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

(Incorporated in Bermuda with limited liability)

(Stock code: 451)

PRELIMINARY ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2016	2015
	RMB million	*RMB million*
	(Unaudited)	(Unaudited)
		(Restated)
Revenue	**1,671**	897
Profit attributable to owners of the Company	**167**	71
Adjusted EBITDA*		
– Solar Energy Business	**820**	235
– PCB Business	**150**	90
	RMB cents	*RMB cents*
	(Unaudited)	(Unaudited)
		(Restated)
Earnings per share		
– Basic	**0.92**	0.51
– Diluted	**0.92**	0.18

* *Earnings before finance costs, taxation, depreciation allowance, other income which maybe non-recurring and bargain purchases from business combination.*

The board (the "Board") of directors (the "Directors") of GCL New Energy Holdings Limited (the "Company") presents the unaudited condensed consolidated interim financial information ("Interim Financial Information") of the Company and its subsidiaries (together, the "Group") for the six months ended 30 June 2016.

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

For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited) (Restated)
Revenue	*3*	**1,671,035**	897,291
Cost of sales		**(899,285)**	(638,230)
Gross profit		**771,750**	259,061
Other income	*4*	**84,719**	46,490
Distribution and selling expenses		**(9,386)**	(8,520)
Administrative expenses			
– share-based payment expenses		**(38,060)**	(48,736)
– other administrative expenses		**(212,683)**	(162,746)
(Loss) gain on change in fair value of convertible bonds	*14*	**(40,561)**	46,107
Other expenses, gains and losses, net		**27,759**	11,888
Bargain purchases from business combination		**–**	21,626
Share of profits of joint ventures		**520**	4,560
Finance costs	*5*	**(379,097)**	(76,706)
Profit before tax		**204,961**	93,024
Income tax expense	*6*	**(33,473)**	(21,726)
Profit for the period	*7*	**171,488**	71,298
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(10,328)**	309
Total comprehensive income for the period		**161,160**	71,607
Profit for the period attributable to:			
Owners of the Company		**167,025**	71,259
Non-controlling interests		**4,463**	39
		171,488	71,298

	Note	Six months ended 30 June **2016** *RMB'000* **(Unaudited)**	2015 *RMB'000* (Unaudited) (Restated)
Total comprehensive income for the period attributable to:			
Owners of the Company		**156,697**	71,567
Non-controlling interests		**4,463**	40
		161,160	71,607
		RMB cents **(Unaudited)**	*RMB cents* (Unaudited) (Restated)
Earnings per share	*9*		
– Basic		**0.92**	0.51
– Diluted		**0.92**	0.18

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	**30 June 2016** *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**20,107,636**	14,193,691
Prepaid lease payments		**64,371**	52,159
Interests in joint ventures		**90,280**	67,633
Amounts due from related companies		**124,700**	129,936
Deferred tax assets		**38,570**	20,941
Deposits, prepayment and other non-current assets	*10*	**3,246,869**	2,355,322
Pledged bank and other deposits		**251,375**	126,980
		23,923,801	16,946,662
CURRENT ASSETS			
Inventories		**154,553**	166,784
Trade and other receivables	*11*	**2,807,934**	3,150,943
Other loan receivables		**775,830**	389,378
Amounts due from related companies		**50,703**	55,972
Prepaid lease payments		**2,094**	1,772
Tax recoverable		**1,496**	783
Pledged bank and other deposits		**1,098,358**	825,171
Bank balances and cash		**2,938,569**	1,964,993
		7,829,537	6,555,796
CURRENT LIABILITIES			
Trade and other payables	*12*	**9,100,682**	7,100,248
Amounts due to related companies		**30,789**	179,632
Tax payable		**75,914**	57,637
Loan from a shareholder		**–**	16,756
Loans from fellow subsidiaries		**946,418**	629,157
Bank and other borrowings	*13*	**6,088,887**	4,466,690
Obligations under finance leases		**41,733**	48,201
Bonds payable		**239,200**	360,000
		16,523,623	12,858,321
NET CURRENT LIABILITIES		**(8,694,086)**	(6,302,525)
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,229,715**	10,644,137

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Loan from a shareholder		**17,094**	–
Bank and other borrowings	*13*	**9,762,970**	7,393,429
Obligations under finance leases		**29,076**	47,163
Convertible bonds	*14*	**748,707**	732,856
Deferred income		**6,547**	6,623
Deferred tax liabilities		**42,841**	22,027
		10,607,235	8,202,098
NET ASSETS		**4,622,480**	2,442,039
CAPITAL AND RESERVES			
Share capital	*15*	**66,674**	48,491
Reserves		**4,510,201**	2,392,743
Equity attributable to owners of the Company		**4,576,875**	2,441,234
Non-controlling interests		**45,605**	805
TOTAL EQUITY		**4,622,480**	2,442,039

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

GCL New Energy Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

During the period, the Company and its subsidiaries (together the "Group") were principally engaged in the development, construction, operation and management of solar power plants, as well as manufacturing and selling of printed circuit boards.

This Interim Financial Information is presented in Renminbi ("RMB"), unless otherwise stated. This Interim Financial Information has been approved for issue by the Board on 23 August 2016.

This Interim Financial Information has not been audited.

1A BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting issued by International Accounting Standard Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2015.

As at 30 June 2016, the Group's current liabilities exceeded its current assets by approximately RMB8,694 million. In addition, as at 30 June 2016, the Group has entered into agreements to acquire and construct solar power plant sites and other assets which will involve total capital commitments of approximately RMB8,878 million. In addition, the Group, subject to the availability of additional financial resources, is currently looking for further opportunities to increase the scale of its solar power plant operations through mergers and acquisitions. In the event that the Group is successful in securing more solar power plant investments or expanding the investments in the existing solar power plants in the coming twelve months from 30 June 2016, additional cash outflows will be required to settle further committed capital expenditure.

As at 30 June 2016, the Group's total borrowings comprising bank and other borrowings, convertible bonds, bonds payable, obligations under finance leases, loan from a shareholder and loans from fellow subsidiaries amounted to approximately RMB17,874 million, out of which approximately RMB7,316 million will be due in the coming twelve months provided that the covenants under the borrowing agreements are satisfied. The Group's pledged bank and other deposits and bank balances and cash amounted to approximately RMB1,350 million and RMB2,939 million as at 30 June 2016, respectively. The financial resources available to the Group as at 30 June 2016 and up to the date of approval of these unaudited condensed interim consolidated financial statements may not be sufficient to satisfy the above capital expenditure requirements and other financial obligations. The Group is actively pursuing additional financing including, but not limited to, equity and debt financing and bank borrowings.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2016. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures relating to the solar power plants, that will be due in the coming twelve months from 30 June 2016 upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

(i) Subsequent to 30 June 2016, the Group successfully obtained new borrowings with an aggregate amount of approximately RMB950 million from banks in both Hong Kong and the People's Republic of China ("PRC");

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

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

(iv) In February 2016, the Group completed a rights issue of its share for a net proceeds of approximately RMB1,941 million. In addition, the Group proposed in July 2016 an issuance of non-public corporate bonds to qualifying investors in the maximum principal amount of RMB2,000 million which shall have a term of up to 3 years. The Group is also negotiating with other private investors for additional financing in the form of equity or debt or a combination of both; and

(v) The Group has completed the construction of 68 solar power plants with approval for on-grid connection up to 30 June 2016. The Group also has additional 8 solar power plants under construction targeting to achieve on-grid connection within the coming twelve months from the date of approval of these unaudited condensed interim consolidated financial statements. The abovementioned solar power plants have an aggregate installed capacity of approximately 3.4GW and are expected to generate operating cash inflows to the Group.

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

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

Prior to 1 July 2015, Hong Kong dollars ("HK$") was regarded as the functional currency of the Company and the consolidated financial statements were also presented in HK$. After reviewing the Group's interim financial performance for 2015, the Directors considered that as a result of continued growth of the business of development, construction, operation and management of solar power plants ("Solar Energy Business") in the PRC, the primary economic environment in which the Company operates has changed and it is more appropriate to use RMB as the functional currency. The presentation currency was also changed to RMB in line with the change in functional currency effective from 1 July 2015.

The change in functional and presentation currencies was accounted for in accordance with International Accounting Standard ("IAS") 21 *The Effects of Changes in Foreign Exchange Rates*. Comparative figures have been re-stated to reflect the change in the Group's presentation currency.

