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

(Incorporated in Bermuda with limited liability)

(Stock code: 451)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

	2019	2018
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Revenue	**6,052**	5,632
EBITDA*	**5,399**	4,546
Profit for the year	**605**	749
	RMB cents	*RMB cents*
	(Unaudited)	(Audited)
Earnings per share		
From continuing operations		
– Basic	**1.54**	2.46
– Diluted	**1.54**	2.42

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

CHAIRMAN'S STATEMENT

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

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

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

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

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

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

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

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

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

In order to seize the enormous opportunities arise in the future solar market, GCL New Energy has adopted strategically transformation since 2018 by striving to introduce strategic investors and dispose of assets. During the year, we completed asset disposal of approximately 1.6GW in total and will recover a total cash of approximately RMB2.65

billion in total. Meanwhile, the Group confirmed the cooperation model with China Huaneng Group Co., Ltd. ("China Huaneng Group"). On 21 January 2020, the Group announced entering into the First Phase Share Purchase Agreements with China Huaneng, and intended to further explore other cooperation opportunities and actively facilitate the disposal of other batches of assets after the transaction. These measures not only alleviated the Group's cash flow pressures, but also signified a great stride forward towards GCL New Energy's asset light operation in the future.

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

Zhu Yufeng
Chairman

PRESIDENT’S MESSAGE

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

For the year ended 31 December 2019 (the “Year”), after deducting the disposed assets, the total installed capacity of the Group was approximately 7,145MW, of which approximately 5,710MW was from subsidiaries and approximately 1,435MW was from joint ventures and associates. Its grid connected capacity was approximately 7,059MW, of which approximately 5,624MW was from subsidiaries and approximately 1,435MW was from joint ventures and associates. The sales volume of solar electricity was approximately 8,762 million kWh, representing an increase of approximately 12% as compared to last year. During the Year, the Group recorded an increase of approximately 7% and a decrease of approximately 37% respectively in revenue and profit attributable to owners of the Company to approximately RMB6.05 billion and approximately RMB295 million, respectively.

Facilitating the development of off-balance sheet business

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

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

In addition, on 23 May 2019, the Group announced the disposal of 70% equity interest in certain of its subsidiaries that own 19 solar power plants in China with an aggregate installed capacity of approximately 977MW and the related shareholder’s loan to Shanghai Rongyao New Energy Co., Ltd.* (上海榕耀新能源有限公司). The total cash consideration of the transactions was approximately RMB1.44 billion, together with the recoverable dividends of approximately RMB322 million, the net cash proceeds from the transactions (net of estimated taxes and transaction costs) amount to a total of approximately RMB1.76 billion, thereby reduced the scale of project-related debts by approximately RMB6.0 billion.

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

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

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

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

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

Expanding financing channels to guarantee cash flow

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

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

Prospects

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

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

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

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

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

Mo Jicai
President

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

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

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

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

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

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

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

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

Business Review

Capacity and Electricity Generation

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

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

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

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

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

(3) Certain portion of the tariff adjustment (government subsidies) will be recovered after twelve months from the reporting date. The tariff adjustment is discounted at an effective interest rate ranging from 2.55% to 3.01% per annum.

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

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

Financial Review

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

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

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

Revenue

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

In terms of revenue generated by tariff zone from the PRC for the year ended 31 December 2019, approximately 15%, 31% and 54% of revenue were generated from zone 1, zone 2 and zone 3 respectively (2018: 16% for zone 1, 29% for zone 2 and 55% for zone 3). In line with our prevailing strategy, the Group focused more on developing solar power plants in well-developed areas with strong domestic power demand (i.e. zone 2 and zone 3) to minimize the grid curtailment risk in zone 1 area.

Gross Profit

The Group's gross margin for the year ended 31 December 2019 was 65.3%, as compared to 66.5% for the year ended 31 December 2018. The cost of sales mainly consisted of depreciation, which accounted for 80.6% (2018: 79.2%) of cost of sales, with the remaining costs being operation and maintenance costs of solar power plants.

