCL New Energy and Suzhou GCL Industrial Applications Research dated 30 September 2019
"2019 Lease Agreements"	the 2019 First Lease Agreement and the 2019 Second Lease Agreement
"2019 Second Lease Agreement"	the lease agreement between GCL Electric and Suzhou GCL Industrial Applications Research dated 30 September 2019
"Adjusted Exercise Price"	adjusted exercise price due to rights issue
"AGM"	the annual general meeting of the Company to be convened and held at Strategy II–III, Level 8, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Wednesday, 17 June 2020 at 9:30 a.m.
"Asset Management and Administrative Services Agreement"	the agreement dated 19 May 2016 between GCL New Energy International and GCL Solar Energy in relation to certain asset management and administrative services to be provided by GCL New Energy International to GCL Solar Energy
"associate(s)", "connected person(s)", "controlling shareholder(s)", and "substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Audit Committee"	the audit committee of the Company
"Bermuda Companies Act"	the Companies Act 1981 of Bermuda (as amended from time to time)
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company
"Catalogue"	Renewable Energy Tariff Subsidy Catalogue
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China
"Company" or "GCL New Energy"	GCL New Energy Holdings Limited
"Company Secretary"	the company secretary of the Company
"Corporate Communications"	including but not limited to: (a) the directors' reports, annual accounts together with the independent auditor's reports and, where applicable, summary financial reports; (b) interim reports and, where applicable, summary interim reports; (c) notices of meetings; (d) listing documents; (e) circulars; and (f) proxy forms

"Corporate Governance Committee"	the corporate governance committee of the Company
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company from time to time
"EBIT"	earnings before interest and tax
"EBITDA"	earnings before interest, tax, depreciation and amortization
"First Lease Agreement"	the lease agreement between GCL New Energy Investment and Suzhou GCL Industrial Applications Research dated 29 September 2017
"First Premises"	the premises situated at 4th floor of headquarters building, No. 28 Xinqing Road, Suzhou Industrial Park, PRC
"GCL-Poly"	GCL-Poly Energy Holdings Limited 保利協鑫能源控股有限公司, a company listed on the Main Board of the Stock Exchange (stock code: 3800). As at the date of this report, GCL-Poly is interested in approximately 62.28% of the issued share capital of Company and is a substantial shareholder of the Company within the meaning of Part XV of the SFO
"GCL-Poly (Suzhou)"	GCL-Poly (Suzhou) New Energy Co., Ltd.* 保利協鑫（蘇州）新能源有限公司
"GCL Electric"	GCL Electric Power Design and Research Co., Ltd.* 協鑫電力設計研究有限公司
"GCL New Energy International"	GCL New Energy International Limited
"GCL New Energy Investment"	GCL New Energy Investment (China) Co., Ltd* 協鑫新能源投資（中國）有限公司
"GCL Solar Energy"	GCL Solar Energy Limited
"GCL System Integration"	GCL System Integration Technology Co., Ltd.* 協鑫集成科技股份有限公司, a company listed on the Small & Medium Enterprises Board of the SZSE (stock code: 002506). As at the date of this report, GCL System Integration is interested in approximately 9.99% of the issued share capital of Company and is a substantial shareholder of the Company within the meaning of Part XV of the SFO
"Golden Concord"	Golden Concord Holdings Limited
"Group"	the Company and its subsidiaries
"GW"	gigawatts
"HK$" or "HKD"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Internal Control Function"	the internal control function of the Group
"Investment Committee"	the investment committee of the Company
"Jinzhai Xinrui"	Jinzhai Xinrui Photovoltaic Power Co., Ltd.* 金寨鑫瑞太陽能發電有限公司
"kWh"	kilowatt hour
"Lease Agreements"	the First Lease Agreement and the Second Lease Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MW"	megawatts
"MWh"	megawatt hour
"Nanjing GCL New Energy"	Nanjing GCL New Energy Development Co., Ltd* 南京協鑫新能源發展有限公司
"NDRC"	National Development and Reform Commission
"Operation Service Agreement"	the operation service agreement between Suzhou GCL Operation and Suzhou GCL-Poly dated 11 July 2017
"Nomination Committee"	the nomination committee of the Company
"Non-exempt Continuing Connected Transactions"	all the continuing connected transactions stipulated in paragraphs "Management Services Income", "Staff Training Agreement", and "Lease Agreement" in the "Report of the Directors"
"PCB(s)"	printed circuit boards
"PCB Business" or "discontinued operations"	the manufacturing and selling of PCB
"PV"	photovoltaic
"Reporting Period"	the year ended 31 December 2019
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Second Lease Agreement"	the lease agreement between GCL Electric and Suzhou GCL Industrial Applications Research dated 29 September 2017
"Second Premises"	the premises situated at Northwest Area, 2nd floor of research and development building, No. 28 Xinqing Road, Suzhou Industrial Park, PRC

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK0.0041\dot{6}$) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"SHSE"	Shanghai Stock Exchange
"Solar Energy Business" or "continuing operations"	the sale of electricity, development, construction, operation and management of solar power plants
"Staff Training Agreement"	the staff training agreement between GCL New Energy Investment and Suzhou Xin Zhi Hai dated 25 May 2017
"State Grid"	State Grid Corporation of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Planning Committee"	the strategic planning committee of the Company
"Suzhou GCL-Poly"	Suzhou GCL-Poly Solar Power Investment Ltd.* 蘇州保利協鑫光伏電力投資有限公司
"Suzhou GCL Industrial Applications Research"	Suzhou GCL Industrial Applications Research Co., Ltd.* 蘇州協鑫工業應用研究院有限公司
"Suzhou GCL New Energy"	Suzhou GCL New Energy Investment Co., Ltd.* 蘇州協鑫新能源投資有限公司
"Suzhou GCL Operation"	Suzhou GCL New Energy Operation and Technology Co., Ltd.* 蘇州協鑫新能源運營科技有限公司
"Suzhou Xin Zhi Hai"	Suzhou Xin Zhi Hai Management Consulting Co., Ltd.* 蘇州鑫之海企業管理諮詢有限公司
"SZSE"	Shenzhen Stock Exchange
"U.S."	United States of America
"US$" or "USD"	US Dollars, the lawful currency of the United States
"Wuhan Huaxin"	Wuhan Huaxinyi Energy Co., Ltd.* 武漢華鑫易能源有限公司
"Zhu Family Trust"	a trust, under which Mr. Zhu Yufeng and his family are beneficiaries

* English name for identification only

Suzhou

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GCL New Energy