For the purpose of re-presentation of the unaudited condensed interim consolidated financial statements of the Group from HK$ to RMB, income and expenses were translated at the average exchange rates for the prior period. Share capital, share premium and reserves were translated at the exchange rate at the date when the respective amount were determined (i.e. historical exchange rates).

1B SIGNIFICANT EVENTS AND TRANSACTIONS

The Group completed the Rights Issue in February 2016 and acquired subsidiaries during the current interim period.

2 PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following new IFRSs and amendments issued by IASB that are relevant for the preparation of the Group's unaudited condensed interim consolidated financial statements:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRSs	Annual Improvements to IFRSs 2012 – 2014 Cycle
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception

The application of the above new IFRSs and amendments in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these unaudited condensed interim consolidated financial statements.

3 REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited) (Restated)
Sales of electricity *(note)*	**929,347**	278,933
Sales of printed circuit boards ("PCB")	**741,688**	618,358
	1,671,035	897,291

Note: Sales of electricity included RMB647,380,000 (six months ended 30 June 2015: RMB178,094,000) tariff adjustment received and receivable from the state grid companies in the PRC based on the prevailing nationwide government policies on renewable energy for solar power plants. Details of payment arrangement of tariff is disclosed in note 11.

Information reported to the executive directors of the Company, being the Group's chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performance, is based on the following reportable and operating segments identified under IFRS 8:

(a) Solar Energy Business – sale of electricity, development, construction, management and operation of solar power plants.

(b) PCB Business – mainly manufacture and sales of PCB.

No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

Six months ended 30 June 2016

	Solar Energy Business *RMB'000* **(Unaudited)**	**PCB Business** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Segment revenue			
Revenue from external customers	**929,347**	**741,688**	**1,671,035**
Segment profit	**260,615**	**19,776**	**280,391**
Unallocated income			**13,235**
Unallocated expenses			**(81,577)**
Loss on change in fair value of convertible bonds			**(40,561)**
Profit for the period			**171,488**

Six months ended 30 June 2015

	Solar Energy Business *RMB'000* (Unaudited) (Restated)	PCB Business *RMB'000* (Unaudited) (Restated)	Total *RMB'000* (Unaudited) (Restated)
Segment revenue			
Revenue from external customers	278,933	618,358	897,291
Segment profit	114,492	8,766	123,258
Unallocated income			1,189
Unallocated expenses			(99,256)
Gain on change in fair value of convertible bonds			46,107
Profit for the period			71,298

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit of each segment without allocation of central administration costs which includes head office expenses such as directors' emoluments, staff salaries, legal and professional fees, rental expenses, share-based payment expenses, change in fair value of convertible bonds, interest income, exchange gain and finance cost arising from corporate assets and borrowings. This is the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Segment assets		
Solar Energy Business	**30,056,873**	22,101,563
PCB Business	**1,246,745**	1,265,699
Total segment assets	**31,303,618**	23,367,262
Unallocated	**449,720**	135,196
Consolidated assets	**31,753,338**	23,502,458

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Segment liabilities		
Solar Energy Business	**25,530,087**	19,434,879
PCB Business	**831,998**	866,719
Total segment liabilities	**26,362,085**	20,301,598
Convertible bonds	**748,707**	732,856
Unallocated	**20,066**	25,965
Consolidated liabilities	**27,130,858**	21,060,419

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments other than assets of the management companies and investment holdings companies; and

- All liabilities are allocated to operating segments other than corporate bank borrowings and liabilities (including convertible bonds) of the management companies and investment holdings companies.

4 OTHER INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Bank interest income	**8,962**	1,994
Consultancy fees income *(note a)*	**13,706**	–
Government grants		
– Incentive subsidies *(note b)*	**4,930**	3,074
– Amortisation of deferred income on government grants *(note c)*	**77**	77
Insurance claim income	**–**	6,393
Interest income from other loan receivables	**22,736**	–
Interest income from joint venture	**5,027**	–
Management services income	**19,317**	16,651
Sales of manufacturing by-products	**8,599**	17,915
Others	**1,365**	386
	84,719	46,490

Notes:

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

(b) The amounts mainly represented cash received from the local municipal government in the PRC as incentives to encourage export sales in the PRC, the conditions attached thereto were fully complied with.

(c) The amount represented government grants received for the construction of a production plant in Jiangxi Province, the PRC, which are amortised over the expected useful life of the plant upon the commencement of the operation.

5 FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Interest on:		
Bank and other borrowings	**531,505**	95,613
Obligations under finance leases	**1,759**	2,383
Bonds payables	**11,748**	303
Loan from fellow subsidiaries	**22,532**	27,479
Total borrowing costs	**567,544**	125,778
Less: amounts capitalised in the cost of qualifying assets	**(188,447)**	(49,072)
	379,097	76,706

Borrowing costs capitalised during the period arose on the general borrowing pool and are calculated by applying a capitalisation rate of 9.73% (six months ended 30 June 2015: 6.23%) per annum to expenditure on qualifying assets.

6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
PRC Enterprise Income Tax ("EIT"):		
Current tax	**31,110**	20,117
Overprovision in prior periods	**(812)**	–
	30,298	20,117
Deferred tax	**3,175**	1,609
Total	**33,473**	21,726

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

Certain subsidiaries of the Group, being enterprises engaged in public infrastructure projects, under the PRC Tax Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. For the six months ended 30 June 2016, certain subsidiaries of the Company engaged in the public infrastructure projects had their first year with operating incomes.

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

7 PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Profit for the period has been arrived at after charging (crediting):		
Amortisation of deferred income on government grants	**(77)**	(77)
Amortisation of prepaid lease payments	**353**	85
Cost of inventories recognised as cost of sales	**662,057**	562,723
Depreciation of property, plant and equipment	**304,466**	125,413
Less: Capitalised in inventories	**(89,054)**	(52,603)
	215,412	72,810
Operating lease rental in respect of properties	**19,894**	6,443
Staff costs (including directors' and chief executive's remuneration but excluding share-based payments)	**228,745**	176,263
Share-based payment expenses (Administrative expenses in nature)		
– Directors and staff	**28,518**	37,003
– Consultancy services	**9,542**	11,733

8 DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended 30 June 2016, nor has any dividend been proposed since the end of reporting period (six months ended 30 June 2015: Nil).

9 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Profit for the purposes of calculation of basic earnings per share (Profit for the period attributable to owners of the Company)	**167,025**	71,259
Effect of dilutive potential ordinary shares:		
Gain on change in fair value of convertible bonds	**–**	(46,107)
Profit for the purpose of diluted earnings per share	**167,025**	25,152

	Six months ended 30 June	
	2016	2015
	'000	*'000*
		(Restated)
Weighted average number of ordinary shares for the purposes of basic earnings per share	**18,152,895**	13,995,252
Effect of dilutive potential ordinary shares:		
Convertible bonds	**–**	126,013
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**18,152,895**	14,121,265

Diluted earnings per share did not assume (i) the exercise of the share options since the exercise price is higher than the average share price for both reporting periods nor (ii) the conversion of convertible redeemable bonds since their assumed conversion has an anti-dilutive effect on earnings per share for the six months ended 30 June 2016.

The Company completed its rights issue of shares on the basis of three rights shares for every eight existing shares held, on a pro rata basis ("Rights Issue") during the six months ended 30 June 2016. Since there is a bonus element in the Rights Issue, retrospective adjustment has been made to the weighted average number of ordinary shares for the prior period.

10 DEPOSITS, PREPAYMENT AND OTHER NON-CURRENT ASSETS

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Deposits paid for engineering, procurement and constructions ("EPC") contracts and constructions *(note a)*	**1,173,448**	929,739
Refundable value-added tax	**1,146,405**	1,036,986
Deposits paid for acquisitions of solar power plant projects	**25,350**	13,410
Prepaid rent for parcels of land	**181,177**	160,715
Trade receivables *(note 11) (note b)*	**658,011**	175,700
Others	**62,478**	38,772
	3,246,869	2,355,322

Notes:

(a) Deposits for EPC contracts and constructions represent deposits paid to contractors which will be transferred to solar power plant under construction when the constructions commence.