Other Income

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

Administrative Expenses

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

Other gains and losses, net

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

Share of profits/(losses) of associates

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

Share of profits of joint ventures

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

Bargain purchase from business combination

During the year ended 31 December 2019, the Group recognised a bargain purchase from business combination of RMB74 million (2018: Nil) as the consideration paid by the Group was less than the fair value of the solar power plants acquired. The fair value was assessed by an independent professional valuer using estimated discounted cash flows generated by the solar power plant.

Finance Costs

	For the year ended	
	31 December 2019	31 December 2018
	RMB million	*RMB million*
Total borrowing costs	**2,923**	2,435
Less: Interest expenses capitalized	**(41)**	(158)
	2,882	2,277

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

Income Tax Expenses

Income tax expenses for the year ended 31 December 2019 was RMB178 million (2018: RMB7 million). There is an increase in income tax expenses mainly because (1) some of the solar power plants had passed the three year's exemption period for PRC income tax. Most of our solar power plants are exempted from PRC income tax for three years starting from the first year when the solar power plants operate and generate taxable income, followed by 50% reduction for the next three years; and (2) dividends withholding tax of RMB49 million (2018: Nil) was provided during the year ended 31 December 2019.

Profit attributable to Owners of Perpetual Notes

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

Profit attributable to Other Non-controlling Interests

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

Earnings before interest expense, tax, depreciation and amortisation

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

Dividend

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

Property, Plant and Equipment

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

Right-of-use Assets

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

Deposits, Prepayment and Other Non-current Assets

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

Contract assets

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

Contract assets increased from RMB4,236 million as at 31 December 2018 to RMB5,640 million as at 31 December 2019, because some solar power plants were waiting for registration into the coming batches of Subsidy Catalogue.

Trade and Other Receivables

As at 31 December 2019, trade and other receivables of RMB6,052 million (31 December 2018: RMB4,930 million) mainly included trade and bills receivables of RMB4,143 million (31 December 2018: RMB2,981 million), refundable value-added tax of RMB741 million (31 December 2018: RMB1,194 million) and consideration receivable from disposal of subsidiaries of RMB277 million (31 December 2018: RMB16 million).

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

Tariff receivables (i.e. government subsidies)	**Batch of subsidies**	**Installed Capacity as at 31 December 2019**	**31 December 2019**	31 December 2018
		(MW)	***RMB million***	*RMB million*
— Current	6th batch or before	431	**744**	679
— Current	7th batch	971	**1,697**	1,772
— Current	Poverty alleviation project	300	**155**	93
Sub-total		1,702	**2,596**	2,544
— Non-current contract asset	To be registered for the 8th batch or after	3,874	**5,640**	4,236
Total		5,576	**8,236**	6,780

Other Payables and Deferred Income

Other payables and deferred income decreased from RMB10,134 million as of 31 December 2018 to RMB5,968 million as of 31 December 2019. Other payables and deferred income mainly consisted of payables for purchase of plant and machinery and construction of RMB4,540 million (31 December 2018: RMB8,755 million).

Liquidity and Financial Resources

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

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

Indebtedness and gearing ratio

Solar Energy Business is a capital intensive industry. The business requires substantial capital investments for developing and constructing solar power plants. Thus, the average gearing ratio for the solar energy industry is relatively high. The Group normally gets long term bank loans or long term finance leases after grid connection.

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

As at 31 December 2019, GCL-Poly, being the guarantor of certain bank borrowings of the Group, was not able to meet restrictive financial covenants of a borrowing, which led to an event of default for such borrowing. This in turn triggered cross default of certain of the Group's bank borrowings as set out in the respective loan agreements between the Company and several banks. Accordingly, bank borrowings amounting to RMB1,597 million is reclassified from non-current liabilities to current liabilities as of 31 December 2019. As at the date of approval of these unaudited consolidated financial statements, application for waiver for the non-compliance of the covenant as stated in the relevant bank loan agreement is in process by the banks.

