THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司), you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

GCL-POLY ENERGY HOLDINGS LIMITED
保利協鑫能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3800)

(1) VERY SUBSTANTIAL DISPOSAL OF SUBSIDIARIES (2) POSSIBLE VERY SUBSTANTIAL ACQUISITION GRANT OF PUT OPTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalised terms used in this cover shall have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Board is set out on pages 11 to 42 of this circular.

A notice convening the EGM of the Company to be held at Strategy II-III, Level 8, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Monday, 28 December 2020 at 11:30 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

Irrespective of whether you are able to attend the EGM, please complete the accompanying proxy form in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. The address of Tricor Investor Services Limited is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the proxy form shall be deemed to be revoked.

4 December 2020

PRECAUTIONARY MEASURES FOR THE EGM

Please see pages 1 to 2 of this circular for precautionary measures being taken to prevent and control the spread of COVID-19 at the EGM, including without limitation:

- compulsory body temperature checks;
- compulsory wearing of surgical face masks (please bring your own mask);
- no refreshment will be served; and
- no souvenirs will be distributed.

Any person who does not comply with the above precautionary measures may be denied entry into the EGM venue. The Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the EGM at all times, and reminds the Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM as an alternative to attending the EGM in person.

CONTENTS

PRECAUTIONARY MEASURES FOR THE EGM

In view of the ongoing COVID-19 epidemic and recent guidelines for prevention and control of its spread, the Company will implement the following precautionary measures at the EGM to protect the Shareholders, staff and other stakeholders who attend the EGM from the risk of infection:

(i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee. Any person with a body temperature of 37 degrees Celsius or higher may be denied entry into the EGM venue or be required to leave the EGM venue;

(ii) the Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the EGM at all times, and to maintain a safe distance between seats (please bring your own mask);

(iii) no refreshment will be served at the EGM;

(iv) no souvenirs will be distributed at the EGM; and

(v) no guest will be allowed to enter the EGM venue if he/she is wearing quarantine wristband issued by the Government of Hong Kong.

Any person who does not comply with above requirements may be denied entry into the EGM venue or be required to leave the EGM venue. To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of other attendees at the EGM. In our case, denied entry to the EGM venue also means that person will not be allowed to attend the EGM.

In the interest of all stakeholders' health and safety and in accordance with recent guidelines for prevention and control of the spread of COVID-19, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, the Shareholders may complete the proxy forms and appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

The proxy forms were despatched to the Shareholders together with this circular, and can otherwise be downloaded from the websites of the Company at www.gcl-poly.com.hk or the Stock Exchange at www.hkexnews.hk. If you are not a registered Shareholder (i.e. if your shares are held via banks, brokers, custodians or Hong Kong Securities Clearing Company Limited), you should consult directly with your banks, brokers or custodians (as the case may be) to assist you in the appointment of proxy.

If you have any questions relating to the EGM, please contact the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited:

Address	:	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Email	:	is-enquiries@hk.tricorglobal.com
Telephone	:	+852 2980 1333
Fax	:	+852 2810 8185

Subject to the development of COVID-19, the Company may implement further precautionary measures and may issue further announcements on such measures as appropriate.

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

"Amount Payable"	the amount payable as set out in the Second Phase Share Purchase Agreements by each of the Target Companies to its affiliates (including the Sellers)
"Amount Receivable"	the amount receivable as set out in the Second Phase Share Purchase Agreements by each of the Target Companies from its affiliates (including the Sellers)
"Announcement"	the joint announcement of GNE and the Company dated 29 September 2020 in relation to the Second Phase Disposals and grant of the Second Phase Put Options
"Baotou Shi Zhong Li"	Baotou Shi Zhong Li Photovoltaic Co., Ltd.* (包頭市中利騰暉光伏發電有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Changzhou Zhonghui and an indirect subsidiary of the Company
"Baotou Shi Zhong Li Share Purchase Agreement"	an equity transfer agreement dated 29 September 2020 entered into between Changzhou Zhonghui and the Purchasers in relation to the sale of the entire equity interest in Baotou Shi Zhong Li
"Board"	the board of the Directors
"Business Day"	a day on which banks in China are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
"Bye-laws"	the Bye-laws of the Company, as amended from time to time
"Capital Cost"	the cost of capital of operating the Target Companies during the Transition Period
"Changzhou Zhonghui"	Changzhou Zhonghui Photovoltaic Technology Co., Ltd.* (常州中暉光伏科技有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
"China Huaneng Group"	China Huaneng Group Co., Ltd.* (中國華能集團有限公司), a state-owned enterprise incorporated in the PRC with limited liability and one of the limited partners of the Purchasers
"Closing"	The completion of the Transactions

"Closing Audit Report"	the closing audit report prepared by an auditing agency appointed by the Sellers and the Purchasers to audit the financial status of the Target Companies during the Transition Period in accordance with the Second Phase Share Purchase Agreements
"Closing Date"	the date of issuance as stated on the new business certificate of the Target Company(ies) upon the completion of the Registration Procedures
"Company"	GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司), a company incorporated in the Cayman Islands with limited liability and the ordinary shares of which are listed on the Main Board of the Stock Exchange, with stock code 3800. As at the Latest Practicable Date, the Company is interested in approximately 62.28% of the issued share capital of GNE
"Conditions Precedent"	the conditions under the section "Conditions Precedent" in this circular
"Confirmation Agreement"	the agreement to be entered into among Hubei Macheng Jinfu and Wuhan Rixin to confirm the outstanding balance of the construction fees payable by Hubei Macheng Jinfu to Wuhan Rixin under the Wuhan Rixin EPC Agreement as at the Reference Date
"connected persons"	has the same meaning ascribed to it under the Listing Rules
"Consideration"	the consideration for the transactions contemplated under the Second Phase Share Purchase Agreements, being the aggregate of the Share Price
"Director(s)"	the director(s) of the Company
"Disposals"	the First Phase Disposals and the Second Phase Disposals
"Early Payment Amount"	the amount payable by the Purchasers to the Sellers upon the early payment of national subsidy receivable by the Target Companies stated under the section headed "Amount payable to the Sellers upon the early payment of national subsidy" in this circular
"First Phase Disposals"	the proposed disposals of the entire equity interest in certain subsidiaries by Suzhou GCL New Energy and Ningxia GCL New Energy to the Purchasers as contemplated under the First Phase Share Purchase Agreements

"First Phase Put Options"	the put options granted to the Purchasers under each of the First Phase Share Purchase Agreements, pursuant to which the Purchasers are entitled to, upon the occurrence of certain specified events in relation to a relevant target company of the First Phase Disposals, request Suzhou GCL New Energy and/or Ningxia GCL New Energy to repurchase the respective target company's (a) entire equity share and (b) the relevant outstanding shareholders' loan at the time
"First Phase Share Purchase Agreements"	the series of five share purchase agreements dated 21 January 2020 entered into between Suzhou GCL New Energy, the Guarantor and the Purchasers and the share purchase agreement dated 21 January 2020 entered into between Ningxia GCL New Energy, Suzhou GCL New Energy, the Guarantor and the Purchasers, as detailed in (i) the joint announcement of GCL-Poly and the Company dated 21 January 2020 and (ii) the circular of the Company dated 29 April 2020 in relation to the First Phase Disposals
"EGM"	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Put Options and the entering into and performance of obligations under the First Phase Share Purchase Agreements
"GNE"	GCL New Energy Holdings Limited (協鑫新能源控股有限公司), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange, with stock code 451 As at the Latest Practicable Date, the Company is interested in approximately 62.28% of the issued share capital of GNE
"GNE Board"	the board of GNE Directors
"GNE Directors"	the directors of GNE
"GNE Group"	GNE and its subsidiaries
"GNE Shareholders"	the shareholders of GNE
"Group"	the Company and its subsidiaries
"Guarantor"	GCL Group Limited* (協鑫集團有限公司), a company established in the PRC and is indirectly held under a discretionary trust under which Mr. Zhu Gongshan (an executive director and chairman of the Company) and his family (including Mr. Zhu Yufeng, an executive director of the Company and GNE and the son of Mr. Zhu Gongshan) are beneficiaries

"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Huaneng No. 1 Fund"	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)), a limited partnership established in the PRC
"Huaneng No. 2 Fund"	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)), a limited partnership established in the PRC
"Hubei Macheng Jinfu"	Hubei Macheng Jinfu Solar Energy Limited* (湖北省麻城市金伏太陽能電力有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of the Company
"Hubei Macheng Jinfu Share Purchase Agreement"	an equity transfer agreement dated 29 September 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Hubei Macheng Jinfu
"Huixian Shi GCL"	Huixian Shi GCL Photovoltaic Power Co., Ltd.* (輝縣市協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of the Company
"Huixian Shi GCL Share Purchase Agreement"	an equity transfer agreement dated 29 September 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Huixian Shi GCL
"Latest Practicable Date"	30 November 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MW"	megawatt(s)
"National Renewable Energy Development Fund"	National Renewable Energy Development Fund (國家可再生能源發展基金), a fund established by the PRC government for the provision of national subsidy to renewable energy investments

"National Subsidy Catalogue"	National Renewable Energy Tariff Surcharge Subsidy Catalogue (可再生能源電價附加資金補助目錄) under the Renewable Energy Law (中華人民共和國可再生能源法) promulgated on 28 February 2005 and implemented on 1 January 2006
"National Subsidy List"	Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單)
"Net Payable Amount"	the amount equivalent to the difference between the Amount Payable and the Amount Receivable of each of the Target Companies in the event that the Amount Payable is more than the Amount Receivable of each of the Target Companies
"Net Receivable Amount"	the amount equivalent to the difference between the Amount Payable and the Amount Receivable of each of the Target Companies in the event that the Amount Payable is less than the Amount Receivable of each of the Target Companies
"Ningxia GCL New Energy"	Ningxia GCL New Energy Investment Co., Ltd.* (寧夏協鑫新能源投資有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GNE and the Company
"Ningxia Zhongwei GCL"	Ningxia Zhongwei GCL Photovoltaic Power Co., Ltd.* (寧夏中衛協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Ningxia GCL New Energy and an indirect subsidiary of GNE and the Company
"Ningxia Zhongwei GCL Share Purchase Agreement"	an equity transfer agreement dated 29 September 2020 entered into between Ningxia GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Ningxia Zhongwei GCL
"Operational Solar Power Plant Project(s)"	the operational solar power plant project(s) of the Target Companies
"PRC"	the People's Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Prescribed Period"	the period from the date of announcement of the Bond Issuance to the expiry of one year from the date of the Second Phase Share Purchase Agreements
"Purchasers"	Huaneng No. 1 Fund and Huaneng No. 2 Fund
"Put Options"	First Phase Put Options and Second Phase Put Options

"Qi County GCL"	Qi County GCL New Energy Co., Ltd.* (淇縣協鑫新能源有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GNE and the Company
"Qi County GCL Share Purchase Agreement"	an equity transfer agreement dated 29 September 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Qi County GCL
"Reference Date"	30 September 2019
"Registration Procedures"	the registration procedures in respect of the change of respective shareholder of each of the Target Companies and other relevant filing procedures in respect of the Transactions in the PRC
"Registered Solar Power Plant Projects"	Operational Solar Power Plant Projects which are registered in the 6th and 7th batches of the National Subsidy Catalogue and 1st batch of the National Subsidy List
"Remaining Group"	the Group after completion of the Second Phase Disposals
"RMB"	Renminbi, the lawful currency of the PRC
"Ruyang GCL"	Ruyang GCL New Energy Co., Ltd.* (汝陽協鑫新能源有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GNE and the Company
"Ruyang GCL Share Purchase Agreement"	an equity transfer agreement dated 29 September 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Ruyang GCL
"Sale Shares"	the entire equity interest in the Target Companies held by the Sellers
"Second Phase Disposals"	the proposed disposals of the Sale Shares by the Sellers to the Purchasers as contemplated under the Second Phase Share Purchase Agreements
"Second Phase Put Options"	the put options granted to the Purchasers under each of the Second Phase Share Purchase Agreements, pursuant to which the Purchasers are entitled to, upon the occurrence of certain specified events in relation to a relevant Target Company, request the respective Sellers to repurchase the respective Target Company's (a) entire equity interest and (b) the relevant outstanding shareholders' loan at the time

"Second Phase Share Purchase Agreements"	Baotou Shi Zhong Li Share Purchase Agreement, Qi County GCL Share Purchase Agreement, Ningxia Zhongwei GCL Share Purchase Agreement, Huixian Shi GCL Share Purchase Agreement, Ruyang GCL Share Purchase Agreement and Hubei Macheng Jinfu Share Purchase Agreement
"Seller(s)"	Changzhou Zhonghui, Ningxia GCL New Energy and Suzhou GCL New Energy
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK$$0.0041\dot{6}$) in the share capital of GNE
Shareholders"	the shareholders of the Company
"Share Price"	the Consideration for the Sale Shares
"Specified Solar Power Plant Projects"	Phase 3 solar power plant project operated by Baotou Shi Zhong Li and Phase 2 solar power plant project operated by Ruyang GCL
"State Grid"	State Grid Corporation of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the same meaning ascribed to it under the Listing Rules
"Suzhou GCL New Energy"	Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GNE and the Company
"Target Company(ies)"	Baotou Shi Zhong Li, Qi County GCL, Ningxia Zhongwei GCL, Huixian Shi GCL, Ruyang GCL and Hubei Macheng Jinfu, the six target companies being the subject of the Second Phase Disposals, details of which can be found in the section headed "Information on the Target Companies" in this circular
"Total Net Payable Amount"	the Net Payable Amount of all of the Target Companies
"Total Net Receivable Amount"	the Net Receivable Amount of all of the Target Companies

"Total Outstanding Balance"	the outstanding balance of the Total Net Receivable Amount and the Total Net Payable Amount, which is equivalent to the amount after the deduction of the Total Net Payable Amount from the Total Net Receivable Amount
"Transactions"	the transactions contemplated under the Second Phase Share Purchase Agreements, including the Second Phase Disposals and the grant of Second Phase Put Options
"Transition Period"	the period between the Reference Date and the Closing Date
"Wuhan Rixin"	Wuhan Rixin Technology Co., Ltd. (武漢日新科技股份有限公司), a company established in the PRC and listed on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統) (stock code: 835679), which principally engaged in, among others, provision of design, construction and operation services for solar power plants and wind power generation. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Wuhan Rixin and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons
"Wuhan Rixin EPC Agreement"	the agreement dated 13 December 2015 entered into between Hubei Macheng Jinfu as the principal and Wuhan Rixin as the contractor under which Wuhan Rixin undertakes to provide engineering, procurement and construction services in relation to the Operational Solar Power Plant Project operated by Hubei Macheng Jinfu
"%"	per cent.