(b) The Directors expected certain part of the tariff adjustment receivables will be recovered after twelve months from the reporting date and have classified them as non-current assets accordingly. The receivables are discounted at an effective interest rate of 4.75% per annum as at 30 June 2016.

11 TRADE AND OTHER RECEIVABLES

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited) (Restated)
Trade receivables	**1,812,434**	865,270
Bills receivable	**39,838**	682,813
Prepayment and deposits	**178,339**	130,566
Other receivables		
– Consultancy service fee receivables	**22,139**	82,079
– Interest receivables	**29,348**	18,772
– Receivables for modules procurement	**1,072,274**	1,325,203
– Refundable value-added tax	**224,292**	153,440
– Others	**87,281**	68,500
	3,465,945	3,326,643
Analysed as:		
Current	**2,807,934**	3,150,943
Non-current *(note 10)*	**658,011**	175,700
	3,465,945	3,326,643

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

Tariff adjustments is included as a component of the government-approved on-grid tariff of solar energy supply. The financial resource for the tariff adjustments is the national renewable energy fund that accumulated through a special levy on the consumption of electricity of end users. The PRC government is responsible to collect and allocate the fund and make settlement through state-owned grid companies to the solar power companies. Effective from March 2012, the application, approval and settlement of the tariff adjustments are subject to certain procedures as promulgated by Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy ("可再生能源電價附加補助資金管理暫行辦法"). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustments. As at 30 June 2016, tariff adjustment receivables amounting to approximately RMB1,181,032,000 (31 December 2015: RMB456,673,000) are included in the trade receivables. The Directors expected certain part of the tariff adjustment receivables will be recovered after twelve months from the reporting date and have classified them as non-current assets accordingly. The current portion and non-current portion of tariff adjustment receivables are approximately RMB523,021,000 (31 December 2015: RMB280,973,000) and RMB658,011,000 (31 December 2015: RMB175,700,000) (included in note 10), respectively.

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

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

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

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

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

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unbilled *(note)*	**1,181,032**	456,673
0 – 90 days	**533,220**	347,492
91 – 180 days	**69,056**	38,762
Over 180 days	**29,126**	22,343
	1,812,434	865,270

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

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

12 TRADE AND OTHER PAYABLES

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Trade payables	**334,258**	326,862
Bills payable	**1,120,592**	986,008
Payables for purchase of plant and machinery and construction costs	**6,509,049**	4,095,487
Payables to vendors of solar power plants	**167,314**	179,741
Payables for modules procurement	**467,718**	1,211,075
Other tax payables	**16,810**	44,601
Other payables	**150,207**	87,667
Receipt in advance	**173,221**	8,500
Accruals		
– Staff costs	**32,895**	78,648
– Legal and professional fees	**21,750**	25,363
– Utilities	**2,876**	6,219
– Interest expenses	**95,237**	43,774
– Others	**8,755**	6,303
	9,100,682	7,100,248

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

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

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
0 – 90 days	**212,270**	198,134
91 – 180 days	**109,587**	117,278
Over 180 days	**12,401**	11,450
	334,258	326,862

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

Included in trade and other payables are obligations arising from endorsing bills receivable with recourse issued by third parties for settlement of payables for purchase of plant and machinery and construction costs with an aggregate amount of RMB4,667,000 (31 December 2015: RMB349,192,000).

13 BANK AND OTHER BORROWINGS

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Bank loans	**8,211,154**	7,241,761
Other loans	**7,640,703**	4,618,358
	15,851,857	11,860,119
Secured	**10,026,804**	6,826,307
Unsecured	**5,825,053**	5,033,812
	15,851,857	11,860,119
Less: Amounts due within one year shown under current liabilities	**(6,088,887)**	(4,466,690)
Amounts due after one year	**9,762,970**	7,393,429

Included in short-term bank borrowings are obligations arising from bills receivable issued by the Group's entities with aggregate carrying amount of approximately RMB1,760,000,000 (2015: RMB2,158,000,000) discounted to banks with recourse at interest rate of 10% (2015: 10%) per annum.

14 CONVERTIBLE BONDS

	RMB'000
As at 1 January 2015 (Audited)	–
Issue of convertible bonds on 27 May 2015	611,244
Change in fair value charged to profit or loss	(46,107)
As at 30 June 2015 (Unaudited)	565,137
Issue of convertible bonds on 20 July 2015	157,720
Payment of interests	(7,044)
Change in fair value charged to profit or loss	17,043
As at 31 December 2015 and 1 January 2016 (Audited)	732,856
Payment of interests	(24,710)
Change in fair value charged to profit or loss	40,561
As at 30 June 2016 (Unaudited)	748,707

On 27 May 2015 and 20 July 2015, the Company issued three-year convertible bonds at a nominal value of HK$775,100,000 (equivalent to approximately RMB611,244,000) ("Talent Legend Issue") and HK$200,000,000 (equivalent to approximately RMB157,720,000) ("Ivyrock Issue"), respectively. Details of the major terms and conditions of the convertible bonds are set out in notes to the Company's consolidated financial statements for the year ended 31 December 2015.

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

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

The following assumptions were applied:

	Talent Legend Issue		**Ivyrock Issue**	
	30 June 2016	31 December 2015	**30 June 2016**	31 December 2015
Discount rate	**25.52%**	30.97%	**25.52%**	31.03%
Fair value of each share of the Company	**HK$0.46**	HK$0.46	**HK$0.46**	HK$0.46
Conversion price (per share) *(Note)*	**HK$0.754**	HK$0.96	**HK$0.754**	HK$1.20
Risk free interest rate	**0.47%**	0.62%	**0.48%**	0.68%
Time to maturity	**1.91 years**	2.41 years	**2.07 years**	2.56 years
Expected volatility	**64.62%**	64.85%	**64.53%**	64.42%
Expected dividend yield	**0%**	0%	**0%**	0%

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

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

15 SHARE CAPITAL

	Number of shares	Amount *HK$'000*
Authorised:		
At 1 January 2015, 30 June 2015, 31 December 2015 and 30 June 2016		
– Ordinary shares of HK$0.00416 each	**36,000,000,000**	**150,000**

	Number of shares	Amount *HK$'000*	Shown in condensed consolidated financial statements as *RMB'000*
Issued and fully paid:			
At 1 January 2015, 30 June 2015 and 31 December 2015			
– Ordinary shares of HK$0.00416 each	**13,871,793,048**	**57,799**	**48,491**
Subscription of Rights Issue *(note)*	**5,201,922,393**	**21,675**	**18,183**
At 30 June 2016 (Unaudited)			
– Ordinary shares of HK$0.00416 each	**19,073,715,441**	**79,474**	**66,674**

Note: On 3 February 2016, the Company completed the Rights Issue on the basis of three rights shares for every eight existing shares held, on a pro rata basis. 5,201,922,393 rights shares were issued at the subscription price of HK$0.45 per share. Net proceeds from the Rights Issue is approximately RMB1,940,884,000, after deducting related expenses of approximately RMB23,005,000.

16 CAPITAL COMMITMENTS

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Contracted for but not provided:		
Construction commitments in respect of solar power plants	**8,801,865**	4,847,312
Property, plant and equipment and leasehold improvements	**27,135**	15,998
Commitment to contribute share capital to a joint venture	**36,000**	36,000
Commitment to acquire solar power plant	**12,900**	–
	8,877,900	4,899,310

17 EVENTS AFTER THE REPORTING PERIOD

The Group has the following significant events after the end of the reporting period:

On 18 July 2016, one of the Group's subsidiaries, Suzhou GCL New Energy Investment Company Limited (the "Issuer") proposed to apply to the Shanghai Stock Exchange for the issuance of non-public corporate bonds to qualifying investors in the maximum principal amount of RMB2,000 million. The bonds shall have a term of up to 3 years with a fixed interest rate to be determined by the Issuer and the underwriter in accordance with the relevant PRC regulations. As of the date of this announcement, the issuance of the bonds is subject to the satisfaction of certain conditions precedent, including all necessary approvals and consents for the issuance of the bonds under PRC laws.

BUSINESS REVIEW

Impressive growth of Solar Energy Business

GCL New Energy Holdings Limited (the "Company" or "GCL New Energy") and its subsidiaries (together, "the Group") reported strong business performance in the first six months of 2016. Benefiting from the strong growth in Solar Energy Business, the Group's operations delivered a strong improvement of its profitability.