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

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

	31 December 2019	31 December 2018
	RMB million	*RMB million*
Non-current indebtedness		
Loan from related companies	**918**	2,186
Bank and other borrowings	**19,410**	24,340
Bonds and senior notes	**3,471**	3,935
Lease liabilities	**1,095**	–
	24,894	30,461
Current indebtedness		
Loans from related companies	**646**	1,031
Bank and other borrowings	**12,616**	8,323
Bonds	**272**	–
Lease liabilities	**66**	–
	13,600	9,354
Indebtedness for solar power plants projects classified as held for sale		
Bank and borrowings — due within one year	**—**	36
Bank and borrowings — due after one year	**—**	837
	—	873
Total indebtedness	**38,494**	40,688
Less: cash and cash equivalents		
— continuing operations	**(1,073)**	(1,362)
— projects classified as held for sale	**—**	(45)
Pledged bank and other deposits		
— continuing operations	**(1,701)**	(2,031)
Pledged deposits at a related company	**(8)**	(18)
Net debts	**35,712**	37,232
Total equity	**9,970**	9,702
Net debts to total equity	**358%**	384%
Total liabilities	**45,539**	51,478
Total assets	**55,509**	61,180
Total liabilities to total assets	**82.0%**	84.1%

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

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

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

	31 December 2019 RMB million	31 December 2018 RMB million
Renminbi ("RMB")	**32,980**	34,485
Hong Kong dollars ("HK$")	**197**	465
United States dollars ("US$")	**5,221**	5,562
Euro dollars ("Euro")	**96**	111
Japanese Yen ("JPY")	**—**	65
	38,494	40,688

Fund raising activities

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

Pledge of Assets

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

— property, plant and equipment of RMB21,041 million (31 December 2018: RMB28,529 million);

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

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

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

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

Contingent Liabilities

The Group did not have any other significant contingent liabilities as at 31 December 2019.

Capital and Other Commitments

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

Material acquisitions

For the year ended 31 December 2019, the Group acquired two subsidiaries, which are engaged in solar power plant business in the PRC of approximately 135MW at a total consideration of approximately RMB264 million. The construction of the solar power plant projects has been completed as at the date of acquisitions. Thus, the acquisitions are classified as business combination.

Material disposals

On 24 October 2018, Suzhou GCL New Energy entered into share transfer agreements with CGN Solar Energy Development Co., Ltd* (中廣核太陽能開發有限公司), an independent third party, to sell 80% equity interests in Linzhou Xinchuang* (林州市新創太陽能有限公司). Besides, on 30 December 2018, the Group entered into share transfer agreements with China Three Gorges New Energy Company Limited* (中國三峽新能源有限公司), an independent third party, to sell 100% equity interest of several wholly-owned subsidiaries. During the year ended 31 December 2019, disposal of the above subsidiaries are completed.

On 28 March 2019, the Group announced that it has entered into share transfer agreements with 五凌電力有限公司 ("Wuling Power Corporation Ltd."*), a subsidiary of China Power Investment Corporation, for the disposal of 55% equity interest in 汝州協鑫光伏電力有限公司 (Ruzhou GCL Photovoltaic Power Co. Ltd.*) ("Ruzhou"), 江陵縣協鑫光伏電力有限公司 (Jiangling Xian GCL Solar Power Co., Ltd*) ("Jiangling") and 新安縣協鑫光伏電力有限公司 (Xinan Xian GCL Solar Power Co., Ltd*) ("Xinan") for a consideration of approximately RMB328 million in aggregate. Ruzhou, Jiangling and Xinan operates a number of solar power plants with a capacity of approximately 280MW in the PRC. The disposals were completed during the year ended 31 December 2019.

* *English name for identification only*

On 3 May 2019 the Group announced that it has entered into share transfer agreements with 上海榕耀新能源有限公司 Shanghai Rongyao New Energy Co., Ltd* ("Shanghai Rongyao"), an independent third party, for the disposal of 70% equity interest in a number of subsidiaries of the Group of which these subsidiaries own operational solar power plants in the PRC with an aggregate installed capacity of approximately 977MW. The disposal were completed during the year ended 31 December 2019.

Save as disclosed above, there were no other significant investments during the year ended 31 December 2019, or plans for material investments as at the date of this announcement, nor were there other material acquisitions and disposals of subsidiaries during the year ended 31 December 2019.