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

GCL-POLY ENERGY HOLDINGS LIMITED
保利協鑫能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3800)

Executive Directors:
Mr. Zhu Gongshan
Mr. Zhu Zhanjun
Mr. Zhu Yufeng
Ms. Sun Wei
Mr. Yeung Man Chung, Charles
Mr. Jiang Wenwu
Mr. Zheng Xiongjiu

Independent non-executive Directors:
Ir. Ho Chung Tai, Raymond
Mr. Yip Tai Him
Dr. Shen Wenzhong
Mr. Wong Man Chung, Francis

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Unit 1703B-1706, Level 17
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

4 December 2020

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL DISPOSAL OF SUBSIDIARIES (2) POSSIBLE VERY SUBSTANTIAL ACQUISITION GRANT OF PUT OPTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

We refer to the Announcement published on 29 September 2020. As disclosed in the Announcement, on 29 September 2020 (after trading hours), the Seller(s) (each an indirect subsidiary of the Company and GNE) (as the seller(s)), the Guarantor (as the guarantor) and the Purchasers (as the purchasers) entered into the Second Phase Share Purchase Agreements. Pursuant to the Second Phase Share Purchase Agreements, the Sellers agreed to, among other things, (a) sell 60% of the Sale Shares to Huaneng No. 1 Fund and 40% of the Sale Shares to Huaneng No. 2 Fund; and (b) grant the Second Phase Put Options to the Purchasers.

2. THE SECOND PHASE SHARE PURCHASE AGREEMENTS

The principal terms of the Second Phase Share Purchase Agreements are set out below:

Date

29 September 2020 (after trading hours)

Parties

(i)	The Sellers:	(a)	Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司)
		(b)	Changzhou Zhonghui Photovoltaic Technology Co., Ltd.* (常州中暉光伏科技有限公司)
		(c)	Ningxia GCL New Energy Investment Co., Ltd.* (寧夏協鑫新能源投資有限公司)
(ii)	The Purchasers:	(a)	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))
		(b)	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))
(iii)	The Guarantor:		GCL Group Limited* (協鑫集團有限公司)

Assets to be sold

The Sale Shares will be sold by the Sellers to the Purchasers, being the entire interest in each of the Target Companies.

The Target Companies own 10 Operational Solar Power Plant Projects in the PRC with an aggregate grid-connected capacity of approximately 403MW.

The table below sets out the Target Companies under each of the Second Phase Share Purchase Agreements:

No.	Second Phase Share Purchase Agreements	Target Companies
I	Baotou Shi Zhong Li Share Purchase Agreement	Baotou Shi Zhong Li Photovoltaic Co., Ltd.* (包頭市中利騰暉光伏發電有限公司)
II	Qi County GCL Share Purchase Agreement	Qi County GCL New Energy Co., Ltd.* (淇縣協鑫新能源有限公司)
III	Ningxia Zhongwei GCL Share Purchase Agreement	Ningxia Zhongwei GCL Photovoltaic Power Co., Ltd.* (寧夏中衛協鑫光伏電力有限公司)
IV	Huixian Shi GCL Share Purchase Agreement	Huixian Shi GCL Photovoltaic Power Co., Ltd.* (輝縣市協鑫光伏電力有限公司)
V	Ruyang GCL Share Purchase Agreement	Ruyang GCL New Energy Co., Ltd.* (汝陽協鑫新能源有限公司)
VI	Hubei Macheng Jinfu Share Purchase Agreement	Hubei Macheng Jinfu Solar Energy Co., Ltd.* (湖北省麻城市金伏太陽能電力有限公司)

For further information relating to the Target Companies, please refer to the section headed "Information on the Target Companies" below.

Consideration

The aggregate Consideration under the Second Phase Share Purchase Agreements is RMB576,001,213 (subject to adjustments).

The table below sets out the Share Price attributable to each of the Target Companies:

No.	Second Phase Share Purchase Agreements	Attributable Share Price *RMB*
I	Baotou Shi Zhong Li Share Purchase Agreement	129,250,127
II	Qi County GCL Share Purchase Agreement	75,903,889
III	Ningxia Zhongwei GCL Share Purchase Agreement	78,997,736
IV	Huixian Shi GCL Share Purchase Agreement	33,221,857
V	Ruyang GCL Share Purchase Agreement	115,650,528
VI	Hubei Macheng Jinfu Share Purchase Agreement	142,977,076
Total		576,001,213

Basis of the Consideration

The Share Price was determined after arm's length negotiations between the Sellers and the Purchasers, taking into account of, among other things:

(i) the net asset value of each of the Target Companies as at the Reference Date (i.e. 30 September 2019);

(ii) the profitability of the Target Companies for the financial years ended 31 December 2019, 31 December 2018 and the nine months ended 30 September 2019, details of which can be found in the section headed "Information on the Target Companies" in this circular, and the dividend of RMB189,698,786 declared by the Target Companies during the Transition Period to be paid to the Sellers in respect of the profits accrued by the Target Companies for the nine months ended 30 September 2019, which such amount has been deducted when considering the Consideration;

(iii) the cash flow position of the Target Companies as at the Reference Date. The aggregate net cash outflow (excluding financing of shareholders' loan) of the Target Companies for the nine months ended 30 September 2019 amounted to approximately RMB190,855,000; and

(iv) ability of the Target Companies to collect outstanding receivables from the PRC government. As at the date of the Announcement, seven out of ten of the Operational Solar Power Plant Projects were Registered Solar Power Plant Projects and were entitled to receive the national subsidy for operating such Operational Solar Power Plant Projects. Amongst the other three Operational Solar Power Plant Projects, (i) China National Renewable Energy Centre (可再生能源信息中心) had announced on 18 August 2020 and 24 September 2020 respectively that Phase 3 solar power plant project operated by Baotou Shi Zhong Li and the solar power plant project operated by Qi County GCL were eligible to be registered in the National Subsidy List (without any further condition required to be fulfilled), but pending final inclusion in the National Subsidy List, while (ii) the Phase 2 solar power plant project operated by Ruyang GCL was awaiting to undergo the approval and registration process to be included in the National Subsidy List as at the date of the Announcement.

The Phase 3 solar power plant project operated by Baotou Shi Zhong Li and the solar power plant project operated by Qi County GCL had been registered in the National Subsidy List on 30 September 2020 and 15 October 2020, respectively. As at the Latest Practicable Date, the timing for the completion of the approval and registration process of Phase 2 solar power plant project operated by Ruyang GCL to be included in the National Subsidy List and the conditions to be fulfilled before the completion of the approval and registration process are uncertain and are based on the policies in relation to the National Subsidy List as announced and implemented by the relevant government authorities in the PRC from time to time. As at the Reference Date and 30 June 2020, the total balance of national subsidy receivable by the Target Companies was approximately RMB645,188,038 and RMB761,595,463 respectively.

The table below sets out the balance of national subsidy receivable by each of the Target Companies as at the Reference Date and 30 June 2020, respectively:

Second Phase Share Purchase Agreements	Target Companies	As at 30 June 2020 Balance of national subsidy receivable *RMB*	As at the Reference Date Balance of national subsidy receivable *RMB*
I	Baotou Shi Zhong Li *(Note 1)*	127,310,794	125,957,296
II	Qi County GCL *(Note 1)*	168,913,958	138,305,837
III	Ningxia Zhongwei GCL	122,559,936	84,399,231
IV	Huixian Shi GCL	34,025,710	37,498,654
V	Ruyang GCL *(Note 1)*	126,987,998	109,141,713
VI	Hubei Macheng Jinfu	181,797,067	149,885,307
		761,595,463	645,188,038 *(Note 2)*

Note:

1. The balance of national subsidy receivable by Baotou Shi Zhong Li, Qi County GCL and Ruyang GCL as disclosed above have included the amount of national subsidy receivable by the Operational Solar Power Plant Projects which were yet to be registered in the National Subsidy List as at the respective dates.

2. The entire balance of national subsidy receivable as at the Reference Date (i.e. RMB645,188,038) have been recognised in the financial statements of the Target Companies.

As the gains or losses arising from the operation of the Target Companies during the Transition Period shall be accrued for the benefit of or borne by the Purchasers, the Consideration will not be adjusted with reference to the change in national subsidy receivable by the Target Companies after the Reference Date or the Closing Audit Report.

Payment arrangements of the Consideration

The Consideration shall be settled by the Purchasers, the amount of which shall be proportional to their respective acquired equity interests in the Target Companies (subject to rounding to the nearest digit) and in the manner set out below:

No.	Second Phase Share Purchase Agreements	First Instalment *RMB*	Second Instalment *RMB*	Third Instalment *RMB*	Attributable Share Price *RMB*
I	Baotou Shi Zhong Li SharePurchase Agreement	93,698,102	19,382,025	16,170,000	129,250,127
II	Qi County GCL Share Purchase Agreement	66,599,111	9,304,778	N/A	75,903,889
III	Ningxia Zhongwei GCL Share Purchase Agreement	63,198,189	15,799,547	N/A	78,997,736
IV	Huixian Shi GCL Share Purchase Agreement	27,363,486	5,858,371	N/A	33,221,857
V	Ruyang GCL Share Purchase Agreement	72,640,422	14,610,106	28,400,000	115,650,528
VI	Hubei Macheng Jinfu Share Purchase Agreement	114,381,661	28,595,415	N/A	142,977,076
Total		437,880,971	93,550,242	44,570,000	576,001,213

First instalment

The Purchasers shall pay RMB437,880,971 in total (the "**First Instalment**") to the Sellers within 15 Business Days after the Closing Date.

As Hubei Macheng Jinfu and Wuhan Rixin are in the process of confirming the outstanding balance of the construction fees payable by Hubei Macheng Jinfu to Wuhan Rixin as at the Reference Date under the Wuhan Rixin EPC Agreement, it is expected that Hubei Macheng Jinfu and Wuhan Rixin will enter into the Confirmation Agreement within three months after the date of the Second Phase Share Purchase Agreements. As at the Latest Practicable Date, Hubei Macheng Jinfu and Wuhan Rixin have not entered into the Confirmation Agreement. In the event that the outstanding balance of the construction fees payable by Hubei Macheng Jinfu to Wuhan Rixin as confirmed in the Confirmation Agreement is higher or lower than RMB8,507,266 (as the case may be), the Purchasers are required to pay up or entitled to deduct (as the case may be) such difference from the First Instalment.

Second instalment

The Purchasers shall pay RMB93,550,242 in total (the "**Second Instalment**") to the Sellers within 15 Business Days after the fulfilment or waiver by the Purchasers in writing of the following conditions:

(a) the issuance of the Closing Audit Report; and

(b) the delivery and/or the execution of the following documents:

(i) the relevant documents evidencing the fulfillment of conditions (b) to (h) and (k) to (m) (if applicable) of the Conditions Precedent and the Seller's confirmation of the fulfillment of conditions (i) to (j) of the Conditions Precedent (assuming none of the conditions has been waived by the Purchasers);

(ii) the relevant documents evidencing the completion of the Registration Procedures; and

(iii) other documents, materials and items specified in the Second Phase Share Purchase Agreements.

Third instalment (applicable to Baotou Shi Zhong Li Share Purchase Agreement and Ruyang GCL Share Purchase Agreement only):

The Purchasers shall pay RMB44,570,000 (the "**Third Instalment**") to the Sellers within 15 Business Days after the fulfilment or waiver by the Purchasers in writing of the following conditions:

(a) the fulfillment of the payment conditions of the Second Instalment; and

(b) the completion of the registration of the relevant solar power plant projects of Baotou Shi Zhong Li and Ruyang GCL in the National Subsidy List.

Although the First Instalment will only be settled after the Closing Date (i.e. upon the completion of the Registration Procedures in respect of the change of the shareholders of the Target Companies), taking into account that the Purchasers (i) are owned as to 51% by China Huaneng Group, whose ultimate beneficial owner is the State Council of the PRC and (ii) have complied their payment obligations in a timely manner under the First Phase Share Purchase Agreements, the Directors and the GNE Directors are of the view that the above payment arrangements facilitate the progression of the transaction and is in the interest of the Shareholders and the GNE Shareholders as a whole.

Total Outstanding Balance

The Total Outstanding Balance represents the difference between the Total Net Receivable Amount receivable by the Target Companies from its affiliates (including the Sellers) and the Total Net Payable Amount payable by the Target Companies to its affiliates (including the Sellers). The Total Outstanding Balance as at the Reference Date was approximately RMB240,624,579.

The table below sets out the Amount Payable, Amount Receivable, and Net Payable Amount or Net Receivable Amount (the deduction of the Total Net Payable Amount from the Total Net Receivable Amount constitutes the Total Outstanding Balance) of each of the Target Companies under each of the Second Phase Share Purchase Agreements as at the Reference Date:

No.	**Second Phase Share Purchase Agreements**	**Amount Payable of the Target Companies** *RMB*	**Amount Receivable of the Target Companies** *RMB*	**Net Payable Amount/ (Net Receivable Amount) of the Target Companies** *RMB*
I	Baotou Shi Zhong Li Share Purchase Agreement	17,160,530	(330,500)	16,830,030
II	Qi County GCL Share Purchase Agreement	105,833,903	(37,521,456)	68,312,447
III	Ningxia Zhongwei GCL Share Purchase Agreement	116,068,203	(41,134,923)	74,933,280
IV	Huixian Shi GCL Share Purchase Agreement	24,299,432	(1,075,000)	23,224,432
V	Ruyang GCL Share Purchase Agreement	57,046,462	(39,071,453)	17,975,009
VI	Hubei Macheng Jinfu Share Purchase Agreement	39,349,381	0	39,349,381
Total		359,757,911	(119,133,332)	240,624,579

The final Net Payable Amount will be determined in accordance with the Closing Audit Report (subject to adjustment), and will be calculated based on the carrying amount of the Net Payable Amount as at the Closing Date (on a dollar-for-dollar basis), which is interest bearing. If the originally agreed interest rate over the Net Payable Amount was higher than or equal to 4.9%, the interest rate incurred over such Net Payable Amount shall be 4.9% (the "**Assumed Interest Rate**") during the Transition Period. If the originally agreed interest rate over the Net Payable Amount was lower than 4.9%, the interest rate incurred over such Net Payable Amount shall be the same as the originally agreed interest rate during the Transition Period. The Net Payable Amount after the Closing Date shall also be subject to the interest rate of 4.9%, being the Assumed Interest Rate. The interest rate of 4.9% was determined based on the applicable benchmark lending rate as at the date of the Second Phase Share Purchase Agreements promulgated by the People's Bank of China for a term of over 5 years. The Directors and the GNE Directors believe and consider that such interest rate is fair and reasonable.

Upon completion of the Transactions, the Target Companies will remain liable for the Total Outstanding Balance. To simplify the repayment process of the Total Outstanding Balance, prior to the completion of the Transactions, all debts and liabilities owed by the Target Companies to its affiliates (including the Sellers and other subsidiaries of the Company and GNE), being the Amount Payable of all of the Target Companies, shall be consolidated and classified as liabilities of the Target Companies payable to the Sellers and all debts and liabilities owed by the affiliates of the Target Companies (including the Sellers and other subsidiaries of the Company and GNE) to the Target Companies, being the Amount Receivable of all of the Target Companies, shall be consolidated and classified as assets of the Target Companies receivable from the Sellers.

In addition, the Purchasers shall procure the gradual payment of the Total Outstanding Balance and its interests by the Target Companies to the Sellers from the Closing Date onwards and the full payment of the Total Outstanding Balance and its interests by the Target Companies to the Sellers within 3 months from the Closing Date. The specific repayment timeline shall be determined by the Sellers and the Purchasers based on the financial status of the Target Companies such as cash flows and funding pressure after the Closing Date.

In the event that the Purchasers fail to procure the Target Companies to repay the Total Outstanding Balance in accordance with the Second Phase Share Purchase Agreements, the Sellers shall be entitled to claim liquidated damages at a rate of 0.02% of the unpaid portion of the Total Outstanding Balance against the Purchasers for each overdue day until the day of full settlement of the Total Outstanding Balance.