The Solar Energy Business has become the growth driver of GCL New Energy. During the six months ended 30 June 2016, the revenue and segment profit of the Group's Solar Energy Business surged approximately 233% to approximately RMB929 million and approximately 129% to approximately RMB261 million respectively. In the first half of 2016, the Group operated 68 solar power plants in China, compared to 17 plants in the same period of last year, spanning across 19 provinces in the country. Total capacity reached approximately 2,735MW (30 June 2015: approximately 772MW), representing a year-on-year growth of approximately 254%. Grid-connected capacity has also significantly increased by 238%, from 645MW as at 30 June 2015 to approximately 2,182MW as at 30 June 2016, and total sales of electricity was approximately 1.17 million MWh, a significant rise of approximately 232% compared to the same period of last year.

Benefiting from the strong growth of the Solar Energy Business, the Group's revenue grew by approximately 86% to approximately RMB1,671 million in the first half of 2016. Gross profit during the period was approximately RMB772 million, representing an increase of approximately 198% compared to the same period last year, with a gross profit margin of approximately 46%. Profit for the period of the Group surged approximately 141% to approximately RMB171 million. There were two non-recurring items – bargain purchases from business combination and change in fair value of convertible bonds in the periods of this and last years. If both non-recurring items were excluded, the adjusted profit for the period of the Group in the first half of 2016 would be approximately RMB212 million (first half of 2015: approximately RMB4 million), representing a substantial surge of approximately 59 times period-on-period. It reflects GCL New Energy's exceptional capability in developing and operating solar energy power plants.

Favorable polices for sustainable development of solar energy industry

China is dedicated to establish a low-carbon energy infrastructure and to develop the clean energy industry. In the first half of 2016, China's solar energy industry maintained a strong growth momentum. According to information by the National Energy Administration of China ("NEA"), newly added installed capacity for China's solar power in the first quarter of 2016 reached approximately 7.14GW, a significant increase of approximately 52% compared to the same period last year. The accumulated national solar energy installed capacity is over 50GW, enabling China to maintain its leading position as the country with the largest accumulated solar energy installed capacity in the world. According to China Photovoltaic Industry Association, the additional solar energy installed capacity for the first half of 2016 is estimated to be over 20 GW.

With the rapid increase in solar installed capacity, certain provinces in China have experienced curtailment issues in recent years. According to NEA, the curtailment in Gansu, Xinjiang and Ningxia were approximately 39%, 52% and 20% respectively in the first quarter of 2016. Since the management of the Company has strategically built up a well-diversified portfolio of solar farm business with 68 solar projects spanning across 19 provinces, avoiding overly concentration of farm locations, the impact of curtailment to the Company is minimal. As at 30 June 2016, the Company has no solar power plant in Gansu, and a total of 7 solar power plants in Xinjiang and Ningxia with a total installed capacity of approximately 255MW and sales of electricity of approximately 143,707MWh, representing approximately only 9% and 12% of the total solar installed capacity and electricity sales generation of the Company respectively.

To achieve the goal of large scale carbon dioxide emissions reduction, the Chinese government has rolled out a series of policies in promoting renewable energy application in the first half of 2016, with a focus on promoting long-term development of solar energy industry. In order to mitigate the curtailment issues of the solar and wind power industries, China's National Development and Reform Commission ("NDRC") and the NEA jointly promulgated Notice of Administration on Full-amount Purchase of Electricity Generated by Wind and Solar Power in May 2016, which set out detailed provisions regulating minimum annual utilization hours electricity generation in certain areas facing curtailment issues. It emphasized that electricity generation plan shall be adjusted in accordance with the guaranteed annual utilization hours of 1,300 to 1,500 hours in order to ensure that renewable energy receives the highest priority of dispatch. The introduction of this policy shows the determination of the NEA and the NDRC to implement the system of full guaranteed purchase of electricity generated by renewable energy and resolve the curtailment issues of the renewable energy industry in China.

The delay of tariff subsidy payment is another obstacle hindering the development of solar energy industry. To mitigate the impact of long-standing delay of tariff subsidy payment, the NDRC has uplifted the surcharge levied on electricity tariff charged to end-users (other than households and agricultural users) by approximately 27% to RMB0.019 per kWh in January 2016, aiming to improve the efficiency of making payment of renewable energy subsidies. Meanwhile, the Ministry of Finance of the PRC ("MOF") issued the Notice on Organization and Declaration of Additional Funding Subsidies Directory for Renewable Energy Sources Electricity Price in January 2016, which started to prepare registering solar power plants that was grid-connected before February 2015 to receive the sixth batch of renewable energy subsidies. To date, the initial review process of the registration has been completed and it is believed that relevant application results will be announced in the next few months. As of 30 June 2016, the Group's tariff adjustment receivables was approximately RMB1,181 million, of which approximately RMB523 million would fall into the sixth batch of the renewable energy subsidies directory. Upon the receipt of the sixth batch of subsidies, the Group would see improvement on its cashflow.

To optimize resources allocation and promote the long-term development of the solar energy industry, the NEA issued the Guidance on Optimizing the Scale of Solar Power Generation and Allocating Projects by Tendering in May 2016, which proposed that solar power generation projects to be allocated by market-oriented mechanism and investment entities to be selected through competitive ways such as bidding. Competition criteria include the corporate's operation track record of solar energy projects, investment capabilities, technological skills, etc. Among those criteria, tariff bidding is considered a primary factor in the bidding process. The purpose of this bidding process is to avoid problems caused by unscientific allocation of solar energy project previously adopted in the industry. This policy not only promotes the professionalism of the industry, but is also in favor to solar energy enterprises who possess advanced technological skillsets. As a leading solar energy operator with in-house development capabilities, seasoned management team and remarkable operational track records, GCL New Energy believes that the new policy will favor future project development of our Group.

In addition, the NEA issued Notice on Implementation of 2016 Solar Power Generation Plan in June 2016, which set the target of additional installed capacity of 18.1GW in 2016, of which 12.6GW is ordinary solar power plants project and 5.5GW is Frontrunner Program ("Frontrunner Program"). The target of additional installed capacity of poverty-supportive program and distributed projects have not been released yet. All these policies and measures reflect the support and determination of the Chinese government in promoting the development of solar energy industry which laid a solid foundation for the long-term growth of the industry.

Further enhancing development and operation capabilities

In terms of solar power plants development, GCL New Energy also made remarkable achievements. Leveraging the technical advantage of its in-house design and research institute, the Group designs the most comprehensive and appropriate solar power plants prior to construction, further reinforces supervision over project development and construction as well as operation and maintenance capabilities and successfully controls cost management through effective adoption of new technologies and products.

During the period, the Group leveraged on its in-house development capabilities to substantially reduce acquisition of solar power plant projects. As a result, the proportion of in-house developed power plants to the additional installed capacity in the first half of 2016 increased to approximately 48%, driving the total installed capacity drastically increased from 5% in the first half of 2015 to approximately 25% in the first half of 2016. In addition, the Group fully capitalized on economies of scale through tendering, effective integration of supply chain system and bulk purchase. As a result, certain in-house developed power plants successfully attained the costs per watt target set at the beginning of the year and reduced the costs by 10% from approximately RMB8 per watt to approximately RMB7.2 per watt. This did not only further reduce the overall development costs but also lay a solid foundation for its fruitful future.

Meanwhile, the Group has further improved its power generation capacity through the adoption of new technologies and products such as level uniaxial, oblique uniaxial and biaxial tracking technologies and double-faced double glass components. To maximize the asset value and quality of its power plants, the Group's in-house design and research institute continued to strengthen research and development capabilities and leverage on its technical advantages to obtain patents of several technological solutions including reinforced beams solar mounting structure, agriculture-photovoltaic shed structure and smart cleaning system of solar power plants.

Along with the promotion of electricity reform, the provincial governments facilitate the growth of new energy in accordance with their development blueprints. To capitalize on the solar energy development targets of different provinces, GCL New Energy continued to focus on optimizing and consummating the abilities of its 31 provincial subsidiaries in respect of investment and development, project construction, operation and maintenance as well as financing. During the selection of project locations, the Group strategically focused on the middle and eastern regions of China pursuant to various key factors such as geographical location, climate and public auxiliary facilities with an aim to enjoying higher benchmark feed-in tariffs while effectively avoiding curtailed regions.