Events After the Reporting Period

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

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

RISK FACTORS AND RISK MANAGEMENT

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

1. Policy risk

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

2. Grid curtailment risk

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

3. Risk associated with tariff

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

4. Risk related to high gearing ratio

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

5. **Risk related to interest rate**

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

6. **Foreign currency risk**

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

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

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

EMPLOYEE AND REMUNERATION POLICIES

We consider our employees to be our most important resource. As at 31 December 2019, the Group had approximately 1,460 employees (31 December 2018: 1,830 employees) in the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees. Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) for the year ended 31 December 2019 was approximately RMB397 million (31 December 2018: RMB391 million).

The board (the "Board") of directors (the "Directors") of GCL New Energy Holdings Limited (the "Company" or "GCL New Energy") announces the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2019 (the "Reporting Period"), with comparative figures for the corresponding period in the previous year (the "Prior Reporting Period") as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

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

	NOTE	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Profit for the year attributable to:			
Owners of the Company		**294,688**	469,680
Non-controlling interests			
— owners of perpetual notes		**162,000**	135,029
— other non-controlling interests		**148,065**	144,645
		604,753	749,354
Total comprehensive income for the year attributable to:			
Owners of the Company		**311,377**	515,855
Non-controlling interests			
— Owners of perpetual notes		**162,000**	135,029
— Other non-controlling interests		**148,065**	144,645
		621,442	795,529
		RMB cents (Unaudited)	RMB cents (Audited)
Earnings per share	9		
— Basic		**1.54**	2.46
— Diluted		**1.54**	2.42

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	NOTES	**As at 31 December 2019** ***RMB'000*** **(Unaudited)**	As at 31 December 2018 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**35,400,109**	42,970,249
Right-of-use assets		**1,513,943**	—
Prepaid lease payments		**—**	112,041
Interests in associates		**1,013,284**	36,805
Interests in joint ventures		**3,628**	66,079
Amounts due from related companies		**96,951**	45,146
Other investments		**100,000**	100,000
Deposits, prepayments and other non-current assets		**1,773,126**	3,334,001
Contract assets		**5,639,898**	4,236,405
Pledged bank and other deposits		**877,996**	751,858
Deferred tax assets		**162,807**	194,087
		46,581,742	51,846,671
CURRENT ASSETS			
Trade and other receivables	*10*	**6,051,889**	4,930,458
Other loan receivables		**14,250**	20,250
Amounts due from related companies		**959,302**	342,328
Prepaid lease payments		**—**	2,221
Tax recoverable		**5,284**	8,521
Pledged bank and other deposits		**823,279**	1,279,425
Bank balances and cash		**1,073,451**	1,361,978
		8,927,455	7,945,181
Assets classified as held for sale		**—**	1,388,009
		8,927,455	9,333,190
CURRENT LIABILITIES			
Other payables and deferred income		**5,968,129**	10,134,246
Amounts due to related companies		**593,474**	139,460
Tax payable		**32,925**	11,632
Loans from related companies	*11*	**646,111**	1,030,590
Bank and other borrowings	*12*	**12,615,879**	8,323,115
Bonds and senior notes	*13*	**271,742**	—
Lease liabilities		**66,122**	—
		20,194,382	19,639,043
Liabilities directly associated with assets classified as held for sale		**—**	935,463
		20,194,382	20,574,506
NET CURRENT LIABILITIES		**(11,266,927)**	(11,241,316)
TOTAL ASSETS LESS CURRENT LIABILITIES		**35,314,815**	40,605,355

	NOTES	As at 31 December 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Loans from related companies	*11*	**918,073**	2,186,433
Bank and other borrowings	*12*	**19,410,173**	24,340,160
Bonds and senior notes	*13*	**3,470,542**	3,934,397
Lease liabilities		**1,095,460**	—
Deferred income		**387,531**	394,011
Deferred tax liabilities		**63,393**	48,814
		25,345,172	30,903,815
NET ASSETS		**9,969,643**	9,701,540
CAPITAL AND RESERVES			
Share capital		**66,674**	66,674
Reserves		**6,379,912**	6,068,524
Equity attributable to owners of the Company		**6,446,586**	6,135,198
Equity attributable to non-controlling interests			
— owners of perpetual notes		**2,163,114**	2,001,114
— other non-controlling interests		**1,359,943**	1,565,228
TOTAL EQUITY		**9,969,643**	9,701,540

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

As at 31 December 2019, the Group's current liabilities exceeded its current assets by approximately RMB11,267 million. In addition, as at 31 December 2019, the Group has entered into agreements to construct solar power plants which will involve capital commitments of RMB377 million and to make annual contribution in aggregate of approximately RMB68 million to the local anti-poverty fund for those operating solar plants. In the event that the Group is successful in expanding the investments in the existing solar power plants in the coming twelve months from 31 December 2019, additional cash outflows will be required to settle further committed capital expenditure.