Other Undertakings

The Sellers and the Purchasers agreed to be subject to certain undertakings, including but not limited to the following undertakings:

(i) in the event that any of the Target Companies provides any debt guarantees to any third party prior to the Closing, the Sellers undertake to execute the relevant legal documents that are necessary to release or terminate such guarantees before the Closing. Within 6 months from the Closing Date, the Purchasers undertake to procure the Target Companies' early repayment of their liabilities owed to financial institutions in order to release the guarantees provided by the Sellers or its affiliates in respect of such liabilities. As at the Latest Practicable Date, the Target Companies have not provided or intended to provide debt guarantees to any third parties;

(ii) the Purchasers shall be entitled to set off any amount payable by the Sellers as set out in the Second Phase Share Purchase Agreements (including default payment, damages, compensation and other fees) with any amount payable by the Purchasers or the Target Companies in relation to the Transactions (including but not limited to the Share Price, Total Outstanding Balance, Capital Cost, Early Payment Amount and the dividends); and

(iii) the Target Companies will pay the dividends payable as at the Reference Date of approximately RMB343,587,850 to the Sellers, subject to the progress of reimbursement of the national subsidy receivable under the National Subsidy Catalogue as explained in the section headed "Payment of dividends payable as at the Reference Date" below.

The Transition Period Arrangement

The Purchasers shall pay the Sellers an amount equivalent to RMB31,431,290, being the Capital Cost, upon the payment of the First Instalment. The Capital Cost was determined based on the aggregate sum of the Share Price and Total Outstanding Balance x 4.9% (being the applicable benchmark lending rate as at the date of the Second Phase Share Purchase Agreements promulgated by the People's Bank of China for a term of over 5 years) x (240 ÷ 360) which was determined based on arm's length negotiations of the Sellers and Purchasers.

The Purchasers agreed the Target Companies to further declare the dividend of RMB189,698,786 during the Transition Period in respect of the profits accrued by the Target Companies for the nine months ended 30 September 2019 which the Purchasers shall procure the Target Companies to pay the declared dividend to the Sellers upon the payment of the First Instalment.

While the financial information of the Target Companies are still consolidated in the consolidated financial statements of the Company and GNE between the Transition Period, the parties agreed that the Target Companies shall not further declare any dividend to the Sellers or adjust the Consideration in respect of the profits accrued by the Target Companies during the Transition Period. After the Closing Date, the Target Companies will cease to be subsidiaries of the Company and GNE, and the profits and losses, as well as the assets and liabilities of the Target Companies will no longer be consolidated into the consolidated financial statements of the Group and the GNE Group and will remain in the Target Companies, which will then be wholly-owned by the Purchasers. The profits and losses accrued by the Target Companies during the Transition Period will subsequently be reflected in the net asset value of the Target Companies and to be calculated in the gain or loss on disposal in the consolidated financial statements of the Company and GNE after the Closing Date.

Payment of dividends payable as at the Reference Date

The table below sets out the dividends payable by each of the Target Companies under each of the Second Phase Share Purchase Agreements as at the Reference Date:

Second Phase Share Purchase Agreements	Target Companies	Dividends payable *RMB*
I	Baotou Shi Zhong Li	120,989,442
II	Qi County GCL	N/A
III	Ningxia Zhongwei GCL	N/A
IV	Huixian Shi GCL	24,379,316
V	Ruyang GCL	73,534,626
VI	Hubei Macheng Jinfu	124,684,466
		343,587,850

It is generally expected that all Operational Solar Power Plant Projects will receive payment of national subsidy from the PRC government within the twelve months after their final inclusion in the National Subsidy Catalogue or the National Subsidy List. As such, having confirmed with the auditors of the Target Companies, the Sellers and the Purchasers have agreed that the amount of national subsidy receivable by the Target Companies as at the Reference Date shall be recognized as revenue and trade receivables in the audited accounts of the Target Companies as at the Reference Date.

In particular, the relevant amount of the national subsidy receivable by Ruyang GCL in relation to its Phase 2 solar power plant project, which is awaiting to undergo the approval and registration process to be included in the National Subsidy List by the PRC government, have been recognised in the financial statements of Ruyang GCL to the extent that it is highly probable that a significant reversal will not occur.

Pursuant to the Notice on Exerting Price Leverage to Promote the Healthy Development of the Photovoltaic Industry (NDRC Price [2013] No. 1638) (《國家發展改革委關於發揮價格槓桿作用促進光伏產業健康發展的通知》(發改價格[2013]1638號)) issued in August 2013 by the National Development and Reform Commission of the PRC (the "**New Tariff Notice**") and other applicable laws and regulations, solar power plant projects are in principle entitled to be registered in the National Subsidy List and receive the national subsidy as long as certain specified conditions are fulfilled, including achieving on-grid connection and obtaining the following documents:

(1) the project approval document for filing purpose;

(2) the project on-grid price approval document;

(3) the project feasibility study report; and

(4) the project access system design review and comments.

Given that the Phase 2 solar power plant project operated by Ruyang GCL have already obtained or to obtain without any material legal impediment the above documents (1) to (4) and have already achieved on-grid power generation as required in the New Tariff Notice in relation to the entitlement of tariff adjustments, it is expected that the Phase 2 solar power plant project operated by Ruyang GCL will be registered in the National Subsidy List in due course and the accrued revenue on tariff subsidy will be fully recoverable.

GNE was advised by its PRC legal advisors that it is more likely than not that the Phase 2 solar power plant project operated by Ruyang GCL will be registered in the National Subsidy List without any material legal impediment.

Taking into consideration of the such PRC legal advice, the GNE Directors are of the view that it is unlikely that any significant reversal of the national subsidy receivable by Ruyang GCL in relation to its Phase 2 solar power plant project will occur. As such, the entire national subsidy receivable by Ruyang GCL in relation to its Phase 2 solar power plant project as at the Reference Date shall be recognised in the financial statements of Ruyang GCL. The PRC auditors of the Target Companies had also concurred with the aforementioned view of the Directors and the revenue recognition approach of the Target Companies.

While the Target Companies are entitled to receive the national subsidy for operating the solar power plants registered in the National Subsidy Catalogue and/or National Subsidy List (as applicable), there has been an overdue of the payment of such national subsidy receivable by the Target Companies and the actual payment date of such national subsidy remains to be uncertain. For the avoidance of doubt, the Registered Solar Power Plant Projects were registered in the National Subsidy Catalogue or the National Subsidy List due to different registration timing and there are no difference in terms of tariff entitlement between the National Subsidy Catalogue or the National Subsidy List. National subsidy receivable has also been recognized as revenue and trade receivable in the audited accounts of the Target Companies, such that the dividends payable as recorded in the accounts of the Target Companies as at the Reference Date (if any) will only be paid when the Target Companies have cash inflow from receiving the national subsidy receivable and in proportionate to the progress of such receipt.

The Purchasers and the Sellers have agreed that the payment of the dividends payable as recorded in the accounts of Huixian Shi GCL, Ruyang GCL and Hubei Macheng Jinfu as at the Reference Date payable by Huixian Shi GCL, Ruyang GCL and Hubei Macheng Jinfu to the Sellers post-completion shall correspond with, and be in proportionate to the progress of receipt of national subsidy individually by each of Huixian Shi GCL, Ruyang GCL and Hubei Macheng Jinfu as at the Reference Date. Since Qi County GCL and Ningxia Zhongwei GCL did not have any dividend payable as at the Reference Date, the Purchasers and Sellers have agreed that the payment of the dividends payable as recorded in the accounts of Baotou Shi Zhong Li as at the Reference Date by Baotou Shi Zhong Li to the Sellers post-completion shall correspond with, and be in proportionate to the progress of receipt of the aggregate national subsidy by Baotou Shi Zhong Li, Qi County GCL and Ningxia Zhongwei GCL as at the Reference Date. This arrangement is in place to ensure that Qi

County GCL and Ningxia Zhongwei GCL will continue to receive cash inflow from receiving the national subsidy receivable after the Closing Date before the payment of the dividends payable as at the Reference Date to the Sellers by Baotou Shi Zhong Li.

As at the Reference Date, the total dividends payable as recorded in the accounts of the Target Companies was approximately RMB343,587,850. For the avoidance of doubt, the Target Companies shall receive the full amount of the national subsidy receivable from the PRC government as at the Reference Date within 4 years from the Closing Date, failure of which would trigger the repurchase obligations of the Sellers as stipulated under the paragraph headed "General repurchase conditions of Target Companies" below.

Amount payable to the Sellers upon the early payment of national subsidy (i.e. Early Payment Amount)

Substantial development of solar power installed capacities in the PRC in the past few years has widen the funding deficit of National Renewable Energy Development Fund. Therefore, solar energy operators in the PRC which were registered in the National Subsidy Catalogue and National Subsidy List have experienced a substantial delay in receiving the national subsidy from the relevant PRC governmental authorities. At the same time, most of the Operational Solar Power Plant Projects of the Target Companies were also included the National Subsidy Catalogue and National Subsidy List and experienced the same delay.

In the event that the relevant government authorities or their designated entities decided to implement new measures such as the issuance of bond in cash (the "**Bond Issuance**") to reduce the funding deficit of National Renewable Energy Development Fund, the payment of the national subsidy to solar energy operators in the PRC will be accelerated. It is expected that the Bond Issuance will only accelerate the payment of national subsidy in cash and will not increase the amount of national subsidy receivable by solar energy operators in the PRC (including the Target Companies).

As explained in the section headed "Basis of the Consideration" above, the delay of the payment of national subsidy to the Target Companies by the relevant PRC governmental entities has been taken into consideration when determining the amount of Consideration payable.

Within one year of the date of the Second Phase Share Purchase Agreements, in the event of accelerated receipt of national subsidy receivable by the Target Companies in cash as at the Reference Date as a result of the Bond Issuance, the Sellers shall be entitled to share the benefit of actual amount of national subsidy received by the Target Companies in cash during the Prescribed Period, which the Sellers shall be entitled to receive 50% of the benefit of the accelerated receipt of national subsidy receivable by the Target Companies by way of compensation as the delayed payment of national subsidy by the PRC government has been taken into account when considering the Share Price and the Purchasers through the Target Companies, shall be entitled to receive 50% of the benefit of the accelerated receipt of national subsidy receivable by the Target Companies. The Early Payment Amount shall be determined based on the following formula which is only applicable upon the implementation of the Bond Issuance:

$A \times B \div (B + C) \times D \div 365 \times 4.9\% \times 50\%$ whereas

A = the actual amount of national subsidy receivable by the Target Companies as at the Reference Date received during the Prescribed Period

B = the Bond Issuance amount announced by the relevant PRC government authorities for the acceleration of the payment of national subsidy to all nationwide solar power plant projects registered in the National Subsidy Catalogue or National Subsidy List in 2021

C = the fiscal budget amount issued by the Ministry of Finance in the PRC allocated for the payment of national subsidy to all nationwide solar power plant projects registered in the National Subsidy Catalogue or National Subsidy List in 2021

D = 365 days minus the number of calendar days between the date of the Second Phase Share Purchase Agreements and the date of receipt of the national subsidy by the Target Companies during the Prescribed Period, which shall be deemed to be zero if the result turns out to be negative.

As at the date of this circular, the relevant government authorities or their designated entities has not announced the Bond Issuance. As such, the Bond Issuance may or may not materialise as contemplated or at all and the abovementioned amount payable (i.e. Early Payment Amount) may or may not be payable to the Sellers. For the avoidance of doubt, the Target Companies shall receive the full amount of the national subsidy receivable from the PRC government as at the Reference Date within 4 years from the Closing Date, failure of which would trigger the repurchase obligations of the Sellers as stipulated under the paragraph headed "General repurchase conditions of Target Companies" below.

In additional, in the event of the receipt of national subsidy by Hubei Macheng Jinfu before the Closing Date, the Purchasers shall pay an amount, which is calculated based on 4.9% of the actual amount of the national subsidy received by Hubei Macheng Jinfu during the Transition Period upon the payment of the First Instalment to the Sellers.

Conditions Precedent

Closing under each of the Second Phase Share Purchase Agreements is subject to the fulfilment or (if applicable) waiver of certain Conditions Precedent:

(a) the Sellers have duly executed and delivered to the Purchasers all the transaction documents in relation to the Transactions to which they act as parties;

(b) the Sellers have approved the Transactions;

(c) the Company and GNE have obtained board approval and shareholders' approval in respect of the Transactions;

(d) the Target Companies have completed replacement of its directors, supervisors, senior management and legal representative;

(e) the equity pledges of the Target Companies have been released;

(f) consents from the creditors of the Target Companies have been obtained for the Transactions;

(g) consolidation of debts and liabilities of affiliated parties of the Target Companies as set out in this circular and the Second Phase Share Purchase Agreements has been completed;

(h) the arrangement in respect of the personnel reorganization of the Target Companies as agreed by the Sellers and the Purchasers has been completed;

(i) there has been no event which might render the Closing impracticable or illegal, including any event which has material adverse effect on the Target Companies;

(j) there has been no law, judgment, decision, prohibition or order made by relevant authorities restricting, prohibiting or cancelling the transfer of the Sale Shares;

(k) (applicable to Qi County GCL Share Purchase Agreement only) the solar power plant project owned by Qi County GCL has been listed in the first batch of National Subsidy List published after the signing of the Qi County GCL Share Purchase Agreement;

(l) (applicable to Huixian Shi GCL Share Purchase Agreement only) consents from the relevant government authorities of Huixian City in the PRC have been obtained for the Transactions; and

(m) (applicable to Hubei Macheng Jinfu Share Purchase Agreement only) the completion of the signing of the Confirmation Agreement in relation to amount of outstanding balance of the construction fees payable by Hubei Macheng Jinfu to Wuhan Rixin under the Wuhan Rixin EPC Agreement as at the Reference Date.

The Sellers undertake to the Purchasers that all of the Conditions Precedent shall be fulfilled or waived (as the case may be) within 90 days from the date of the Second Phase Share Purchase Agreements or such other date as agreed by the Sellers and the Purchasers. If any of the Conditions Precedent cannot be fulfilled or waived (as the case may be) within 120 days from the date of the Second Phase Share Purchase Agreements or such other date as agreed by the Sellers and the Purchasers, the Purchasers shall be entitled to terminate the Second Phase Share Purchase Agreements or waive any of the Conditions Precedent that has not been fulfilled except condition (c) above. None of the Conditions Precedent is waivable by the Sellers.

If any of the Conditions Precedent cannot be fulfilled within 90 days from the date of the Second Phase Share Purchase Agreements, the Purchasers shall be entitled to require the Sellers to pay a default payment equivalent to 0.02% of the Share Price for each day of delay, subject to an accumulated cap of 0.6% of the Share Price. If the failure to fulfill conditions (e) and (f) above leads to such delay, the Purchasers agreed not to charge the Sellers the above-mentioned default payment.

As at the Latest Practicable Date, conditions (b), (k) and (l) above have been satisfied.

Closing

Closing shall take place within five Business Days (or any other date as agreed by the Sellers and the Purchasers) after all of the Conditions Precedent have been fulfilled or waived (as the case may be).

The date of issuance as stated on the new business certificate of each of the Target Companies upon the completion of the Registration Procedures shall be the Closing Date for each of the transactions contemplated under each of the Second Phase Share Purchase Agreements.