In order to enhance the management and maintenance of operating projects, the Company adopted the regional model during the period to facilitate central monitoring with a view to gradually adopting unattended supervision, further improving operational efficiency and reducing operation and maintenance cost. In addition, the Group enhanced the standard of its information system through installing video surveillance system and project management system in all provincial companies, establishing operation analysis platform for each project and connecting information of the four major systems, namely investment and development, project construction, operation and maintenance and corporate internal management. These enhancements enable the central system to precisely analyze and integrate related operation data for building a foundation to facilitate decision-making and project development.

Multi-channel Financing Model

To align with future business development, GCL New Energy continued to adopt the multi-channel financing model. In February 2016, the Group raised approximately HK$2.3 billion in a rights issue and most of the proceeds was used for expanding its Solar Energy Business. Upon the completion of the rights issue, the Group's total liabilities to total assets ratio improved from approximately 89% to 83%. As the market leader of the solar energy industry in China, GCL New Energy's business is carried out in alignment with the country's development directions. Therefore, banks have always been supportive to the Group and have provided its 80% of total investment with low-interest-bearing long-term bank loans with tenures of up to 15 years for solar power plants in operation. The downward trend of the interest benchmark rate set by the People's Bank of China is favorable to the Group to lower its financing costs. In the long run, the Group aims at maintaining its total liabilities to total assets ratio of not exceeding the level of 85%.

Moreover, in April 2016, GCL New Energy jointly established an investment fund with China Orient Asset Management Corporation and successfully raised RMB1.3 billion for the Group's solar energy projects. Meanwhile, the Group made good use of finance leases. In April 2016, GCL New Energy entered into finance lease agreements with two lessors, which worth RMB448 million and RMB820 million respectively, with Xinxin Finance Leasing Company and China Financial Leasing Company Limited respectively. For the period ended 30 June 2016, through several finance lease and leaseback arrangements, the Group raised funding of RMB1.9 billion in total and mainly used it for purchasing equipment for solar power plant projects.

To further enhance its integrated financing ability, the Group has kept pursuing other innovative financing methods. In July 2016, the Group filed its application to the Shanghai Stock Exchange for the issuance of non-public 3-year fixed rate corporate bonds of maximum amount of RMB2 billion, which was a big step for the Group to explore different ways of financing methods such as bonds. Besides, since solar power plants are able to generate stable returns upon commencement of operations, the Group is now actively considering the utilization of asset securitization or introduction of project level equity investors in order to further expand financing channels and enhance financing capability.

Prospects

Driven by the Chinese government's dedication to establishing a low-carbon system, promoting the use of renewable energy and implementing a series of supportive policies, the solar energy industry in China has been developed rapidly in recent years. For the first half of 2016, the Group's solar energy business delivered remarkable results by significantly adding an installed capacity of approximately 1,095 MW. We remain positive and are full of confidence for the solar energy business in the second half of the year. As at 30 June 2016, the Group has approximately 705 MW of projects under construction, gaining momentum for us to attain our goal of adding 2 to 2.5 GW of installed capacity in 2016.

With the Chinese government promoting the development of the solar energy industry through favorable initiatives, the Group believes the entire solar industry will continue to thrive. The NEA has launched the Frontrunner Program since 2015 with an aim to selecting highly efficient solar enterprises with cost and technology competitive advantages to deploy cutting-edge technologies in building solar projects in pilot provinces, facilitating the use of advanced solar products and enhancing the overall technology level of the solar industry. In the long run, this program will push forward technological advancement, facilitate healthy growth and accelerate improvement of the solar industry.

In accordance with the implementation of national poverty alleviation strategies, the NDRC and NEA jointly announced the Opinions on the Implementation of Solar Poverty Alleviation Program in March 2016, which stated that solar energy was suitable for deploying in household, village and larger scale centralized power plants, considering it is clean, environmental friendly, technologically reliable and able to generate stable revenue. Meanwhile, solar energy can be integrated with agriculture and forestry to efficiently diversify its application. Pursuing solar poverty alleviation programs in areas with more bountiful solar resources is believed to conform to the strategies of poverty alleviation and development of clean and low-carbon energy, while favorable for growth of solar energy industry and raise the income of poor households.

Looking to the second half of 2016, the Chinese government is expected to spare no effort to improve curtailment, mitigate the delay of electricity subsidies and implement favorable policies such as the Frontrunner Program and poverty alleviation program to accelerate the development of the solar energy industry in China. As a leading solar energy industry player, GCL New Energy will leverage its competitive advantages to further reduce costs by using highly efficient product and technologies. Combining its development, construction and operation synergies, the Group is set to develop in accordance with the national policies, strive for participating in the Frontrunner Program and poverty alleviation program and sustain its competitive advantages to achieve its vision of "Bringing Green Power to Life".

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

As a result of the continued growth of our Solar Energy Business in the PRC, the majority of our business is operating in the PRC. Accordingly, the functional and presentation currencies of the Company had been changed from Hong Kong dollars ("HKD") to RMB starting from 1 July 2015. The consolidated financial statements for the six months ended 30 June 2016 are presented in RMB, whereas the comparative figures for the six months ended 30 June 2015 have been restated to align with the change in presentation currency. The change in the presentation currency and translation of the comparative amounts from HKD to RMB has had no material impact to the Group.

For the six months ended 30 June 2016, the revenue of the Group amounted to RMB1,671 million, representing an increase of 86% as compared to RMB897 million for the six months ended 30 June 2015. Profit attributable to owners of the Company amounted to RMB167 million (Six months ended 30 June 2015: RMB71 million). The profit was mainly attributable to the profit generated from the Solar Energy Segment. The revenue and segment profit after tax for Solar Energy Business amounted to RMB929 million and RMB261 million, respectively.

Solar energy business

During the six months ended 30 June 2016, the Group continued to expand our Solar Energy Business through joint development, acquisition and in-house development. As at 30 June 2016, the Group completed 40 jointly developed solar power plant projects with an aggregate installed capital of 1,630MW, acquired 8 solar power plants with an aggregated installed capacity of 415 MW and completed 20 in-house developed solar power plant projects with an aggregated installed capacity of 690MW. As at 30 June 2016, the aggregate installed capacity was 2,735MW.

Development Type	**30 June 2016 MW**	31 December 2015 MW	% of changes
Joint development	**1,630**	1,170	39%
Acquisition	**415**	300	38%
In-house development	**690**	170	306%
Total	**2,735**	1,640	67%

As at 30 June 2016, the aggregate installed capacity was 2,735MW, of which 25% was in-house development compared to 10% as at 31 December 2015. By leveraging in-house development capability, the Group has significantly reduced the reliance on expanding the business by acquiring solar power plants, which has lowered the overall development cost and laid a more solid foundation for future profitability.

As at 30 June 2016, the aggregated installed capacity of the 68 grid-connected solar power plants of the Group (31 December 2015: 41) increased by 67% to 2,735MW (31 December 2015: 1,640MW). Details of the electricity sales volume and revenue for the six months ended 30 June 2016 are set out below.

Locations	Number of solar power plants	Aggregate Installed Capacity[(1)] (MW)	Grid-connected Capacity[(2)] (MW)	Electricity Sales Volume (MWh)	Average Tariff (Net of Tax) (RMB/kWh)	Revenue (RMB Million)
Subsidiaries						
Inner Mongolia	7	316	289	210,402	0.77	163
Jiangsu	15	313	197	112,502	0.87	97
Shaanxi	4	240	210	82,350	0.81	67
Henan	4	220	141	51,417	0.85	44
Hebei	4	192	184	137,566	1.03	142
Anhui	3	180	170	26,276	0.85	22
Shanxi	4	180	160	122,486	0.85	105
Ningxia	4	150	150	94,573	0.75	71
Qinghai	4	150	136	82,521	0.86	71
Hubei	1	116	116	62,135	0.96	60
Guangdong	1	100	2	–	N/A	–
Jiangxi	3	120	59	4,900	0.85	4
Shandong	3	95	71	28,776	0.85	25
Xinjiang	2	80	80	42,956	0.73	31
Yunnan	2	80	71	36,100	0.81	29
Hunan	1	60	5	–	N/A	–
Hainan	2	50	50	32,799	0.85	28
Zhejiang	1	23	21	9,544	0.99	9
Jilin	1	15	15	2,381	0.81	2
Sub-total	66	2,680	2,127	1,139,684	0.85	970
Less: effect of discounting non-current tariff adjustment receivables[(3)]						(41)
						929
Joint ventures						
Qinghai	1	30	30	23,487	0.86	20[(4)]
Xinjiang	1	25	25	6,178	0.81	5[(4)]
Total	**68**	**2,735**	**2,182**	**1,169,349**	**0.85**	**954**
Representing:						
Electricity sales						288
Tariff adjustment – amounts received or receivable from the state grid companies						666
Total						**954**

(1) Aggregate installed capacity represents the maximum capacity that approved by state grid companies.