As at 31 December 2019, the Group's total borrowings comprising bank and other borrowings, bonds and senior notes, loans from related companies and lease liabilities amounted to approximately RMB38,494 million. The balance of approximately RMB13,600 million will be due in the coming twelve months from the end of the reporting period, including bank borrowings of approximately RMB1,597 million, which shall be due after twelve months from the end of reporting period in accordance with the scheduled repayment dates as set out in the respective loan agreements but are reclassified to current liabilities as a result of the inability to respect a loan covenant by GCL-Poly, the guarantor of certain bank borrowings and thereby triggered the cross default of certain bank borrowings of the Group; accordingly, these bank borrowings became repayable on demand as at 31 December 2019. On discovery of the breach, the Directors of GCL-Poly informed the lenders and commenced renegotiation of the terms of the bank borrowing with the relevant bankers for waiver on strict compliance on the financial ratio concerned. As at the date of approval of these unaudited consolidated financial statements, such application for waiver for the non-compliance of the covenant as stated in the relevant bank loan agreement is in process by the banks. Due to the coronavirus pandemic, the approval process of one of the lenders located in Europe was delayed. As a result, as at the date of approval of these unaudited consolidated financial statements, such bank borrowing is repayable on demand. Notwithstanding this, reclassification of long-term borrowings of approximately RMB1,597 million as current liabilities is required at 31 December 2019 under applicable accounting standard because the bank waiver was yet to be obtained at the end of the reporting period. As a result, in the Group's unaudited consolidated statement of financial position as at 31 December 2019, net current liabilities of approximately

RMB11,267 million, rather than net current liabilities of approximately RMB9,670 million, were recorded. Up to the date of approval of these unaudited consolidated financial statements, GCL-Poly has not been rejected on the application for waiver for the non-compliance of the covenant nor received any written notice from the banks demanding for immediate repayment of the entire borrowing. The banks have frequent communications with GCL-Poly and also show the positive support on GCL-Poly. Therefore, the Directors do not expect to receive any request from the banks for demand for immediate repayment for the entire borrowings which had a cross default clause.

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

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company (the "Directors") have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2019. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures and contribution to anti-poverty fund, that will be due in the coming twelve months from 31 December 2019, and the on-going covenants compliance upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

(i) Subsequent to 31 December 2019, the Group successfully obtained new borrowings of approximately RMB550 million from banks and other financial institutions in the PRC;

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

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

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

On 21 January 2020, the Group entered into a series of six share purchase agreements with 華能工融一號(天津)股權投資基金合夥企業(有限合夥) Huaneng Gongrong No. 1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("Hua Neng No. 1 Fund") and 華能工融二號(天津)股權投資基金合夥企業(有限合夥) Huaneng Gongrong No. 2 (Tianjin)

* *English name for identification only*

Equity Investment Fund Partnership (Limited Partnership)* ("Hua Neng No. 2 Fund"), pursuant to which the Group agreed to sell 60% and 40% of the equity interest in six wholly-owned subsidiaries of the Group to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, respectively, of which these subsidiaries own 7 solar power plants in the PRC with aggregate installed capacity of approximately 294MW, for a consideration in aggregate of RMB850,500,000 (the "Disposal"). Pursuant to the Listing Rules (as defined in note 4), this transaction is considered as a major transaction of the Company, and it is subject to the approval by the shareholders of the Company in the special general meeting as well as the shareholders of ultimate holding company, GCL-Poly, in an extraordinary general meeting. Further details of the Disposal are set out in the announcement of the Company published on 21 January 2020.