Closing Audit Report

Pursuant to the Second Phase Share Purchase Agreements, the Sellers and the Purchasers shall engage an auditing agency to audit the financial condition of the Target Companies for the Transition Period and prepare the Closing Audit Report within 30 days after the Closing Date.

Guarantee

Pursuant to the Second Phase Share Purchase Agreements, the Guarantor agreed to provide a guarantee to secure the due performance by the Sellers of its obligations under the Second Phase Share Purchase Agreements.

Grant of the Second Phase Put Options

(a) General repurchase conditions of Target Companies

Within five years from the Closing Date, the Sellers may be required to repurchase the entire equity interest in the respective Target Company(ies) and any outstanding shareholders' loan advanced to the respective Target Company(ies) by the Purchasers in accordance with each of the Second Phase Share Purchase Agreements (the "**Repurchase**") upon the exercise of the Second Phase Put Options by the Purchasers, upon the occurrence of any of the following events in relation to the relevant Target Company(ies) (the "**Repurchase Events**"):

(i) failure to obtain relevant compliance documents, complete relevant compliance procedures or pay the relevant construction fees in accordance with the requirements of the applicable laws before the Closing Date which causes the suspension of the operation of the solar power plant(s) of the relevant Target Company(ies) and the operation failing to resume within 6 months;

(ii) engineering quality matters, major irreparable defects or safety hazards of the main equipment of the solar power plant(s) existed before the Closing Date which cause the suspension of the operation of the solar power plant(s) of the relevant Target Company(ies) and the operation failing to resume within 6 months;

(iii) the relevant Target Company(ies) being unable to receive the full amount of the national subsidy receivable from the PRC government to be determined based on the Closing Audit Report within 4 years from the Closing Date. As at the Reference Date, the total balance of national subsidy receivable by the Target Companies was approximately RMB645,188,038;

(iv) the disqualification of the relevant Target Company(ies) from receiving national subsidy under the National Subsidy Catalogue or National Subsidy List; and

(v) material breach of the relevant Second Phase Share Purchase Agreement(s) by the Sellers which frustrates the purpose of the Transactions.

If the Purchasers fail to provide a written repurchase notice within one year from the occurrence of the Repurchase Events, it shall be deemed as a waiver by the Purchasers to exercise their rights to the Repurchase.

(b) Specific repurchase conditions of Baotou Shi Zhong Li and Ruyang GCL

In the event of failure to register the Specified Solar Power Plant Projects under the National Subsidy List within two years from the Closing Date (the "**Registration Deadline**"), Changzhou Zhonghui and Suzhou GCL New Energy may be required to repurchase the equity interests of Baotou Shi Zhong Li and Ruyang GCL respectively from the day after the Registration Deadline.

If the Purchasers fail to provide a written repurchase notice within one year from the day after the Registration Deadline, it shall be deemed as a waiver by the Purchasers of their rights to require Changzhou Zhonghui and/or Suzhou GCL New Energy to repurchase the equity interests of Baotou Shi Zhong Li and/or Ruyang GCL. However, the Purchasers shall not be required to pay the Third Instalment to the Sellers.

(c) Repurchase price

The repurchase price for the Target Companies (the "**Repurchase Price**") shall be calculated in the following manner (whichever is higher):

(a) the amount equivalent to the valuation of the shareholders' rights and interests of the Target Companies as stated under the repurchase valuation report to be filed to the relevant PRC state assets regulatory authorities; or

(b) the amount equivalent to the aggregation of (i) the Share Price, Capital Cost, Early Payment Amount and subsequent capital contribution to the Target Companies paid by the Purchasers, plus (ii) the expected investment income of the Purchasers (as defined below), less (iii) any dividend of the Target Companies actually paid to the Purchasers after the Closing Date, less (iv) any amount paid by the Sellers prior to the Repurchase to the Purchasers (including default payment, damages and compensation, but excluding any amount paid by the Sellers prior to the Repurchase to the Target Companies).

The expected investment income = the Share Price, Capital Cost, Early Payment Amount and subsequent capital contribution to the Target Companies paid by the Purchasers x 4.9% x the number of days since the Purchasers actually paid the Share Price or the amount of capital contribution until the date of the payment of the Repurchase Price by the Sellers ÷ 360 days.

3. INFORMATION ON THE GROUP, THE GNE GROUP AND THE SELLERS

The Group

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The principal business of the Company is investment holding.

The Group is principally engaged in the manufacturing and sale of polysilicon and wafers products, and developing, owning and operation of solar farms. As at the Latest Practicable Date, the Company is interested in approximately 62.28% of the issue share capital of GNE.

The GNE Group

GNE is incorporated in Bermuda as exempted company with limited liability. The principal business of GNE is investment holding.

The GNE Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants. As at the Latest Practicable Date, GNE is owned as to approximately 62.28% by the Company.

Ningxia GCL New Energy

Ningxia GCL New Energy is a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company and GNE. Ningxia GCL New Energy directly wholly-owns the solar power plant project of Ningxia Zhongwei GCL.

Suzhou GCL New Energy

Suzhou GCL New Energy is a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company and GNE. Suzhou GCL New Energy owns a majority of solar power plants of the GNE in the PRC.

Changzhou Zhonghui

Changzhou Zhonghui is a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company and GNE. Changzhou Zhonghui directly wholly-owns the solar power plant projects of Baotou Shi Zhong Li, which is an indirect subsidiary of the Company and GNE.

4. INFORMATION ON THE PURCHASERS

Huaneng No. 1 Fund

Huaneng No. 1 Fund is a limited partnership established in the PRC which was formed to invest in equities, investment instruments or vehicles related to debt-for-equity swap that are in compliance with the relevant laws, regulations and regulatory requirements.

The general partners of Huaneng No. 1 Fund are (i) Tianjin Huajing Shunhe New Energy Technology Development Co., Ltd.* (天津華景順和新能源科技發展有限公司), a company established in the PRC which principally engages in technical services, development, consultation, communication, transfer and promotion etc., and is indirectly held as to (a) 50% by Huaneng Capital Services Limited* (華能資本服務有限公司) (which is owned as to approximately 61% by China Huaneng Group as its ultimate beneficial owner managed by the State Council of the PRC) and (b) 50% by Invesco WLR Limited (a company established in Hong Kong and its ultimate beneficial owner is Invesco Ltd. (a company listed in New York, the United States, with New York Stock Exchange stock code IVZ)) and (ii) ICBC Capital Management Co., Ltd. (工銀資本管理有限公司), a company established in the PRC which principally engages in asset management, investment management, investment consultation and equity investment, whose ultimate beneficial owner is Industrial and Commercial Bank of China Limited (a company listed in Shanghai, the PRC and Hong Kong, with the respective stock codes being 601398 and 1398).

The limited partners of Huaneng No. 1 Fund are (i) China Huaneng Group, which owns a majority of properties in Huaneng No. 1 Fund and (ii) ICBC Financial Assets Investment Co., Ltd.* (工銀金融資產投資有限公司) (a company established in the PRC which principally engages in acquisition of debts owed by enterprises to banks for the purpose of debt-for-equity swap, so as to convert the credit rights into equities and manage such equities, and its ultimate beneficial owner is Industrial and Commercial Bank of China Limited (a company listed in Shanghai, the PRC and Hong Kong, with the respective stock codes being 601398 and 1398).

Huaneng No. 1 Fund is owned as to approximately 51% by China Huaneng Group and approximately 49% by ICBC Financial Assets Investment Co., Ltd.* (工銀金融資產投資有限公司).

Huaneng No. 2 Fund

Huaneng No. 2 Fund is a limited partnership established in the PRC which was formed to invest in equities, investment instruments or vehicles related to debt-for-equity swap that are in compliance with the relevant laws, regulations and regulatory requirements.

The general partners of Huaneng No. 2 Fund are (i) Tianjin Huajing Shunhe New Energy Technology Development Co., Ltd.* (天津華景順和新能源科技發展有限公司), a company established in the PRC which principally engages in technical services, development, consultation, communication, transfer and promotion etc., and is indirectly held as to (a) 50% by Huaneng Capital Services Limited* (華能資本服務有限公司) (which is owned as to approximately 61% by China Huaneng Group as its ultimate beneficial owner managed by the State Council of the PRC) and (b) 50% by Invesco WLR Limited (a company established in Hong Kong and its ultimate beneficial owner is Invesco Ltd. (a company listed in New York, the United States, with New York Stock Exchange stock code IVZ)) and (ii) ICBC Capital Management Co., Ltd. (工銀資本管理有限公司), a company established in the PRC which principally engages in asset management, investment management, investment consultation and equity investment, whose ultimate beneficial owner is Industrial and Commercial Bank of China Limited (a company listed in Shanghai, the PRC and Hong Kong, with the respective stock codes being 601398 and 1398).

The limited partners of Huaneng No. 2 Fund are (i) China Huaneng Group, which owns a majority of properties in Huaneng No. 2 Fund and (ii) ICBC Financial Assets Investment Co., Ltd.* (工銀金融資產投資有限公司) (a company established in the PRC which principally engages in acquisition of debts owed by enterprises to banks for the purpose of debt-for-equity swap, so as to convert the credit rights into equities and manage such equities, and its ultimate beneficial owner is Industrial and Commercial Bank of China Limited (a company listed in Shanghai, the PRC and Hong Kong, with the respective stock codes being 601398 and 1398).

Huaneng No. 2 Fund is owned as to approximately 51% by China Huaneng Group and approximately 49% by ICBC Financial Assets Investment Co., Ltd.* (工銀金融資產投資有限公司).

To the best of the knowledge of the Directors and the GNE Directors, information and belief after having made all reasonable enquiries, the Purchasers, the general partners and the limited partners of the Purchasers and their ultimate beneficial owners are third parties independent of the Company and GNE and their respective connected persons.

5. INFORMATION ON THE TARGET COMPANIES

The table below sets out the information on the Target Companies under each of the Second Phase Share Purchase Agreements:

No.	Second Phase Share Purchase Agreements	Information on the Target Companies
I	Baotou Shi Zhong Li Share Purchase Agreement	Baotou Shi Zhong Li is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Baotou Shi Zhong Li is wholly owned by Changzhou Zhonghui and an indirect subsidiary of the Company and GNE.
II	Qi County GCL Share Purchase Agreement	Qi County GCL is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Qi County GCL is wholly owned by Suzhou GCL New Energy and an indirect subsidiary of the Company and GNE.

No.	Second Phase Share Purchase Agreements	Information on the Target Companies
III	Ningxia Zhongwei GCL Share Purchase Agreement	Ningxia Zhongwei GCL is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Ningxia Zhongwei GCL is wholly owned by Ningxia GCL and an indirect subsidiary of the Company and GNE.
IV	Huixian Shi GCL Share Purchase Agreement	Huixian Shi GCL is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Huixian Shi GCL is wholly owned by Suzhou GCL New Energy and an indirect subsidiary of the Company and GNE.
V	Ruyang GCL Share Purchase Agreement	Ruyang GCL is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Ruyang GCL is wholly owned by Suzhou GCL New Energy and an indirect subsidiary of the Company and GNE.
VI	Hubei Macheng Jinfu Share Purchase Agreement	Hubei Macheng Jinfu is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Hubei Macheng Jinfu is wholly owned by Suzhou GCL New Energy and an indirect subsidiary of the Company and GNE.

Set out below is an extract of the audited financial statements prepared for the financial years ended 31 December 2018 and 31 December 2019 and the unaudited management accounts for the nine months ended 30 September 2019 and the six months ended 30 June 2020 of the Target Companies prepared in accordance with China Accounting Standards:

Second Phase Share Purchase Agreements	Target Companies	Six months ended 30 June 2020		Year ended 31 December 2019		Nine months ended 30 September 2019		Year ended 31 December 2018	
		Profit before taxation	Profit after taxation	Profit before taxation	Profit after taxation	Profit before taxation	Profit after taxation	Profit before taxation	Profit after taxation
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
I	Baotou Shi Zhong Li	20,304	18,781	44,762	41,390	41,227	38,139	42,955	40,234
II	Qi County GCL	16,492	14,420	25,069	22,393	22,015	19,263	22,784	22,784
III	Ningxia Zhongwei GCL	12,290	11,546	23,299	23,282	17,478	17,478	20,725	20,725
IV	Huixian Shi GCL	6,420	5,546	8,875	7,758	8,146	7,128	7,787	7,787
V	Ruyang GCL	24,885	21,777	38,148	35,470	33,609	31,354	32,367	32,362
VI	Hubei Macheng Jinfu	26,956	23,421	55,124	48,234	49,507	43,318	49,942	49,942

Set out below is an extract of the audited financial statements prepared for the six months ended 30 June 2020 and the financial years ended 31 December 2018 and 31 December 2019 of the Target Companies prepared in accordance with International Financial Reporting Standards (the "**IFRS**"):

Second Phase Share Purchase Agreements	Target Companies	Six months ended 30 June 2020		Year ended 31 December 2019		Year ended 31 December 2018	
		Profit before taxation	Profit after taxation	Profit before taxation	Profit after taxation	Profit before taxation	Profit after taxation
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
I	Baotou Shi Zhong Li	20,833	19,310	46,063	42,691	45,140	42,419
II	Qi County GCL	17,894	15,822	24,631	21,492	23,444	23,444
III	Ningxia Zhongwei GCL	13,282	12,538	22,233	22,233	21,125	21,125
IV	Huixian Shi GCL	6,370	5,496	9,171	8,053	8,804	8,804
V	Ruyang GCL	25,339	22,231	38,636	35,957	39,352	39,348
VI	Hubei Macheng Jinfu	26,734	23,199	57,443	50,552	50,358	50,358

The table below sets out the net asset value (net of the dividends payable as at Reference Date and dividends declared during the Transition Period) of each of the Target Companies for the nine months ended 30 September 2019 and the six months ended 30 June 2020:

		Prepared in accordance with the IFRS	Prepared in accordance with the China Accounting Standards	
Second Phase Share Purchase Agreements	**Target Companies**	**As at 30 June 2020 Net asset value**	**As at 30 June 2020 Net asset value**	**As at the Reference Date Net asset value**
		RMB'000	*RMB'000*	*RMB'000*
		(audited)	(unaudited)	(unaudited)
I	Baotou Shi Zhong Li	146,916	146,812	129,132
II	Qi County GCL	104,989	106,963	92,770
III	Ningxia Zhongwei GCL	77,244	78,780	69,002
IV	Huixian Shi GCL	61,483	61,418	55,579
V	Ruyang GCL	180,202	180,110	159,175
VI	Hubei Macheng Jinfu	234,854	233,379	211,649
		805,688	807,462	717,307

As at 31 December 2018, 30 September 2019, 31 December 2019 and 30 June 2020, the aggregate net assets (net of dividends payable as at Reference Date and dividends declared during the Transition Period) of the Target Companies amounted to approximately RMB874,782,000, RMB717,307,000, RMB710,516,000 and RMB807,642,000, respectively. As set out in the Second Phase Share Purchase Agreements, the Purchasers will be responsible for the Capital Costs for operating the Target Companies since the Reference Date and any gains and losses arising from the operations of the Target Companies since the Reference Date will be enjoyed or borne by the Purchasers. Coupled with the fact that the Company and GNE have not made any major capital contribution to the Target Companies since the Reference Date, any changes in the net asset value or financial position of the Target Companies during the Transition Period merely reflects changes in the financial position of the Target Companies due to their continued operation of their day-to-day businesses, which is in line with the historical financial performance of the Target Companies.