(2) Grid-connected capacity represents that the actual capacity connected to the State Grid.

(3) Certain part of the tariff adjustment receivables will be recovered after twelve months from the reporting date. The non-current tariff adjustment receivables are discounted at an effective interest rate of 4.75% per annum.

(4) Revenue from joint venture solar power plants was accounted for under "Share of Profits of Joint Ventures" in the consolidated statement of profit and loss and other comprehensive income. The Group held 60% and 50% of shareholdings for the joint venture in Qinghai and Xinjiang, respectively.

In terms of project type, the large-scale ground-mounted, agriculture-photovoltaic, fishery-photovoltaic and rooftop distributed power plants accounted for approximately 61%, 24%, 12% and 3%, respectively (31 December 2015: 65%, 17%, 10% and 8%) of the aggregated installed capacity of all the solar power plants owned by the Group.

Printed circuit board business

The demand for high-end digital electronic products such as smart-phones, tablets and household appliances are still growing in 2016. It enabled the overall performance of the printed circuit board ("PCB") business to remain stable for the six months ended 30 June 2016 as compared to the six months ended 30 June 2015. The sales volume of PCB increased from approximately 7.5 million square feet in the six months ended 30 June 2015 to approximately 8.2 million square feet for the six months ended 30 June 2016. The average selling price per square feet increased by 12% from RMB82 per square feet to RMB92 per square feet as the Group shifted its product mix from conventional PCB to higher value high density interconnect ("HDI") PCB. The sales volume of HDI PCB accounted for about 30% (Six months ended 30 June 2015: 21%) of our total PCB sales in the six months ended 30 June 2016.

Financial Review

The Group reported its financial information under two segments – (a) development, construction, operation and management of solar power plants ("Solar Energy Business") and (b) manufacturing and selling of printed circuit boards ("PCB Business"). The following table sets forth the financial highlight of the Group's profit from operations by business segments:

Segment Information

	Solar Energy Business *RMB million*	PCB Business *RMB million*	Total *RMB million*
Revenue	970	742	1,712
Effect of discounting non-current tariff adjustment receivables	(41)	–	(41)
Revenue, net of discounting	929	742	1,671
Gross profit	692	80	772
Adjusted EBITDA*	820	150	N/A
Segment profit after tax	261	20	281
Unallocated income			13
Unallocated expenses#			(44)
Share-based payment expenses			(38)
Loss on change in fair value of convertible bonds			(41)
Profit for the period			171

* Adjusted EBITDA is defined as earnings before finance costs, taxation, depreciation allowance, other income which maybe non-recurring and bargain purchases from business combination. Adjusted EBITDA is used by the management for monitoring business performance of the Group. The adjusted EBITDA presented only may, therefore, not be comparable to similarly titled measures reported by other companies.

\# Unallocated expenses mainly represented central administration costs such as directors' emoluments, staff salaries, legal and professional fees and rental expenses.

Revenue

During the six months ended 30 June 2016, the revenue of the Group mainly comprised sales of electricity and related tariff adjustment amounting to approximately RMB929 million (net of discounting the non-current tariff receivables of approximately RMB41 million) (Six months ended 30 June 2015: sales of electricity and related tariff adjustment of RMB279 million) and sales of PCB amounting to approximately RMB742 million (Six months ended 30 June 2015: RMB618 million). The significant increase in revenue was mainly attributable to the increase in sales of electricity by the solar power plants by 247%, from 328,464 MWH for the six months ended 30 June 2015 to 1,139,684 MWH for the six months ended 30 June 2016. Our PCB business recorded a steady growth of revenue as a result of the change of product mix to high value HDI products.

Gross profit

During the six months ended 30 June 2016, gross profit was RMB772 million, increased by 198% from RMB259 million for the same period last year. The gross profit comprised gross profit from Solar Energy Business of RMB692 million (2015: RMB203 million) and gross profit from PCB Business of RMB80 million (2015: RMB56 million). The significant increase in overall gross profit and much higher gross profit margin of Solar Energy Business was in line with increase in revenue.

The Group's gross profit margin for the six months ended 30 June 2016 was 46.2%, as compared to 28.9% for the six months ended 30 June 2015. The significant rise in gross profit margin was attributed to the increased contribution from the Solar Energy Business that generated higher gross profit margin of 74.5% (Six months ended 30 June 2015: 72.9%) compared to only 10.8% (Six months ended 30 June 2015: 9.0%) for PCB Business. The increase in gross profit margin for Solar Energy Business is mainly due to lower depreciation charges for Solar Energy Business, contributed by costs savings from higher proportion of in-house project development rather than joint development and acquisition. Depreciation charges accounted for 88% (Six months ended 30 June 2015: 92%) of costs of sales for Solar Energy Business during the six months ended 30 June 2016.

Other income

During the six months ended 30 June 2016, other income primarily contributed by Solar Energy Business that mainly comprised: 1) interest income from other loan receivables of RMB23 million (Six months ended 30 June 2015: Nil), 2) management services income for managing and operating solar power plants owned by the parent company, GCL-Poly Energy Holdings Limited with an aggregated capacity of 353MW amounting to RMB17 million (Six months ended 30 June 2015: RMB17 million), 3) consultancy fees to third parties for design and planning for constructing solar power plants of RMB14 million (Six months ended 30 June 2015: Nil). PCB Business also contributed RMB9 million (Six months ended 30 June 2015: RMB18 million) for selling manufacturing by-products.

Distribution and selling expenses

For the six months ended 30 June 2016, distribution and selling expenses amounted to RMB9 million (Six months ended 30 June 2015: RMB9 million), which were mainly incurred by the PCB Business.

Administrative expenses

The administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses increased by 31% to RMB213 million for the six months ended 30 June 2016 from RMB163 million for the six months ended 30 June 2015 mainly because of the expansion of Solar Energy Business. The number of employees for Solar Energy Business increased from 694 employees as at 30 June 2015 to 2,219 employees as at 30 June 2016, which drove up the staff costs for the period.

Share-based payment expenses

Share-based payment expenses amounted to RMB38 million for the six months ended 30 June 2016 (Six months ended 30 June 2015: RMB49 million). The amount represented the share-based payment expenses arising from share options scheme granted on 23 October 2014 and 24 July 2015.

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

During the six months ended 30 June 2016, the Group recognised a fair value loss of RMB41 million (Six months ended 30 June 2015: fair value gain of RMB46 million) as a result of subsequent re-measurement of the fair value of the convertible bond of a nominal value of HK$775 million (equivalent to approximately RMB611 million) and HK$200 million (equivalent to approximately RMB158 million) issued on 27 May 2015 and 20 July 2015 respectively. The fair value of the convertible bonds was based on a valuation report issued by an independent and professional qualified valuer.

Other expenses, gains and losses, net

During the six months ended 30 June 2016, the net gain amounted to RMB28 million, as compared to net gain of RMB12 million for the six months ended 30 June 2015. The increase in net gain is mainly due to the increase in exchange gain from RMB13 million to RMB28 million. The exchange gain for the six months ended 30 June 2016 mainly arose from exchange gain of RMB9 million attributable to the appreciation of HKD deposits and RMB11 million exchange gain arising from our Japan's investments. Exchange gain of RMB7 million arose from PCB Business as the majority of its products costs are in RMB while most of the PCB sales are in USD.

Bargain purchase on business combination

During the six months ended 30 June 2015, the Group recognised a bargain purchase as a result of business combination, in which the fair value of the acquired solar power plant assessed by an independent professional valuer exceeded the total consideration paid. No such bargain purchase on business combination was recognised for the six months ended 30 June 2016.