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

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

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

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

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

Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the plans and measures described in (ii) to (iv) above, and GCL-Poly's on-going compliance with its borrowing covenants. The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of approval of these consolidated financial statements for issuance is dependent on the Group's ability to generate adequate financing and operating cash flows through successful renewal of its bank borrowings upon expiry, compliance with the covenants under the borrowing agreements or obtaining waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements, successful securing of the financing from banks with repayment terms beyond twelve months from the date of approval of these consolidated financial statements for issuance, and other short-term or long-term financing and equity issuance; successful transformation to light-asset model; and the completion of the Disposal and the Framework Disposal in relation to other solar power plant assets, for cash proceeds and elimination of the related borrowings as scheduled.

* *English name for identification only*

Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

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

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

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

* *English name for identification only*

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

For those tariff adjustments that are subject to approval for registration in the Catalogue by the PRC government at the end of the reporting period, the relevant revenue from these tariff adjustments are considered variable consideration, and are recognised only to the extent that it is highly probable that a significant reversal will not occur and are included in contract assets. Management assessed that all of the Group's operating power plants have qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants. The contract asset is transferred to trade receivables upon the relevant power plant obtained the approval for registration in the Catalogue for the years ended 31 December 2018 and 2019, or when the relevant power plant is enlisted in the List since the release of the 2020 Measures.

Since certain of the tariff adjustments were yet to obtain approval for registration in the Catalogue by the PRC government at the end of the reporting period, the management considered that it contained a significant financing component over the relevant portion of tariff adjustment until approval was obtained. For the year ended 31 December 2019, the respective tariff adjustment was adjusted for this financing component based on an effective interest rate ranged from 2.55% to 3.01% per annum (2018: 2.50% to 2.75% per annum) and the adjustment in relation to revision of expected timing of tariff collection. As such, the Group's revenue was adjusted by approximately RMB151 million (2018: RMB152 million) and interest income amounting to approximately RMB118 million (2018: RMB111 million) (note 4) was recognised.

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

Geographical information

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

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

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

Note: Non-current assets excluded those relating to financial instruments (including pledged bank and other deposit, other investment and loans to joint ventures) and deferred tax assets.

Information about major customers

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

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

4. OTHER INCOME

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

Notes:

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

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

5. FINANCE COSTS

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

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

6. INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
PRC Enterprise Income Tax ("EIT"):		
Current tax	**131,140**	55,908
Over-provision in prior year	**(7,793)**	—
Deferred tax	**4,722**	(49,392)
PRC dividend withholding tax	**49,494**	—
	177,563	6,516

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

Certain subsidiaries of the Group, being enterprises engaged in solar photovoltaic projects, under the 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 year ended 31 December 2019, certain subsidiaries of the Company engaged in solar photovoltaic projects had their first year of the 3-year 50% exemption period.

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

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

7. PROFIT FOR THE YEAR

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

8. DIVIDENDS

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

9. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

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

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

10. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**3,049,935**	2,981,150
Non-trade receivables related to discounted bills	**1,092,971**	—
Prepayments and deposits	**90,103**	253,795
Other receivables		
— Advance to Borrowers	**13,530**	16,932
— Consultancy service fee receivables	**11,762**	14,527
— Consideration receivable from disposal of subsidiaries	**277,116**	16,141
— Advance to non-controlling interest shareholder	**21,546**	59,740
— Interest receivables	**—**	958
— Receivables for modules procurement	**287,044**	147,576
— Refundable value-added tax	**741,358**	1,194,357
— Others	**466,524**	245,282
	6,051,889	4,930,458

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

Trade receivables include bills received amounting to RMB232,493,000 (2018: RMB141,560,000) held by the Group for future settlement of trade receivables, of which certain bills issued by third parties are further endorsed by the Group with recourse for settlement of payables for purchase of plant and machinery and construction costs, or discounted to banks for cash. The Group continues to recognise their full carrying amount at the end of both reporting periods. All bills received by the Group are with a maturity period of less than 1 year.

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unbilled *(Note)*	**2,524,359**	2,454,010
0–90 days	**128,953**	177,369
91–180 days	**17,814**	95,101
Over 180 days	**146,316**	113,110
	2,817,442	2,839,590

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

The aged analysis of the unbilled trade receivables, which is based on revenue recognition date, are as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–90 days	**504,582**	346,782
91–180 days	**401,488**	635,985
181–365 days	**677,679**	873,117
Over 365 days	**940,610**	598,126
	2,524,359	2,454,010

As at 31 December 2019, included in these trade receivables are debtors with aggregate carrying amount of RMB204,532,000 (2018: RMB271,387,000) which are past due as at the end of the reporting date. These trade receivables relate to a number of customers represented the local grid companies in the PRC, for whom there is no recent history of default. The Group does not hold any collaterals over these balances.