In addition, the increase in net asset value mainly reflects the increase in national subsidy receivable from the relevant PRC governmental authorities during the period. As set out in the section headed "Basis of the Consideration" above, the Company and GNE have experienced difficulties in collecting national subsidy from the PRC governmental authorities, and it remains uncertain whether the Target Companies will be able to collect all the national subsidy that has been booked in a timely manner. As such, the Directors and the GNE Directors are of the strong view that the Consideration (which was determined based on, among other factors, net asset value of the Target Companies as at the Reference Date), remains fair and reasonable and no further adjustments are required to take into account changes in the net asset value of the Target Companies during the Transition Period.

As at the Latest Practicable Date, upon a review of the audited accounts of the Target Companies for the year ended 31 December 2019, the Directors and the GNE Directors are not aware of any material change in operations and/or financial position of the Target Companies since the Reference Date up to the Latest Practicable Date which may require adjustments to the Consideration. The Directors and the GNE Directors therefore consider that the Consideration remains to be fair and reasonable.

6. FINANCIAL IMPACT OF THE TRANSACTIONS

After the Closing Date, the Target Companies will cease to be subsidiaries of the Group and the GNE Group, and the profits and loss, as well as the assets and liabilities of the Target Companies will no longer be consolidated into the consolidated financial statements of the Group and the GNE Group.

As at the Latest Practicable Date, it is estimated that the Group and the GNE Group will realise a net loss on the Second Phase Disposals of approximately RMB205,029,141, which is calculated by reference to the difference between the Share Price of approximately RMB576,001,213 plus the Capital Cost of approximately RMB31,431,290 and the net asset value of the Target Companies (net of the dividends payable as at Reference Date and dividends declared during the Transition Period by the Target Companies) of approximately RMB807,461,644 based on the unaudited financial information of the Target Companies as at 30 June 2020, after deducting related transaction costs of the Second Phase Disposals of approximately RMB5,000,000. The actual loss as a result of the Second Phase Disposals to be recorded by the Group and the GNE Group is subject to audit and will be reassessed based on the net asset value of the Target Companies as at the Closing Date in accordance with the Closing Audit Report.

Despite the net loss on the Second Phase Disposals, the net cash proceeds (net of estimated taxes and transaction costs) from the Transactions (including the Consideration, the Total Outstanding Balance, the payment of dividends payable as at Reference Date and dividends declared during the Transition Period by the Target Companies and the Capital Cost) of the Group and the GNE Group is expected to be approximately RMB1,376,344,000, which is substantially higher than the aggregate amount of the total cash investment to the Target Companies and the total shareholders' loans by the Group and the GNE Group amounting to approximately RMB885,044,579.

Upon the completion of the Second Phase Disposals, the Second Phase Put Options shall be recognised as financial liabilities through profit or loss. As such, fair value of the Second Phase Put Options shall be recognized as financial liabilities in the financial statements of the Group and the GNE Group.

In addition, having taken into consideration of the reasons for the Second Phase Disposals as stated under the section headed "Reasons and Benefits of the Transactions" below, the Directors and the GNE Directors are of the view that the Second Phase Disposals will be in the interests of the Group, the GNE Group, the GNE Shareholders and the Shareholders respectively and as a whole as it will improve the cash flow position of the Group and the GNE Group in the long run.

7. USE OF PROCEEDS FROM THE TRANSACTIONS

The table below sets out the debt profile of the GNE Group for the upcoming 12 months as at 30 June 2020:

Indebtedness repayable within one year

	RMB'000
Bank loans and other loans from independent third parties	7,158,113
Project loans	3,265,179
Bonds and senior notes	3,802,242
Loans from related companies	438,056
Lease liabilities	110,397
Loans directly associated with assets held for sale	754,939
	15,528,926

The net cash proceeds (net of estimated taxes and transaction costs) from the Transactions (including the Consideration, the Total Outstanding Balance, the payment of dividends payable as at Reference Date and dividends declared during the Transition Period by the Target Companies and the Capital Cost) is expected to be approximately RMB1,376,344,000, which the Company and GNE intend to use for repayment of its bank loans and other loans from independent third parties which are repayable on or before 30 June 2021 amounting to RMB7,158,113,000 as set out above.

Having considered (i) the business prospects and internal resources of the GNE Group, (ii) the net cash proceeds from the Transactions, (iii) the available committed and uncommitted financing facilities and arrangements of the GNE Group and (iv) ongoing transformation of the GNE Group to an asset-light model, the GNE Directors believe that the GNE Group has sufficient working capital to meet its financial obligations as they fall due in the foreseeable future. For the details of the reasons and benefits of the transformation of the GNE Group into an asset-light model and the Transactions, please refer to the section headed "Reasons and Benefits of the Transactions" below.

8. REASONS AND BENEFITS OF THE TRANSACTIONS

Solar power generating business is the principal business engaged by GNE, and one of the business segments (being the new energy business segment) operated by the Company through its subsidiary GNE and other subsidiaries. Solar power generating business is also a capital intensive industry, which highly relies on external financing in order to fund for the construction of solar power plants while the recovery of capital investment takes a long period of time. Given the Company, through GNE, 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 capital expenditure and finance expenses of the Company, through GNE, hence, affecting its operating results. Therefore, transformation into an asset-light model, being the business model adopted by the Company, through GNE, is an effective way to reduce its debts and interest rate exposure.

Since 2018, the Company, through GNE, has strived to promote its strategic transformation, actively introduced strategic investors for the disposals of its solar power plants. At the project level, in addition to the cooperation with China Huaneng Group, since 2018, the Group, through the GNE Group, has disposed a total asset of approximately 1.7GW to CGN Solar Energy Development Co., Ltd.* (中廣核太陽能開發有限公司), China Three Gorges New Energy Co., Ltd.* (中國三峽新能源有限公司), Wuling Power Corporation Ltd.* (五淩電力有限公司), Shanghai Rongyao New Energy Co., Ltd.* (上海榕耀新能源有限公司), CNI (Nanjing) Energy Development Company Limited* (中核(南京)能源發展有限公司) and CDB New Energy Technology Co., Ltd.* (國開新能源科技有限公司) respectively to recover a total cash of approximately RMB2.86 billion (net of transaction costs) for the repayment of debts. As the debts related to such projects will no longer be consolidated into the Group and the GNE Group, the scale of debts incurred by the Company and GNE will be reduced by approximately RMB10.18 billion in aggregate.

The Company, through GNE, intends to reinforce the strategic cooperation with domestic centralized management enterprises and local state-owned enterprises, including the China Huaneng Group. After the completion of the First Phase Disposals and the Second Phase Disposals, the Group, through the GNE Group, and China Huaneng Group will further explore other co-operation opportunities in relation to, including but not limited to, the Group's existing solar power plants in the PRC.

On 16 November 2020, the GNE Group and Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* (徐州國投環保能源有限公司) ("**Xuzhou State Investment**") entered into to a series of five share purchase agreements, pursuant to which the GNE Group agreed to, among other things, sell equity interest in five subsidiaries of the Group and the GNE Group to Xuzhou State Investment (the "**Xuzhou First Phase Disposals**"). Please refer to the joint announcement of the Company and GNE dated 16 November 2020 in relation to the Xuzhou First Phase Disposals for further details.

On 19 November 2020, the GNE Group and the Purchasers entered into to a series of 14 share purchase agreements, pursuant to which the GNE Group agreed to, among other things, sell equity interest in 14 subsidiaries of the Group and the GNE Group to the Purchasers (the "**Third Phase Disposals**"). Please refer to the joint announcement of the Company and GNE dated 19 November 2020 in relation to the Third Phase Disposals for further details.

On 20 November 2020, the Group and Zhenfa New Energy Technology Co., Ltd.* (振發新能源科技有限公司) ("**Zhenfa New Energy**") (as sellers), Hunan Xinhua Water Conservancy and Electric Power Co., Ltd.* (湖南新華水利電力有限公司) ("**Hunan Xinhua**") and Jia Wei (Shanghai) Photovoltaic Power Co., Ltd.* (珈偉(上海)光伏電力有限公司) ("**Jia Wei Shanghai**") (as purchasers) and Jiangsu Zhenfa Holding Group Co., Ltd.* (江蘇振發控股集團有限公司) ("**Jiangsu Zhenfa Holding**") (act as the guarantor of Zhenfa New Energy) entered into to a share purchase agreement, pursuant to which the Group agreed to, among other things, sell 51% equity interest in Ningxia Qingyang New Energy Co., Ltd.* (寧夏慶陽新能源有限公司) ("**Ningxia Qingyang**") to Hunan Xinhua (the "**Ningxia Qingyang Disposal**"). Please refer to the announcement of the Company dated 20 November 2020 in relation to the Ningxia Qingyang Disposal for further details.

On 22 November 2020, the GNE Group and Xuzhou State Investment entered into another five share purchase agreements, pursuant to which the GNE Group agreed to, among other things, sell equity interest in five subsidiaries of the Group and the GNE Group to Xuzhou State Investment (the "**Xuzhou Second Phase Disposals**"). Please refer to the joint announcement of the Company and GNE dated 22 November 2020 in relation to the Xuzhou Second Phase Disposals for further details.

In addition, the Group and the GNE Group are currently under negotiation with certain new energy companies in the PRC (including domestic centralised management enterprises, local state-owned enterprises and listed companies) for further potential disposals of their respective subsidiaries and will make further announcement as and when appropriate in compliance with the Listing Rules. Save as disclosed above, as at the Latest Practicable Date, the Group and the GNE Group have not entered into any memorandum of understanding or agreement regarding further disposal or downsize of its existing businesses.

Upon completion of the Transactions, the Target Companies will no longer be subsidiaries of the Group and the GNE Group, and the profits and losses as well as the assets and liabilities of the Target Companies will no longer be consolidated into the consolidated financial statements of the Group and the GNE Group. The liabilities of the Group and the GNE Group will decrease by approximately RMB1,813,279,000, of which approximately RMB379,911,000 will be due within one year. Meanwhile, the cash derived from the Transactions amounted to approximately RMB1,376,344,000, which will be used for further repayment of debts, and the gearing ratio of the Group and the GNE Group will decrease by approximately 1%, calculated with reference to the unaudited financial statements of the Group and the GNE Group as at 30 June 2020, effectively reducing the financial risks.

Although the Target Companies are profit-making, they have experienced a net cash outflow due to substantial delay in receiving the national subsidy from the relevant PRC governmental entities. The capital and operating expenses of the Target Companies have been substantially funded by shareholders' loans from the GNE Group from time to time. The Second Phase Disposals represents an opportunity for the Group, through the GNE Group, to recoup its capital investments in the Target Companies and to relieve the Group, through the GNE Group, from its funding commitment to the Target Companies in the form of shareholders' loans, which are costly to maintain.

For the purpose of this section, the Remaining Group shall mean the Group after completion of the First Phase Disposals, Second Phase Disposals, Third Phase Disposals, Xuzhou First Phase Disposals, Ningxia Qingyang Disposal and Xuzhou Second Phase Disposals.

The table below sets out the respective number of solar power plants operated by the Remaining Group and their respective locations after the completion of the First Phase Disposals, Second Phase Disposals, Third Phase Disposals, Xuzhou First Phase Disposals, Ningxia Qingyang Disposal and Xuzhou Second Phase Disposals:

Geographic location	Number of solar power plant(s)	Grid-connected Capacity (MW)
The GNE Group		
Jiangsu	37	409
Shaanxi	19	1,024
Henan	10	414
Qinghai	4	100
Inner Mongolia	8	298
Yunnan	8	279
Guangdong	8	133
Shandong	3	93
Guizhou	6	235
Hunan	5	101
Jilin	4	51
Liaoning	3	47
Jiangxi	3	100
Hubei	3	49
Hainan	3	80
Zhejiang	2	21
Guangxi	3	160
Fujian	3	55
Ningxia	2	60
Sichuan	1	50
Gansu	2	39
Hebei	1	21
Shanghai	1	7
United States	2	134
Sub-total	141	3,960

Geographic location	Number of solar power plant(s)	Grid-connected Capacity (MW)
The Group (excluding the GNE Group)		
Jiangsu	4	83
Shaanxi	2	100
Ningxia	1	30
Xizang	1	10
Xinjiang	1	30
United States	14	18
Sub-total	23	271
Total	164	4,231

Through the divestiture of the Operational Solar Power Plant Projects, the asset-light model allows the Remaining Group to optimise the finance structure by lowering gearing rate as well as reducing debt and interest rate exposure.

In addition to optimising the finance structure, the Remaining Group seek to explore opportunities to expand its business by providing more operation, management and maintenance services, in particular to other solar power plant operators in the PRC (including purchasers of certain solar power plant projects disposed by the Group), thereby generating an additional and stable source of income.

Based on the reasons above and having considered the scale of the Remaining Group's solar power plants business with an aggregate approximately 4.2 GW of grid-connected capacity, the Directors and the GNE Directors believe that the business model and the asset-light strategy of the Remaining Group (after completion of the First Phase Disposals, Second Phase Disposals, Third Phase Disposals, Xuzhou First Phase Disposals, Ningxia Qingyang Disposal, and Xuzhou Second Phase Disposals) could ensure its sufficient level of operations, viability and sustainability. As at the Latest Practicable Date, the Company and GNE do not have any intention to acquire new business in the future.

The Company and GNE have considered other alternative fund-raising methods such as debt financing, rights issue or open offer with a view to lower its gearing ratio. The Directors and the GNE Directors considered that debt financing may incur interest burden on and further increase the gearing ratio of the Group and may be subject to (i) lengthy due diligence process, (ii) negotiations with banks and (iii) prevailing financial market condition, which may be relatively uncertain and time-consuming. In addition, it is usually more time consuming to raise funds by rights issue or open offer and it may not allow the Company and GNE to grasp potential opportunities in a timely manner. Rights issue and open offer may also incur high underwriting commission and involve extra administrative work and cost in relation to the trading arrangements. Although rights issue and open offer would be offered to the Shareholders on a pro rata entitlement basis, those qualifying shareholders who choose not to take up their assured entitlements in full would have dilution to their shareholding interests in the Company and GNE.

Due to the capital intensive nature of the Operational Solar Power Plant Projects, raising capital alone will only put on more financial pressure on the Group as further injection of capital into the Target Companies will be required in order to continuously operate the Operational Solar Power Plant Projects in the long run. Without continuously disposing solar power plants owned by the Company and GNE (including the Operational Solar Power Plant Projects) to transform the Company and GNE into an asset-light enterprise, the Company and GNE will fall into a vicious cycle, whereby the Company and GNE will require further rounds of fund raising, which causes the gearing ratio to continuously increase, hence negatively affecting the financial stability of the Company and GNE.

Based on the above reasons and having considered all relevant factors, the GNE Directors believe and consider that the terms of the Transactions are on normal commercial terms, are fair and reasonable and that the entering into of the Second Phase Share Purchase Agreements is in the interests of GNE and the GNE Shareholders as a whole.

Based on the views of the GNE Directors and having considered all relevant factors, the Directors believe and consider that the terms of the Transactions are on normal commercial terms, are fair and reasonable and that the entering into of the Second Phase Share Purchase Agreements is in the interests of the Company and the Shareholders as a whole.

9. LISTING RULES IMPLICATIONS

As the Sellers, being indirect subsidiaries of the Company, entered into the First Phase Disposals and the Second Phase Disposals with the Purchasers within a 12-month period, the Disposals contemplated in the First Phase Share Purchase Agreements and the Second Phase Share Purchase Agreements shall be aggregated as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules.