Adjusted EBITDA and Adjusted EBITDA margin

	Solar Energy Business *RMB million*	PCB Business *RMB million*
For the six months ended 30 June 2016:		
Segment profit after income tax	261	20
Finance costs	373	6
Depreciation	214	91
Income tax expenses	–	33
Other income which maybe non-recurring	(28)	–
Adjusted EBITDA	820	150
Adjusted EBITDA margin	88.3%	20.2%
For the six months ended 30 June 2015:		
Segment profit after income tax	114	9
Finance costs	70	7
Depreciation	70	55
Income tax expenses	3	19
Bargain purchase on business combination	(22)	–
Adjusted EBITDA	235	90
Adjusted EBITDA margin	84.2%	14.6%

As a result of continued growth of Solar Energy Business, the segment can enjoy economies of scale, thereby lowering the average costs per unit of power generated. Thus, the adjusted EBITDA margin for Solar Energy Business increased from 84.2% for the six months ended 30 June 2015 to 88.3% for the six months ended 30 June 2016. For PCB Business, product mix was changed to focus on high-value products, which raised the adjusted EBITDA margin of PCB business.

Finance Costs

	Six months ended 30 June	
	2016	2015
	RMB million	*RMB million*
Total borrowing costs	**567**	126
Less: Interest capitalised	**(188)**	(49)
	379	77

Finance costs amounting to RMB567 million for the six months ended 30 June 2016 represented an increase of 3.5 times compared with RMB126 million for the six months ended 30 June 2015. The increase in finance costs was mainly due to the significant increase in borrowing balance as a result of the expansion of the Solar Energy Business, which was capital intensive and high gearing in nature. The total indebtedness of the Group as at 30 June 2016 was approximately RMB17,874 million (approximately RMB13,694 million as at 31 December 2015).

Although the total finance costs increased, the average borrowing interest rate was gradually decreasing. The decrease is mainly due to the drop in the benchmark lending rate of the People's Bank of China for variable-rate borrowing and the drawn down of long term project loans and more low cost financing, such as finance leases, which charged lower interest rates than high cost short-term bridge financing such as sector funds.

Income tax expense

Income tax expense for the six months ended 30 June 2016 was RMB33 million as compared to RMB22 million for the six months ended 30 June 2015. The increase is mainly attributable to the increase in income tax expenses for PCB business in line with better financial performance during the period. PCB Business is subject to the PRC corporate income tax rate of 25% for both periods. Solar Energy Business only incurred immaterial income tax expenses because our solar power plants are exempted from the PRC income tax for three years starting from the first year when the solar power plants operate and generate taxable income, followed by 50% reduction for the three years thereafter.

Profit for the period and net profit margin

Profit for the period amounted to RMB171 million for the six months ended 30 June 2016 as compared to RMB71 million for the same period last year. Net profit margin for the six months ended 30 June 2016 was 10.2% as compared to 7.9% of the same period last year. The rise in net profit margin was mainly attributable to increased contribution from the Solar Energy Business that generated higher net profit margin of 28.1% (Six months ended 30 June 2015: 41.0%), as compared to 2.7% (Six months ended 30 June 2015: 1.5%) for PCB Business.

During the six months ended 30 June 2016 and 30 June 2015, there were non-recurring items for Solar Energy Business. Excluding such non-recurring items, the decrease in net profit margin for Solar Energy Business from 33.0% for the six months ended 2015 to 25.1% for the six months ended 2016, as set forth in the table below, was mainly due to higher finance costs generated from increased gearing ratio for the segment and increased indebtedness.

Solar Energy Business	**Six months ended 30 June**	
	2016	2015
	RMB million	*RMB million*
Net profit after tax	**261**	114
Other non-recurring income	**(28)**	–
Bargain purchases on business combination	**–**	(22)
	233	92
Net profit margin after adjusting non-recurring items	**25.1%**	33.0%

Profit attributable to owners of the company

The Group recorded a profit attributable to owners of the Company of RMB167 million for the six months ended 30 June 2016 as compared to the profit attributable to owners of the Company of RMB71 million for the six months ended 30 June 2015.

Dividend

The Board does not recommend the payment of a dividend for the six months ended 30 June 2016 (Six months ended 30 June 2015: Nil).

Property, plant and equipment

Property, plant and equipment increased significantly from RMB14,194 million as at 31 December 2015 to RMB20,108 million as at 30 June 2016. This is mainly attributable to the increase in solar power plant assets because during the six months ended 30 June 2016, the aggregated installed capacity increased from 1,640MW as at 31 December 2015 to 2,735MW as at 30 June 2016.

Deposits, prepayment and other non-current assets

Non-current portion for deposits, prepayments and other non-current assets increased from RMB2,355 million as of 31 December 2015 to RMB3,247 million as of 30 June 2016. The increase was mainly attributable to the increase in deposits for EPC contracts of RMB244 million and increase in non-current tariff adjustment receivables of RMB482 million. As at 30 June 2016, the tariff adjustment receivables amounted to RMB1,181 million (31 December 2015: RMB457 million). The current portion and non-current portion of tariff adjustment receivables are RMB523 million (31 December 2015: RMB281 million) and RMB658 million (31 December 2015: RMB176 million), respectively. Please refer to trade and other receivables for current portion of tariff adjustment receivables.

Trade and other receivables

Trade and other receivables decreased from RMB3,151 million as of 31 December 2015 to RMB2,808 million as of 30 June 2016. The decrease was mainly due to the combined effect of decrease in receivables for modules procurement of RMB253 million, decrease in bills receivables of RMB643 million and increase in current trade receivables of RMB465 million, which included increase in tariff adjustment receivables of RMB242 million.

Trade and other payables

Trade and other payables increased from RMB7,100 million as of 31 December 2015 to RMB9,101 million as of 30 June 2016. The amount mainly comprised payables to EPC contractors and modules suppliers for purchase of plant and machinery and construction of solar power plants. As a significant amount of solar power plant projects was developed during the period, other payables related to purchase of plant and machinery and construction of solar power plants have increased from RMB4,095 million as of 31 December 2015 to RMB6,509 million as of 30 June 2016.

Liquidity and financial resources

The Group adopts a prudent treasury management policy to maintain sufficient working capital to cope with daily operations and meet our future development demands for capital. The funding for all its operations has been centrally reviewed and monitored at the Group level. The indebtedness of the Group mainly comprises bank and other borrowings, obligations under finance leases and loans from fellow subsidiaries, bonds payable, convertible bonds and loan from a shareholder.

	Six months ended 30 June	
	2016	2015
	RMB million	*RMB million*
Net cash used in operating activities	**(345)**	(406)
Net cash used in investing activities	**(4,049)**	(1,936)
Net cash generated from financing activities	**5,389**	3,429

For the six months ended 30 June 2016, the Group's main sources of funding were cash generated from financing activities through newly raised bank and other borrowings of RMB5,007 million and the Rights Issue of RMB1,941 million.

The net cash used in operating activities during the six months ended 30 June 2016 was RMB345 million which was mainly attributable to the repayment of payables for modules procurement.

The net cash used in investing activities during the six months ended 30 June 2016 primarily arose from payments and deposit paid for the acquisition and development of solar power plant projects.

Indebtedness and gearing ratio

Solar Energy Business is a capital intensive industry. The business required substantial capital investments for developing and constructing solar power plants. Thus, the average gearing ratio for the solar energy industry is relatively high. The Group normally funds the capital expenditure for building solar power plants by short-term bridge financing and equity, whereas most of the long term bank loans from domestic banks are only available for repayment of high-cost bridging finance after the completion of construction. Once the construction of solar power plants is completed and connected to the grid, the plants will generate steady cashflow to the Group. In view of this relatively low risk characteristics of solar power plants, domestic banks generally provide long-term bank loans of 10-15 years at relatively low interest rates, and finance 70%-80% of the total capital expenditures after its completion. Thus, the average gearing ratio for the solar energy industry is relatively high.

Because of the nature of the solar energy industry in the PRC, the Group was in net current liabilities position of approximately RMB8,694 million as at 30 June 2016. The Group successfully raised net proceeds of approximately RMB1,941 million by Rights Issue of shares in February 2016. In July 2016, one of the Group's subsidiaries proposed to apply to the Shanghai Stock Exchange for the issuance of non-public corporate bonds to qualifying investors in the maximum principal amount of RMB2,000 million for a term of up to 3 years to supplement our working capital. The issuance of such bonds is subject to review and approval by the Shanghai Stock Exchange. Also, the Group is considering different long-term financing strategy such as asset-back securitisation and introduction of equity investors on solar power plants level to address our net current liabilities position of the Group.