Advance to Borrowers are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

11. LOANS FROM RELATED COMPANIES

	2019 *RMB'000* (Unaudited)	2018 *RMB'000* (Audited)
Loans from:		
— ultimate holding company *(Note a)*	—	754,952
— companies controlled by Mr. Zhu Yufeng and his family *(Note b)*	**1,173,643**	1,977,840
— an associate of ultimate holding company *(Note c)*	**390,541**	484,231
	1,564,184	3,217,023
Analysed as:		
Current	**646,111**	1,030,590
Non-current	**918,073**	2,186,433
	1,564,184	3,217,023

Notes:

(a) During the year ended 31 December 2018, the Group has obtained a loan from its ultimate holding company, GCL-Poly of US$110,000,000 (equivalent to RMB754,952,000). The loan is unsecured, interest bearing at 7.3% per annum and repayable on 18 February 2019. The amounts were fully repaid during the year ended 31 December 2019.

(b) During the year ended 31 December 2019, the Group obtained and renewed six (2018: three) loans from 協鑫集團有限公司 GCL Group Limited*, 南京鑫能陽光產業投資基金企業(有限合夥) Nanjing Xinneng Solar Property Investment Fund Enterprise (Limited Partnership)* ("Nanjing Xinneng"), 江蘇協鑫房地產有限公司 Jiangsu GCL Real Estate Co., Ltd.* ("Jiangsu GCL Real Estate") and 江蘇協鑫建設管理有限公司 Jiangsu GCL Construction Management Co., Ltd.* ("Jiangsu GCL Construction") in total amounted to RMB1,173,643,000 (2018: RMB1,977,840,000). These loans are unsecured, interest bearing at 8% per annum and repayable from 2020 through 2021. Approximately RMB597,243,000 (2018: nil) of the outstanding loans are repayable within twelve months from the end of the reporting period.

(c) As at 31 December 2019, loans from Xinxin, an associate of GCL-Poly amounted to approximately RMB390,541,000 (31 December 2018: RMB484,231,000) and out of which, balance of approximately RMB181,130,000 (31 December 2018: RMB271,637,000) is secured by a pledged deposit, and certain property, plant and equipment held by the Group, interest bearing ranged from 6% to 8.58% (31 December 2018: 6% to 8.58%) per annum and repayable from 2020 through 2026 (31 December 2018: in 2019). The remaining balance of approximately RMB209,411,000 (31 December 2018: RMB212,594,000) is secured by certain property, plant and equipment held by the Group and interest bearing at 7.81% per annum.

Approximately RMB48,868,000 (31 December 2018: RMB275,638,000) of the outstanding loans are repayable within twelve months from the end of the reporting period, with the remainder of approximately RMB341,673,000 (31 December 2018: RMB208,593,000) having a repayment term of eight years.

* *English name for identification only*

12. BANK AND OTHER BORROWINGS

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Bank loans	**13,925,160**	18,017,204
Other loans	**18,100,892**	14,646,071
	32,026,052	32,663,275
Secured	**29,680,256**	28,280,995
Unsecured	**2,345,796**	4,382,280
	32,026,052	32,663,275
The carrying amounts of the above borrowings are repayable*:		
Within one year	**10,275,300**	5,248,094
More than one year, but not exceeding two years	**2,975,948**	3,103,778
More than two years, but not exceeding five years	**10,298,798**	10,100,645
More than five years	**6,135,427**	11,135,737
	29,685,473	29,588,254
The carrying amount of bank loans that are repayable on demand due to breach of loan covenants# (Shown under current liabilities)	**2,340,579**	3,075,021
Less: Amounts due within one year shown under current liabilities	**(12,615,879)**	(8,323,115)
Amounts due after one year	**19,410,173**	24,340,160
Analysed as:		
Fixed-rate borrowings	**9,356,133**	3,011,337
Variable-rate borrowings	**22,669,919**	29,651,938
	32,026,052	32,663,275