Since the highest of the applicable percentage ratios in respect of the Disposals exceeds 75%, the entering into of the Second Phase Disposals constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Sellers, being indirect subsidiaries of the Company, entered into the First Phase Put Options and the Second Phase Put Options with the Purchasers within a 12-month period, the Put Options contemplated in the First Phase Share Purchase Agreements and the Second Phase Share Purchase Agreements shall be aggregated as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules.

The Put Options are exercisable at the discretion of the Purchasers upon the occurrence of certain specified events, with the exercise price of the Put Options to be determined in accordance with the terms of the First Phase Share Purchase Agreements and the Second Phase Share Purchase Agreements respectively. Given that the exercise of the Second Phase Put Options are not at the Company's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Second Phase Put Options will be classified as if they had been exercised. The grant of the Second Phase Put Options constitutes a possible very substantial acquisition for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

10. EGM

Set out on pages EGM-1 to EGM-3 of this circular is a notice convening the EGM to be held at Strategy II-III, Level 8, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Monday, 28 December 2020 at 11:30 a.m..

At the EGM, ordinary resolution(s) for approving the Transactions and the entering into and performance of obligations under the Second Phase Share Purchase Agreements will be proposed for the Shareholder's approval.

The resolution(s) will be voted by way of poll at the EGM. As at the Latest Practicable Date, no Shareholder has material interest in the Transactions (other than being a Shareholder) and therefore no Shareholder is required to abstain from voting on the relevant resolution(s) at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, please complete the form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. The address of Tricor Investor Services Limited is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM should you so wish and in such event, the proxy form shall be deemed to be revoked.

11. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 22 December 2020 to Monday, 28 December 2020, both days inclusive, during which period no transfer of shares will be registered, in order to determine the entitlement to attend and vote at the EGM. In order to be entitled to attend and vote at the EGM, unregistered holders of shares should ensure that all transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, 21 December 2020.

12. RECOMMENDATION

The Directors are of the view that the terms of the Transactions are fair and reasonable, and are on normal commercial terms and that the entering into of the Second Phase Share Purchase Agreements is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions to approve the Transactions, the entering into and performance of obligations under the Second Phase Share Purchase Agreements as set out in the notice of the EGM.

13. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
GCL-Poly Energy Holdings Limited
保利協鑫能源控股有限公司
Zhu Gongshan
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2020 together with the relevant notes thereto are disclosed in the following documents, which were published on both the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.gcl-poly.com.hk):

- the annual report of the Company for the year ended 31 December 2017 published on 16 April 2018 (pages 108-276);
- the annual report of the Company for the year ended 31 December 2018 published on 26 April 2019 (pages 118-351);
- the annual report of the Company for the year ended 31 December 2019 published on 29 April 2020 (page 162-376); and
- the interim report of the Company for the six months ended 30 June 2020 published on 17 September 2020 (pages 29-90).

2. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES OF THE GROUP

At the close of business on 30 September 2020, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding borrowings:

	The Group		**Total**
	Secured	**Unsecured**	
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of bank and other borrowings	37,461,187	3,979,891	41,441,078
Principal amount of notes and bonds payable	–	4,059,252	4,059,252
Carrying amount of loans from related companies	715,851	979,397	1,695,248
Lease liabilities	975,706	1,159,278	2,134,984
	39,152,744	10,177,818	49,330,562

The Group's secured borrowings were secured, individually or in combination, by (i) certain property, plant and equipment, investment properties and right-of-use assets of the Group; (ii) certain pledged bank and other deposits of the Group; (iii) certain subsidiaries' trade receivables, contract assets and fee collection rights in relation to the sales of electricity; and (iv) amount due from an associate; and (v) certain equity interests in some project companies and an associate of the Group.

At 30 September 2020, certain borrowings of the Group amounting to RMB33,641,581,000, are guaranteed individually or in combination by entities within the Group. The remaining indebtedness amounting to RMB15,688,981,000 are not guaranteed.

At 30 September 2020, the Group provided a total guarantee of RMB7,958,145,000, RMB900,000,000, RMB119,000,000 and RMB2,310,000,000 to banks and financial institutions in respect of banking facilities and financing arrangements of associates, a joint venture, third parties and the Target Companies, respectively. The associates, joint venture, third parties and the Target Companies had utilised RMB5,839,182,000, RMB887,000,000, RMB77,350,000 and RMB1,611,730,000 in total of such facilities at 30 September 2020, respectively.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 September 2020, the Group did not have any debt securities authorised or otherwise created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages or charges, other material contingent liabilities or guarantees outstanding.

To the best of the knowledge of the Directors, having made all reasonable enquiries, there has been no material change in the level of indebtedness of the Group since 30 September 2020.

3. WORKING CAPITAL STATEMENT

As at 30 September 2020, the Group's total borrowings comprising bank and other borrowings, notes and bonds payable, loans from related companies and lease liabilities amounted to approximately RMB49,330,562,000.

The Directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from the date of this circular. The Directors after due and careful enquiry, are of the opinion that, after taking into account the net proceeds from the Disposals and the financial resources available to the Group, including cash and cash equivalents on hand, cash flows from operating activities and available credit facilities, and based on the assumptions that the financing plans and measures can be successfully executed, the Group will have sufficient working capital for its operating requirements and to pay its financial obligations as and when they fall due and for at least the next twelve months from the date of this circular, in the absence of unforeseeable circumstances. However, if the implementation of measures of the GNE Group and the financing plans and measures of the Group become unsuccessful, the Group will not have sufficient working capital for at least the next twelve months from the date of this circular.

In addition to the successful implementation of measures of the GNE Group, including but not limited to the successful transformation to a light-asset model, the completion of the disposals and divestments in relation to solar power plant assets, the sufficiency of the Group's working capital to satisfy its requirements for at least the next twelve months from the date of this circular is also 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 this circular, other short-term or long-term financing and equity issuance.

Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the plans and measures to generate adequate cash inflow as scheduled, failing which the Group will strive to meet the working capital sufficiency by continuous negotiations with banks to renew existing loans, exploring funding channels through equity and debt markets, and obtaining waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements. In particular, the Group has negotiated with certain banks and financial institutions for providing credit facilities in both on-shore and off-shore. The Group has also obtained direct confirmations from certain banks stating that they do not foresee any reason to withdraw the existing facilities in the near future. The Group will continue to negotiate with other banks to obtain credit facilities to ensure the Group's bank borrowings can be renewed on an on-going basis.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Company since 31 December 2019, being the date to which the latest published audited financial results of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

For the year ended 31 December 2019, the Group recorded a total revenue of approximately RMB19,250 million, whilst the total revenue for the year ended 31 December 2018 was approximately RMB20,565 million. Gross profit and gross profit margin for the year ended 31 December 2019 were approximately RMB4,678 million and 24.3% respectively, whilst the gross profit and gross profit margin for the year ended 31 December 2018 were approximately RMB5,032 million and 24.5% respectively. Loss attributable to owners of the Company for the year ended 31 December 2019 amounted to approximately RMB197 million as compared to the loss attributable to owners of the Company of RMB693 million for the year ended 31 December 2018.

The Group's solar material business belongs to the upstream of the solar supply chain, which supplies polysilicon and wafer to companies operating in the solar industry. Polysilicon is the primary raw material used in the solar wafer production. In addition, the Group also produces wafer by using polysilicon that are produced by the Group. In the solar industry supply chain, wafers are further processed by downstream manufacturers to produce solar cells and modules. As at 31 December 2019, the annual production capacity of polysilicon of the Group's Xuzhou base remained at 70,000 MT. As at 31 December 2019, the Group's annual wafer production capacity reached 35 GW.

The Group's solar farm business manages and operates 371MW solar farms. As at 31 December 2019, the Group's solar farm business includes 18MW of solar farms in the United States and 353MW of solar farms in the PRC.

The Group's new energy business represents the business operations of GCL New Energy, which is principally engaged in the development, construction, operation and management of solar farms. As at 31 December 2019, the aggregated installed capacity of the grid-connected solar farms of GNE Group was 7,145MW.

The outbreak of coronavirus disease ("**COVID-19**") in the PRC, which subsequently spread throughout other regions, has affected many businesses to different extent in early 2020. The respective governments in the PRC and other regions had implemented different types and levels of precautionary measures in an attempt to curb the spread of the pandemic. Hence, the Group's ability to serve customers will largely depend on (i) the effectiveness of the government measures that have been implemented, (ii) continuous availability of workforce which may be affected by the temporary travel restrictions and home quarantine requirements, and (iii) customers' confidence and demand which may be influenced by the market sentiments and economic performances in different jurisdictions.

Based on available information up to the Latest Practicable Date, the management of the Group considers that COVID-19 has negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. Given the dynamic nature of these circumstances, the related impact on our Group's operations and financial position could not be reasonably estimated at this stage.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below is the management discussion and analysis of the Remaining Group's business and performance for the six months ended 30 June 2020 and each of the financial years ended 31 December 2017, 2018 and 2019 (the "**Reporting Periods**").

Business Review

During the Reporting Period, the Remaining Group is principally engaged in solar material business, solar farm business and new energy business.

Solar Material Business

During the Reporting Periods, the Remaining Group's solar material business belonged to the upstream of the solar supply chain, which supplies polysilicon and wafer to companies operating in the solar industry.

As at 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, the Remaining Group sold 17,489 MT, 38,789 MT, 20,041 MT and 7,316 MT of rod silicon respectively, and 14,419MW, 31,969MW, 24,761MW and 23,417MW of wafers respectively. Revenue from external customers of the solar material business amounted to approximately RMB4,189 million, 12,708 million, 14,436 million and 19,355 million respectively for the six months ended 30 June 2020 and the years ended 31 December 2019, 2018 and 2017.

Solar Farm Business

During the Reporting Periods, the Remaining Group's solar farm business mainly consisted of overseas solar farms and PRC solar farms.

For the six months ended 30 June 2020, the electricity sales volume of solar farm business overseas and in the PRC were 14,834MWh and 238,611MWh respectively. The revenue for solar farm business was approximately RMB239 million.

For the year ended 31 December 2019, the electricity sales volume of the solar farm business in overseas and the PRC were 27,931MWh and 488,869MWh respectively. The revenue for the solar farm business was approximately RMB490 million.

For the year ended 31 December 2018, the electricity sales volume of solar farm business in overseas and the PRC were 30,473MWh and 492,950MWh respectively. The revenue for solar farm business was approximately RMB497 million.

For the year ended 31 December 2017, the electricity sales volume of solar farm business in overseas and the PRC were 29,804MWh and 495,365MWh respectively. The revenue for solar farm business was approximately RMB497 million.

New Energy Business

As at 30 June 2020, the aggregate installed capacity of grid-connected solar power plants of the Remaining Group, including subsidiaries, joint ventures and associates, was 6,215MW.

As at 31 December 2019, 31 December 2018 and 31 December 2017, the Remaining Group owned 11,880,000,000 million, 11,880,000,000 million and 11,880,000,000 million shares of GNE (approximately 62.28%, 62.28% and 62.28% of GNE's issued capital), respectively. As at 31 December 2019, 31 December 2018 and 31 December 2017, the aggregated installed capacity of grid-connected solar farms of the GNE Group was 7,145MW, 7,309MW and 5,990MW respectively.

Most of the Solar farms of the GNE Group are located in China and almost all of the revenue is contributed by the subsidiaries of the State Grid. The State Grid is a state-owned enterprise in China, which possesses low default risk. Therefore, the Directors and GNE Directors considered that the credit risk of trade receivables was minimal.

Financial Review

Revenue and Gross Profit

During the six months ended 30 June 2020 and the years ended 31 December 2019, 2018 and 2017, the revenue of the Remaining Group amounted to approximately RMB6,942 million, RMB18,825 million, RMB20,153 million and RMB23,444 million respectively. The Remaining Group's overall gross profit margin for the six months ended 30 June 2020 and the years ended 31 December 2019, 2018 and 2017 were 23.7%, 23.3%, 23.5% and 34.0% respectively.

As at 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, the solar material business of the Remaining Group had a gross profit margin of -4.3%, 3.3%, 6.9% and 27.2% respectively. The solar farm business of the Remaining Group had a gross profit margin of 53.6%, 53.0%, 52.4% and 48.5% respectively. The new energy business of the Remaining Group had a gross profit margin of 66.9%, 65.0%, 66.2% and 67.3% respectively.

Capital Structure, Liquidity and Financial Resources

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

For the six months ended 30 June 2020

As at 30 June 2020, bank balances and cash of the Remaining Group were approximately RMB 1,094 million.

For the period ended 30 June 2020, the Remaining Group's main source of funding was cash generated from operating activities and financing activities.

The Directors have given careful consideration to the going concern status of the Remaining Group in light of the fact that the Remaining Group's current liabilities exceeded its current assets by approximately RMB15,856 million as at 30 June 2020 and the Remaining Group had cash and cash equivalents of approximately RMB1,094 million (including bank balances and cash classified as assets held for sale of approximately RMB70 million) against the Remaining Group's total borrowings (comprising bank and other borrowings, lease liabilities, notes and bonds payables, loans from related companies and indebtedness associated with solar farm projects classified as held for sale) amounted to approximately RMB51,488 million.

For the year ended 31 December 2019

As at 31 December 2019, bank balances and cash of the Remaining Group were approximately RMB1,481 million.

For the year ended 31 December 2019, the Remaining Group's main source of funding was cash generated from operating activities.

The Directors have given careful consideration to the going concern status of the Remaining Group in light of the fact that the Remaining Group's current liabilities exceeded its current assets by approximately RMB20,701 million as at 31 December 2019 and the Remaining Group had cash and cash equivalents of approximately RMB1,481 million against the Remaining Group's total borrowings (comprising bank and other borrowings, lease liabilities, notes and bonds payables, loans from related companies) amounted to approximately RMB53,599 million.

For the year ended 31 December 2018

As at 31 December 2018, bank balances and cash of the Remaining Group were approximately RMB4,021 million.

For the year ended 31 December 2018, the Remaining Group's main source of funding was cash generated from operating activities.

The Directors have given careful consideration to the going concern status of the Remaining Group in light of the fact that the Remaining Group's current liabilities exceeded its current assets by approximately RMB22,773 million as at 31 December 2018 and the Remaining Group had cash and cash equivalents of RMB4,021 million (including bank balances and cash classified as assets held for sale of approximately RMB45 million) against the Remaining Group's total borrowings (comprising bank and other borrowings, obligations under finance leases, notes, bonds payable, loan from a related company) amounted to approximately RMB60,686 million. The amounts included indebtedness directly associated with assets classified as held for sale of RMB873 million.

For the year ended 31 December 2017

As at 31 December 2017, bank balances and cash of the Remaining Group were approximately RMB10,537 million.

For the year ended 31 December 2017, the Remaining Group's main source of funding was cash generated from operating and financing activities.

The Directors have given careful consideration to the going concern status of the Remaining Group in light of the fact that the Remaining Group's current liabilities exceeded its current assets by approximately RMB12,092 million as at 31 December 2017 and the Remaining Group had cash and cash equivalents of RMB10,537 million against the Remaining Group's total borrowings (comprising bank and other borrowings, obligations under finance leases, notes and bonds payable and convertible bonds payable) amounted to approximately RMB56,201 million.