The Group monitors capital on the basis of two gearing ratios. The first ratio is calculated as net debts divided by total equity attributable to the owner of the Company and the second ratio is calculated as total liabilities divided by total assets. The gearing ratio as at 30 June 2016 and 31 December 2015 were as follows:

	30 June 2016 *RMB million*	31 December 2015 *RMB million*
Non-current indebtedness		
Loan from a shareholder	**17**	–
Bank and other borrowings	**9,763**	7,393
Obligations under finance leases	**29**	47
Convertible bonds	**749**	733
	10,558	8,173
Current indebtedness		
Loan from a shareholder	**–**	17
Loans from fellow subsidiaries	**946**	629
Bank and other borrowings	**6,089**	4,467
Obligations under finance leases	**42**	48
Bonds payable	**239**	360
	7,316	5,521
Total indebtedness	**17,874**	13,694
Less: bank balances and cash	**(2,939)**	(1,965)
Net debts	**14,935**	11,729
Total equity attributable to the owners of the Company	**4,577**	2,441
Net debts to total equity attributable to the owners of the Company	**326.3%**	480.5%
Total liabilities	**27,131**	21,060
Total assets	**31,753**	23,502
Total liabilities to total assets	**85.4%**	89.6%

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

	30 June 2016 *RMB million*	31 December 2015 *RMB million*
Total banking and other facilities granted	**18,681**	12,933
Facilities utilised	**(15,851)**	(11,860)
Available facilities	**2,830**	1,073

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

	30 June 2016 *RMB million*	31 December 2015 *RMB million*
Renminbi ("RMB")	**17,057**	12,924
Hong Kong dollars ("HK$")	**766**	759
United States dollars ("US$")	**51**	11
	17,874	13,694

Use of Proceeds

The Company conducted below fund raising activities during the six months ended 30 June 2016:

Date of announcement/ prospectus	**Events**	**Net proceeds and intended use**	**Actual use of proceeds**
6 January 2016 and 2 February 2016	Rights Issue of 5,201,922,393 right shares at HK$0.45 per right shares.	The net proceeds of approximately RMB1,941 million (equivalent to approximately HK$2,317 million) were intended to be applied as follows: (i) approximately RMB1,014 million (equivalent to approximately HK$1,210 million) for project developments; (ii) approximately RMB754 million (equivalent to approximately HK$900) million for reducing its indebtedness; and (iii) approximately RMB173 million (equivalent to approximately HK$207 million) for its general working capital.	Approximately RMB1,014 million was used for project developments; approximately RMB754 million was used for reducing indebtedness; and approximately RMB36 million was used for general working capital.

Foreign Currency Risk

For Solar Energy Business, as most operations are located in the PRC, majority of its revenue, cost of sales, operating expenses, assets and liabilities are denominated in RMB and the currency risk is considered low. The currency risk mainly arises from remaining insignificant overseas operation. The appreciation or depreciation of the foreign currencies against RMB will benefit or adversely affect the results of the Group.

As for the PCB Business, most of the revenue are denominated in USD and RMB, while most of the cost of sales and operating expenses are denominated in RMB. In addition, assets are mainly denominated in USD, so the Group considered that the RMB devaluation benefits this business segment. During the period ended 30 June 2016, PCB Business recorded an exchange gain of RMB7 million.

For the six months ended 30 June 2016, the Group did not purchase any foreign currency derivatives or related hedging instruments. However, management will closely monitor the foreign exchange risk profile and will consider hedging significant foreign currency exposure should the need arises.

Pledge of Assets

As at 30 June 2016, the following assets were pledged for bank and other facilities of RMB18,681 million (31 December 2015: RMB12,933 million) granted to the Group:

– property, plant and equipment of RMB9,629 million (31 December 2015: RMB6,348 million);

– prepaid lease payments of RMB6 million (31 December 2015: RMB6 million);

– bank and other deposits of RMB1,350 million (31 December 2015: RMB952 million); and

– rights to collect the sales of electricity for certain subsidiaries. As at 30 June 2016, the trade receivables of those subsidiaries amounted to RMB924 million (31 December 2015: RMB144 million).

At 30 June 2016, the Group's property, plant and equipment with a net book amount of RMB120 million (31 December 2015: RMB146 million) were pledged as security for obligations under finance leases of the Group amounting to RMB71 million (31 December 2015: RMB95 million).

Contingent Liabilities

The Group did not have any other significant contingent liabilities as at 30 June 2016.

Capital Commitments

As at 30 June 2016, the Group's capital commitments in respect of construction commitments related to solar power plants, purchase of machinery and leasehold improvements, capital commitment to a joint venture and commitment to acquire solar power plants contracted for but not provided amounted to approximately RMB8,802 million, RMB27 million, RMB36 million and RMB13 million, respectively (31 December 2015: RMB4,847 million, RMB16 million, RMB36 million and nil, respectively).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

For the period ended 30 June 2016, the Group acquired three subsidiaries at a total consideration of RMB10 million. The three subsidiaries are 常州中暉光伏科技有限公司(“Changzhou Zhonghui”), 高唐縣協鑫晶輝光伏有限公司(“Gaotang”) and 上高縣利豐新能源有限公司(“Lifeng”). At the date of acquisition, the three subsidiaries owned solar power plant projects of 50MW, 30MW and 20MW, respectively, which were connected to the grid.

Save as disclosed above, there were no other significant investments during the six months ended 30 June 2016, or plans for material investments as at the date of this announcement, nor were there other material acquisitions and disposals of subsidiaries during the six months ended 30 June 2016.

Employee and Remuneration Policies

We consider our employees to be our most important resource. As at 30 June 2016, the Group had 6,425 employees (31 December 2015: 5,795) in Hong Kong, the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees.

Events after the six months ended 30 June 2016

On 18 July 2016, one of the Group’s subsidiaries, Suzhou GCL New Energy Investment Company Limited (the “Issuer”) proposes to apply to the Shanghai Stock Exchange for the issuance of non-public corporate bonds to qualifying investors in the maximum principal amount of RMB2,000 million. The bonds shall have a term of up to 3 years with a fixed interest rate to be determined by the Issuer and the underwriter in accordance with the relevant PRC regulations. As of the date of this announcement, the issuance of the bonds is subject to the satisfaction of certain conditions precedent, including all necessary approvals and consents for the issuance of the bonds under PRC laws.

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 six months ended 30 June 2016.

CORPORATE GOVERNANCE PRACTICES

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2016, the Company complied with all the code provisions set out in the Appendix 14 Corporate Governance Code and Corporate Governance Report of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

COMPLIANCE WITH MODEL CODE

The Board adopted its own model code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Having made specific enquiry, all Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2016.

AUDIT COMMITTEE

The Audit Committee has reviewed, with the management of the Group, the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters including the review of the interim report for the six months ended 30 June 2016.

AUDITOR

The Company's external auditor, Deloitte Touche Tohmatsu, has conducted a review of the Interim Financial Information of the Group for the six months ended 30 June 2016 in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

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

The following is an extract of the independent auditor's report on review of the Group's interim financial information for the six months period ended 30 June 2016 which has included an emphasis of matter, but without qualification:

Conclusion

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

Emphasis of matter

Without qualifying our conclusion, we draw attention to note 1A to the unaudited condensed interim consolidated financial statements which indicates that the Group's current liabilities exceeded its current assets by approximately RMB8,694 million as at 30 June 2016. In addition, as at 30 June 2016, the Group has entered into agreements to acquire and construct solar power plant sites and other assets which will involve total capital commitments of approximately RMB8,878 million. The directors have performed an assessment of the Group's future liquidity and cash flows which included a review of assumptions about the likelihood of success of the measures being implemented to ensure the Group's financing needs. These assumptions are described in more detail in note 1A to the unaudited condensed interim consolidated financial statements. Based on this assessment, the directors are satisfied that the Group would have sufficient working capital to finance its operations and to settle its financial obligations as and when they fall due for the foreseeable future. However, these conditions, along with the matters as described in more detail in note 1A to the unaudited condensed interim consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

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

Hong Kong, 23 August 2016

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