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

During the year ended 31 December 2019, GCL-Poly, being the guarantor of certain bank borrowings of the Group, breached restrictive financial covenants of certain borrowings, which led to an event of default for their borrowings. This in turn triggered cross default of certain of the Group's bank borrowings as set out in the respective loan agreements between the Company and several banks. Accordingly, bank borrowings amounting to RMB1,597 million (2018: RMB1,936 million) is reclassified from non-current liabilities to current liabilities as of 31 December 2019. As at the date of approval of these unaudited consolidated financial statements, such application for waiver for the non-compliance of the covenant as stated in the relevant bank loan agreement is in process by the banks.

Scheduled repayment terms for the bank loans that are repayable on demand due to breach of loan covenants:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within one year	**743,168**	1,138,853
More than one year, but not exceeding two years	**522,911**	548,525
More than two years, but not exceeding five years	**990,600**	832,699
More than five years	**83,900**	554,944
	2,340,579	3,075,021

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

13. BONDS AND SENIOR NOTES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Bonds *(note a)*	**271,742**	536,334
Senior notes *(note b)*	**3,470,542**	3,398,063
	3,742,284	3,934,397

Notes:

(a) On 3 August 2017 and 7 December 2017, the Group completed the first tranche and second tranche of the non-public issuance of green bonds amounting to RMB375,000,000 and RMB560,000,000, respectively, for a term of 3 years with a fixed interest rate of 7.5% per annum. Part of the second tranche amounting to RMB50,000,000 was subscribed by the Group via an external trust. As at 31 December 2019, the first tranche and second tranche of the non-public green bonds, amounting to RMB1,000,000 (2018: RMB100,000,000) and RMB76,500,000 (2018: RMB300,000,000) have been acquired by the Group, respectively.

In July 2019, RMB275,000,000 out of the first tranche of the non-public green bonds of RMB375,000,000 and RMB310,000,000 out of the second tranche of the non-public green bonds of RMB560,000,000 were redeemed by the Group upon maturity while the holders of the remaining first and second tranche of the non-public green bonds exercised their option to extend the maturity of the bonds to July 2020 and December 2020, respectively.

During the year ended 31 December 2019, 江蘇中能硅業科技發展有限公司 Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.*, a fellow subsidiary of the Group, also purchased part of the first tranche and second tranche of the non-public green bonds through secondary market with a face value of RMB99,000,000 (2018: Nil) and RMB173,500,000 (2018: Nil), respectively.

(b) On 23 January 2018, the Group issued senior notes of US$500 million (equivalent to RMB3,167 million), which bear interest at 7.1% per annum and mature on 30 January 2021. The net proceeds of the notes issuance, after deduction of underwriting discounts and commissions and other expenses, amounted to approximately US$493 million (equivalent to RMB3,120 million).

* *English name for identification only*

14. EVENTS AFTER REPORTING PERIOD

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

CORPORATE GOVERNANCE PRACTICES

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the Reporting Period, the Company complied with the code provisions set out in the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE AND UNAUDITED FINANCIAL INFORMATION

The audit committee of the Company (the "**Audit Committee**") has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the unaudited financial statements for the year ended 31 December 2019.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to restrictions in force in the PRC to combat the COVID-19 coronavirus outbreak. The unaudited results contained herein have not been agreed by the Company's auditors. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The unaudited annual results contained herein have been reviewed by the Audit Committee.

A potential audit opinion with Emphasis of Matter paragraph or disclaimer opinion arising from material uncertainty related to going concern on the Company's financial statements may be issued by the Company's auditors, subject to the completion of the audit and/or the development of the Group's business and the financial resources available to the Group.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

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

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2019 and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process once it can be ascertained.

PUBLICATION OF INFORMATION ON HKEXNEWS WEBSITE

This announcement is published on the websites of the Company (www.gclnewenergy.com) and HKEXnews (www.hkexnews.hk). Any future announcement(s) relating to the Company's annual results will also be published on the same websites in due course. The Annual Report containing all the information as required by the Listing Rules will be despatched to the Shareholders and made available for review on the same websites in due course.

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

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the Company's auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

Hong Kong, 31 March 2020

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