The bank balance of the Remaining Group as at the end of each Reporting Period was denominated in the following currencies:

	31 December 2017	31 December 2018	31 December 2019	30 June 2020
	RMB million	*RMB million*	*RMB million*	*RMB million*
RMB	6,263	3,455	1,181	857
Hong Kong dollars	243	193	89	63
United States dollars	3,949	308	142	134
Japanese yen	49	28	52	19
Euro	33	37	17	21
Total	10,537	4,021	1,481	1,094

Indebtedness and Gearing Ratio

During the six months ended 30 June 2020 and the years ended 31 December 2019, 2018 and 2017, the Remaining Group recorded current liabilities amounting to approximately RMB46,780 million, RMB45,735 million, RMB49,753 million and RMB43,291 million respectively, mainly consisted of bank and other borrowings, lease liabilities, notes and bonds payables and loans from related parties due within one year.

During the six months ended 30 June 2020 and the years ended 31 December 2019, 2018 and 2017, the Remaining Group recorded non-current liabilities amounting to approximately RMB21,608 million, RMB26,100 million, RMB34,001 million and RMB34,665 million respectively, mainly consisted of bank and other borrowings, lease liabilities, notes and bonds payables and loans from related parties due after one year.

29.8%, 31.0%, 45.5% and 45.5% of the indebtedness of the Remaining Group are charged with a fixed interest rate as at 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020, respectively.

The indebtedness of the Remaining Group as at the end of each Reporting Period was denominated in the following currencies:

	31 December 2017	31 December 2018	31 December 2019	30 June 2020
	RMB million	*RMB million*	*RMB million*	*RMB million*
RMB	48,903	51,463	46,004	43,856
Hong Kong dollars	926	–	361	306
United States dollars	6,177	9,047	7,234	7,326
Euro	126	111	–	–
Japanese yen	69	65	–	–
Total	56,201	60,686	53,599	51,488

During the Reporting Periods, the Remaining Group monitored capital based on net debt to total equity ratio. The net debt to total equity ratio was calculated as total indebtedness minus bank balances and cash and pledged and restricted bank and other deposits and then divided by equity attributable to the owners of the Company. The net debt to total equity ratio as at 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017 were 215%, 204%, 234%, and 183%, respectively.

Fund raising Activities

During the six months ended 30 June 2020, the Remaining Group placed 1,300,000,000 shares at a price of HK$0.203 per share. The net proceeds of the placing, after taking into account all related costs, fees, expenses and commission of the placing, is approximately HK$260 million.

During the year ended 31 December 2019, the Remaining Group placed 1,511,000,000 shares at a price of HK$0.45 per share, raising approximately RMB588 million after deducting placing commission and related expenses.

During the year ended 31 December 2018, the Remaining Group issued US$500 million senior notes.

During the year ended 31 December 2017, the Remaining Group issued non-public green bonds amounted to RMB935 million.

Pledge of or Restrictions on Assets

During the Reporting Periods, the following assets were pledged for certain bank and other borrowings, loans from a related company, lease liabilities or restrictions on assets, issuance of bills, short-term letters of credit for trade and other payables granted to the Remaining Group and bank and other borrowings of an associate and a joint venture:

– property, plant and equipment of approximately RMB26.3 billion, RMB27.2 billion, RMB38.8 billion and RMB36.2 billion as of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, respectively;

– right-of-use assets of approximately RMB0.8 billion, RMB0.6 billion, nil and nil as of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, respectively;

– investment properties of approximately RMB0.06 billion, RMB0.07 billion, nil and nil as of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, respectively;

– trade receivables and contract assets of approximately RMB10.4 billion, RMB7.1 billion, RMB9.3 billion and RMB6.4 billion as of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, respectively;

– pledged and restricted bank and other deposits of approximately RMB6.6 billion, RMB6.9 billion, RMB6.5 billion and RMB4.9 billion as of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, respectively;

– deposit paid to a related company of approximately RMB0.06 billion, RMB0.04 billion, RMB0.1 billion and nil as of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, respectively;

– equity instruments at fair value through other comprehensive income of approximately RMB0.02 billion, nil, nil and nil as of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, respectively;

– prepaid lease payments of approximately RMB0.4 billion and RMB0.3 billion as at 31 December 2018 and 31 December 2017; and

– aircraft of approximately RMB0.2 billion and RMB0.2 billion as at 31 December 2018 and 31 December 2017.

In addition, lease liabilities of approximately RMB2.1 billion and RMB2.4 billion are recognised with related right-of-use assets of approximately RMB2.8 billion and RMB3.3 billion as at 30 June 2020 and 31 December 2019.

Contingencies

Financial guarantees contracts

For the six months ended 30 June 2020

As at 30 June 2020, the Remaining Group guaranteed bank and other borrowings of certain subsidiaries of GNE amounted to RMB2,448 million.

As at 30 June 2020, the Remaining Group provided a total guarantee with maximum amount of approximately RMB4,818 million and RMB900 million to several banks and financial institutions in respect of banking and other facilities of Xinjiang GCL New Energy Materials Technology Co., Limited* (新疆協鑫新能源材料科技有限公司) ("**Xinjiang GCL**"), an associate of the Remaining Group and Jiangsu Xinhua Semiconductor Material Technology Co. Ltd.* (江蘇鑫華半導體材料科技有限公司), a joint venture of the Remaining Group respectively.

As at 30 June 2020, the GNE Group provided guarantee to its associates for certain of their bank and other borrowings with maximum amount of RMB5,369 million, out of which a joint guarantee of RMB520 million was provided by the Remaining Group with the GNE Group to two associates of the GNE Group for their bank borrowings.

In addition to those financial guarantees provided to related parties as above, the GNE Group also provided financial guarantees to certain third parties for certain of their bank and other borrowings amounting to approximately RMB110 million as at 30 June 2020.

For the year ended 31 December 2019

As at 31 December 2019, the Remaining Group guaranteed bank and other borrowings of certain subsidiaries of GNE which amounted to approximately RMB2,770million.

At 31 December 2019, the Remaining Group provided a total guarantee with maximum amount of approximately RMB4,578 and RMB900 million to several banks and financial institutions in respect of banking and other facilities of Xinjiang GCL, an associate of the Remaining Group and Jiangsu Xinhua Semiconductor Material Technology Co. Ltd.* (江蘇鑫華半導體材料科技有限公司), a joint venture of the Remaining Group respectively. The Directors consider that the fair value of the guarantee at the date of inception is insignificant.

As at 31 December 2019, the GNE Group provided guarantee to its several associates, including Hebei GCL New Energy Co., Ltd.* (河北協鑫新能源有限公司) ("**Hebei GNE**"), and their subsidiaries, for certain of their bank and other borrowings with maximum amount of RMB5,369 million, out of which a joint guarantee of RMB520 million was provided by the Remaining Group with the GNE Group to Hebei GNE and one of its subsidiaries for their bank borrowings. Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment, (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, in the opinion of the Directors and the GNE Directors, the fair value of the guarantee is considered insignificant at initial recognition and as at 31 December 2019.

For the year ended 31 December 2018

As at 31 December 2018, the Remaining Group guaranteed bank and other borrowings of certain subsidiaries of GNE which amounted to RMB2,971 million.

For the year ended 31 December 2017

As at 31 December 2017, the Remaining Group guaranteed bank and other borrowings of certain subsidiaries of GNE which amounted to RMB4,355 million.

Contingent Liability

As at 30 June 2020, 31 December 2018 and 31 December 2017, the Remaining Group did not have any significant contingent liabilities.

During the year ended 31 December 2019, the GNE Group discounted certain non-trade bills receivables to banks, which were endorsed from independent third parties to the GNE Group, with a total face value of RMB1,136 million for short-term financing. The funds received from the non-trade discounted bills arrangement has been fully settled to the independent third parties during the year. As the GNE Group is the last endorser when the relevant non-trade bills were discounted to the banks, the GNE Group might be required to reimburse the bank if the relevant bills are not settled by the issuer upon maturity.

Capital and Other Commitments

As at 30 June 2020, the Remaining Group's capital commitments in respect of purchase of property, plant and equipment contracted for but not provided amounted to approximately RMB90.9 million.

As at 31 December 2019, the Remaining Group's capital commitments in respect of purchase of property, plant and equipment contracted for but not provided amounted to approximately RMB663 million respectively and other commitments to contribute share capital to investments of approximately RMB2,270 million.

As at 31 December 2018, the Remaining Group's capital commitments in respect of purchase of property, plant and equipment contracted for but not provided amounted to approximately RMB2,893 million.

As at 31 December 2017, the Remaining Group's capital commitments in respect of purchase of property, plant and equipment, and intangible assets contracted for but not provided amounted to RMB7,074 million and nil respectively.

Material Acquisitions and Disposals

For the six months ended 30 June 2020

Disposals

In January 2020, the Remaining Group (through the GNE Group) has entered into share transfer agreements with CNI (Nanjing) Energy Development Company Limited* (中核(南京)能源發展有限公司), for the disposal of 100% equity interest in Fuyang Hengming Solar Power Company

Limited* (阜陽衡銘太陽能電力有限公司) and Zhenjiang GCL New Energy Limited* (鎮江協鑫新能源有限公司) for an aggregate consideration of approximately RMB77 million. The two solar power plants had an aggregate installed capacity of approximately 40MW. The disposals were completed in the first half of 2020.

In January 2020, the Remaining Group (through the GNE Group) entered into share purchase agreements with 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 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)) for the disposal of 7 operational solar power plants in the PRC with an aggregate installed capacity of 294MW. One of the solar power plants with a capacity of 30MW has been completed during the six months ended 30 June 2020. The remaining disposals are expected to be completed in the second half of 2020.

In June 2020, the Remaining Group (through the GNE Group) entered into a share purchase agreement with China Development Bank New Energy Technology Co., Ltd.* (國開新能源科技有限公司), an independent third party, to sell 75% of the equity interest of Jinhu Zhenghui Photovoltaic Co., Ltd.* (金湖正輝太陽能電力有限公司) ("**Jinhu**") for a consideration of approximately RMB137 million. Jinhu had a solar power plant project with installed capacity of approximately 100MW in operation. It was completed in July 2020.

Save as disclosed above, there were no other significant investments during the six months ended 30 June 2020, or plans for material investments as at 30 June 2020, nor were there other material acquisitions and disposals of subsidiaries during the six months ended 30 June 2020.

For the year ended 31 December 2019

Acquisitions

For the year ended 31 December 2019, the Remaining Group (through the GNE Group) acquired two subsidiaries, which were 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 were classified as business combination.

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 Remaining Group (through the GNE 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, the disposals of the above subsidiaries were completed.

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

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

On 26 June 2019, Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司), a company incorporated in the PRC and a subsidiary of the Company, entered into a share purchase agreement with Xuzhou Zhongping GCL Industrial Upgrading Equity Investment Fund LLP* (徐州中平協鑫產業升級股權投資基金(有限合夥)and Xinjiang GCL New Energy Materials Technology Co., Ltd.* (新疆協鑫新能源材料科技有限公司) in relation to the sale of 31.5% of the equity interests in Xinjiang GCL for a consideration of RMB2,490,850,000 (equivalent to approximately HK$2,831,058,159). The disposal was 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 31 December 2019, nor were there other material acquisitions and disposals of subsidiaries during the year ended 31 December 2019.

For the year ended 31 December 2018

Acquisitions

For the year ended 31 December 2018, the Remaining Group (through the GNE Group) acquired several subsidiaries, which were engaged in solar power plant business in the PRC of aggregated 240MW at a total consideration of approximately RMB8 million. The construction of the solar power plant projects has been completed as at the dates of acquisitions. Thus, the acquisitions were classified as business combination.

Disposals

On 9 February 2018, the Remaining Group (through the GNE Group) entered into an interest transfer agreement with an independent third party to sell 50% interest of ADSolar No.3 Godo Kaisha and Himeji Tohori Taiyo- No-Sato No.1 Godo Kaisha which owned a solar power plant project of 12MW in Japan. The Remaining Group retained 50% interest of the project after completion and classified as a joint venture accordingly.

On 20 May 2018, Suzhou GCL New Energy, a subsidiary of the Remaining Group (through the GNE Group), entered into a share transfer agreement with an independent third party. Pursuant to the agreement, Suzhou GCL New Energy agreed to sell 100% equity interest of Inner Mongolia Xinjing Photovoltaic Electric Power Co., Ltd.* (內蒙古鑫景光伏發電有限公司) which owned a solar power plant of 21MW at a consideration of RMB22,000,000.

On 24 October 2018, Suzhou GCL New Energy, a subsidiary of the Remaining Group (through the GNE Group), 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. Pursuant to the agreements, Suzhou GCL New Energy agreed to sell 80% equity interests in Linzhou Xinchuang* (林州市新創太陽能有限公司) and Huarong GCL New Energy Company Limited* (華容縣協鑫光伏電力有限公司) at a consideration of approximately RMB164,221,000 and RMB141,833,000, respectively.

On 28 December 2018, the Group entered into a share transfer agreement with an independent third party to dispose of its entire 100% equity interest in Suzhou Kezhun Photovoltaic Technology Co. Ltd.* (蘇州客准光伏科技有限公司) at a consideration of RMB850,000,000.

On 30 December 2018, the Remaining 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, pursuant to which the Remaining Group (through the GNE Group) agreed to sell 100% equity interest of several wholly-owned subsidiaries of the Remaining Group (through the GNE Group) to China Three Gorges New Energy Company Limited for consideration in aggregate of RMB184,643,000. The wholly-owned subsidiaries of the Remaining Group (through the GNE Group) operated a number of solar power plant projects in Inner Mongolia, the PRC.

Save as disclosed above, there were no other significant investments during the year ended 31 December 2018, or plans for material investments as at 31 December 2018, nor were there other material acquisitions and disposals of subsidiaries during the year ended 31 December 2018.

For the year ended 31 December 2017

Acquisitions

On 13 October 2017, the Company had purchased 299,498,421 ordinary shares of Lamtex Holdings Limited ("**Lamtex**"), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1041) from China Force Enterprises Inc. ("**China Force**"), for a total consideration of HK$200,000,000. Such shares represented approximately 29.55% of the issued share capital of

Lamtex Holdings Limited on 13 October 2017. On 21 December 2017, China Force partially converted HK$46,000,000 convertible bonds into 161,403,508 ordinary shares of Lamtex. As a result, the shareholding of the Company in Lamtex decreased to 25.49% as at 31 December 2017. Lamtex is principally engaged in securities trading and investment business, securities brokerage and provision of securities margin finance business, property investment business and loan financing services business.

During the year ended 31 December 2017, the Remaining Group completed the acquisition of both tangible and intangible assets of SunEdison's solar material business at a net consideration of US$127,500,000 by way of acquisition of the FBR and CCZ technics and related plant and machinery from SunEdison, Inc., SunEdison Products Singapore Pte. Ltd., MEMC Pasadena Inc. and Solaicx, Inc.

During the year ended 31 December 2017, the Remaining Group (through the GNE Group) also acquired several subsidiaries, which were engaged in solar power plant business in Japan and the PRC at a total consideration of approximately RMB42 million. The construction of the solar power plant project has been completed as at the date of acquisitions. Thus, the acquisition was classified as business combination.

Disposals

On 30 December 2016, the Remaining Group (through the GNE Group) entered into a sale and purchase agreement to dispose of the entire interest in the printed circuit boards business for a consideration of a fixed price of HK$250 million, equivalent to approximately RMB224 million plus, as the case may be, adjustment amounts pursuant to the sale and purchase agreement. On 2 August 2017, the disposal was completed without any further adjustment on the consideration.

On 30 June 2017, the Remaining Group (through the GNE Group) entered into share transfer agreements with Xi'an Zhongmin GCL New Energy Company Limited* (西安中民協鑫新能源有限公司) ("**Zhongmin GCL**"), a joint venture of the Remaining Group (through the GNE Group), pursuant to which the Remaining Group (through the GNE Group) agreed to sell and Zhongmin GCL agreed to purchase 100% equity interest of Jinhu Zhenghui Photovoltaic Co., Ltd.* (金湖正輝太陽能電力有限公司) and Shandong Wanhai Solar Power Co., Ltd.* (山東萬海電力有限公司 for a consideration of approximately RMB192 million and RMB70 million, respectively. The transaction was completed in July 2017.

On 22 November 2017, the Remaining Group (through the GNE Group) entered into capital increase agreements with Sumin Ruineng Wuxi Equity Investment Partnership (Limited Partnership)* (蘇民睿能無錫股權投資合夥企業(有限合夥)) ("**Sumin Ruineng**"). Pursuant to which, Sumin Ruineng agreed to make a capital increase in an aggregate amount of RMB1,500 million to Suzhou GCL New Energy, a subsidiary of the Remaining Group (through the GNE Group). Upon completion of the capital increase, the Remaining Group (through the GNE Group) and Sumin Ruineng would hold 92.82% and 7.18% equity interest in Suzhou GCL New Energy, respectively. The transaction was completed in December 2017.

Save as disclosed above, there were no other significant investments during the year ended 31 December 2017, or plans for material investments as at 31 December 2017, nor were there other material acquisitions and disposals of subsidiaries during the year ended 31 December 2017.

Risk Factors and Risk Management

During the Reporting Periods, the Remaining Group's business and financial results of operations were subject to various business risks and uncertainties. The factors set out below are those that the management believes could affect the Remaining 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 minimise risks, the Remaining Group 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. Credit Risk

Each major operating business of the Remaining Group has a policy of credit control in place under which credit evaluations of customers are performed on all customers requiring credit.

Credit risk on sales of polysilicon and wafer products is not significant as the major customers are listed entities with good repayment history. In order to minimise the credit risk, the Remaining Group reviews the recoverable amount of each individual trade receivables periodically to ensure that adequate expected credit losses are made. Credit risk of sales of electricity is also not significant as most of the revenue is obtained from the subsidiaries of the State Grid. The State Grid is a state-owned enterprise in China, which possesses low default risk.

3. Grid curtailment risk

With the growth in power generating capacity outpaced electricity consumption growth, it has led to utilisation 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 Remaining Group 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.

4. Risk associated with tariff

Power tariff is one of the key earning drivers for the Remaining Group. 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 be faded out. To minimise this risk, the Remaining Group will continue to fasten technology development and implement cost control measures in order to lower development cost for new projects.

5. Risk related to high gearing ratio

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

6. Risk related to interest rate

Interest risk may result from fluctuations in bank loan rates. Given the Remaining Group 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 Remaining Group's capital expenditure and finance expenses, hence, affecting the Remaining Group's operating results. Transformation into asset-light model is an effective way to reduce debts and interest rate exposure.

7. Foreign currency risk

Most of the Remaining Group's businesses are located in the PRC and the presentation currency of the consolidated financial statements of the Remaining Group is RMB. Substantially all of the Remaining Group's revenue, cost of sales and operating expenses are denominated in RMB, and the majority of the Remaining Group's assets and liabilities are denominated in RMB, while the rest are mainly denominated in US dollar and Hong Kong dollar. Any depreciation or appreciation of RMB against US dollar or any other foreign currencies may result in a change in value of the monetary assets and liabilities that are denominated in foreign currencies and affect the earnings and value of the net assets of the Remaining Group.

The Remaining Group continues to adopt a conservative approach on foreign exchange exposure management and ensure that its exposure to fluctuations in foreign exchange rates is minimised. The majority of the Remaining Group's borrowings are denominated in RMB. Foreign currency forward contracts will be utilised when it is considered as appropriate to hedge against foreign currency risk exposure.

8. Risk related to disputes with joint venture partners

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

Employee and Remuneration Policies

We consider our employees to be our most important resource. As at 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, the Remaining Group had approximately 8,239, 12,142, 13,360 and 15,998 employees in the PRC and overseas. During the Reporting Periods, employees were 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 including but not limited to 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 six months ended 30 June 2020 and the years ended 31 December 2019, 2018 and 2017 were approximately RMB643 million, RMB1,779 million, RMB2,154 million and RMB2,566 million, respectively.

Prospects

Solar Material business

The Remaining Group's solar material business belongs to the upstream of the solar supply chain, which supplies polysilicon and wafer to companies operating in the solar industry. Polysilicon is the primary raw material used in the solar wafer production. In addition, the Remaining Group also produces wafer by using polysilicon that are produced by the Remaining Group. In the solar industry supply chain, wafers are further processed by downstream manufacturers to produce solar cells and modules.

The Remaining Group shall continue to leverage on its competitive advantages by focussing on its principal business, i.e. Solar Material business. While continuing to enhance the competitiveness of our core products of the Solar Material business, namely polysilicon and wafer, the Remaining Group will also assess and adjust our product mix from time to time to cater for the market requirements and developments.

Polysilicon

The Remaining Group have applied granular silicon (FBR) technology at our polysilicon production base in Xuzhou City in the PRC which enabled mass production in a stable and continuous manner. With our continuous investment, experience and capability in polysilicon production over the years, the Remaining Group shall strive to produce high quality polysilicon in a cost-efficient manner.

Wafer

To cater for our diverse customer requirements and changing market preferences, the Remaining Group has actively pursued a product transformation and upgrade strategy. In addition to maintaining the current market shares of our wafer manufacturing bases, the Remaining Group will continue to explore new capacity expansion opportunities in order to supply more competitive mono wafers to suit our customers' needs.

Solar Farm business and New Energy business

The Remaining Group's solar farm business manages and operates solar farms other than those operated under the new energy business segment.

The Remaining Group's new energy business represents the business operations of GCL New Energy, which is principally engaged in the development, construction, operation and management of solar farms.

The Remaining Group (through the GNE Group) will continuously strengthen its strategic cooperation with domestic centralized management enterprises and local state-owned enterprises in order to leverage on their competitive advantages in various aspects such as financing, accelerating the introduction of capital, optimising the shareholding structure and accelerating the development of co-developed solar power plants projects, thereby enhancing profitability of such projects.

In addition, the Remaining Group (through the GNE Group) will further accelerate the asset-light transformation model of "Development-Construction-Cooperation-O&M" with the provision of management services while creating strategic cooperation to complement competitive advantages of each other. It is expected that, in 2020, by transferring the controlling interests of some of our solar power plant projects, the Remaining Group will be able to recycle capital, reduce its debts and alleviate the pressure on project financing, while further improve the return on capital and receive stable fees annually by providing project management services.

The outbreak of COVID-19 in the PRC, which subsequently spread throughout other regions, has affected many businesses to different extent in early 2020. The respective governments in the PRC and other regions had implemented different types and levels of precautionary measures in an attempt to curb the spread of the pandemic. Hence, the Remaining Group's ability to serve customers will largely depend on (i) the effectiveness of the government measures that have been implemented,

(ii) continuous availability of workforce which may be affected by the temporary travel restrictions and home quarantine requirements, and (iii) customers' confidence and demand which may be influenced by the market sentiments and economic performances in different jurisdictions.

Based on available information up to the Latest Practicable Date, the management of the Remaining Group considers that COVID-19 has negative impacts to the global economy, business environment and directly or indirectly affect the operations of the Group. Given the dynamic nature of these circumstances, the related impact on the Remaining Group's operations and financial position could not be reasonably estimated at this stage.

The following is the text of a report set out on pages II-1 to II-53, received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, for the purpose of incorporation in this circular.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF BAOTOU SHI ZHONG LI PHOTOVOLTAIC CO., LTD. TO THE DIRECTORS OF GCL-POLY ENERGY HOLDINGS LIMITED

Introduction

We report on the historical financial information of Baotou Shi Zhong Li Photovoltaic Co., Ltd. ("**Baotou Shi Zhong Li**") set out on pages II-5 to II-53, which comprises the statements of financial position of Baotou Shi Zhong Li at 31 December 2017, 2018 and 2019 and 30 June 2020, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of Baotou Shi Zhong Li for each of the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-5 to II-53 forms an integral part of this report, which has been prepared for inclusion in the circular of GCL-Poly Energy Holdings Limited (the "**Company**") dated 4 December 2020 (the "**Circular**") in connection with the very substantial disposal of subsidiaries and possible very substantial acquisition via the grant of put options of the Company.

Sole Director's responsibility for the Historical Financial Information

The sole director of Baotou Shi Zhong Li is responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the sole director of Baotou Shi Zhong Li determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether

due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director of Baotou Shi Zhong Li, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of Baotou Shi Zhong Li's financial position at 31 December 2017, 2018 and 2019 and 30 June 2020 and of Baotou Shi Zhong Li's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Material uncertainty related to going concern

We draw attention to Note 2 to the Historical Financial Information which indicates that at 31 December 2017, 2018 and 2019 and 30 June 2020, the current liabilities of Baotou Shi Zhong Li exceeded its current assets by approximately RMB216,518,000, RMB133,641,000, RMB177,605,000 and RMB101,855,000, respectively, and the ability of Baotou Shi Zhong Li to continue as a going concern is highly dependent upon the financial support from GCL New Energy Holdings Limited ("**GNE**"), a non-wholly owned subsidiary of the Company and the intermediate holding company of Baotou Shi Zhong Li, until the completion of the disposal of Baotou Shi Zhong Li. At 30 June 2020, GNE and its subsidiaries (collectively referred to as the "**GNE Group**") had current liabilities which exceeded its current assets by approximately RMB6,510,001,000. The directors of GNE have performed an assessment of the GNE Group's future liquidity and cash flows which included a review of assumptions about the likelihood of successful implementation of financial plans and other measures to ensure that the GNE Group will generate adequate financing and operating cash flows and are of the opinion that the GNE Group will be able to meet its commitment to provide funds to Baotou Shi Zhong Li. However, the GNE Group's likelihood of successful implementation of financial plans and other measures indicates a material uncertainty exists that may cast significant doubt on the GNE Group's commitment to provide funds to Baotou Shi Zhong Li and, in turn, the ability of Baotou Shi Zhong Li to continue as a going concern. Our opinion is not modified in respect of this matter.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of Baotou Shi Zhong Li which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2019 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The sole director of Baotou Shi Zhong Li is responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. As described in the Material uncertainty related to going concern section in this report, we draw attention to the fact that a material uncertainty exists that may cast significant doubt on the ability of Baotou Shi Zhong Li to continue as a going concern. Our conclusion is not modified in respect of this matter.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

Dividends

We refer to Note 11 to the Historical Financial Information which contains information about the dividend declared and paid by Baotou Shi Zhong Li in respect of the Relevant Periods.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

4 December 2020

HISTORICAL FINANCIAL INFORMATION OF BAOTOU SHI ZHONG LI

The financial statements of Baotou Shi Zhong Li for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards issued by International Accounting Standards Board and were audited by us in accordance with Hong Kong Standards on Auditing issued by HKICPA as set out in Note 2 to the Historical Financial Information ("**Underlying Financial Statements**").

The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	NOTES	**2017**	**2018**	**2019**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Revenue	*6*	80,176	81,618	83,276	44,969	39,997
Cost of sales		(27,101)	(21,930)	(24,374)	(10,667)	(11,905)
Gross profit		53,075	59,688	58,902	34,302	28,092
Other income	*7*	1,570	3,214	2,298	1,804	566
Loss on disposal of property, plant and equipment		–	–	–	–	(5)
Administrative expenses		(1,246)	(1,179)	(1,291)	(317)	(294)
Finance costs	*8*	(22,557)	(16,583)	(13,846)	(7,138)	(7,598)
Profit before taxation		30,842	45,140	46,063	28,651	20,761
Income tax expenses	*9*	–	(2,721)	(3,372)	(2,089)	(1,523)
Profit and total comprehensive income for the year/period	*10*	30,842	42,419	42,691	26,562	19,238

STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 30 June
	NOTES	2017	2018	2019	2020
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	472,686	454,382	435,969	426,698
Right-of-use assets	*14*	–	–	9,638	9,542
Prepaid lease payments	*15*	9,835	9,628	–	–
Trade and other receivables	*17*	23,400	–	–	–
Contract assets	*18*	–	24,948	35,943	16,877
		505,921	488,958	481,550	453,117
CURRENT ASSETS					
Trade and other receivables	*17*	76,968	97,113	105,361	89,856
Contract assets	*18*	–	–	–	25,315
Prepaid lease payments	*15*	207	207	–	–
Amounts due from related companies	*16*	1,000	–	–	29,530
Bank balances	*19*	8,220	2,530	1,272	2,982
		86,395	99,850	106,633	147,683
CURRENT LIABILITIES					
Other payables	*20*	93,690	72,474	72,275	71,983
Amounts due to related companies	*16*	178,057	127,011	175,874	176,469
Tax payable		–	550	283	956
Other borrowing	*21*	31,166	33,456	35,806	130
		302,913	233,491	284,238	249,538
NET CURRENT LIABILITIES		(216,518)	(133,641)	(177,605)	(101,855)
TOTAL ASSETS LESS CURRENT LIABILITIES		289,403	355,317	303,945	351,262

	NOTES	At 31 December 2017	At 31 December 2018	At 31 December 2019	At 30 June 2020
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITY					
Other borrowing	21	238,826	205,884	169,790	197,869
NET ASSETS		50,577	149,433	134,155	153,393
CAPITAL AND RESERVES					
Paid-up capital	22	10,000	110,000	110,000	110,000
Reserves		40,577	39,433	24,155	43,393
TOTAL EQUITY		50,577	149,433	134,155	153,393

STATEMENTS OF CHANGES IN EQUITY

	Paid-up capital *RMB'000*	Legal reserve *RMB'000* *(Note)*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2017	10,000	4,450	62,077	76,527
Profit and total comprehensive income for the year	–	–	30,842	30,842
Transfer to legal reserve	–	4,895	(4,895)	–
Dividend declared *(Note 11)*	–	–	(56,792)	(56,792)
At 31 December 2017 and 1 January 2018	10,000	9,345	31,232	50,577
Profit and total comprehensive income for the year	–	–	42,419	42,419
Capital injection *(Note 22)*	100,000	–	–	100,000
Transfer to legal reserve	–	4,089	(4,089)	–
Dividend declared *(Note 11)*	–	–	(43,563)	(43,563)
At 31 December 2018 and 1 January 2019	110,000	13,434	25,999	149,433
Profit and total comprehensive income for the year	–	–	42,691	42,691
Transfer to legal reserve	–	4,158	(4,158)	–
Dividend declared *(Note 11)*	–	–	(57,969)	(57,969)
At 31 December 2019 and 1 January 2020	110,000	17,592	6,563	134,155
Profit and total comprehensive income for the period	–	–	19,238	19,238
At 30 June 2020	110,000	17,592	25,801	153,393
At 1 January 2019 (audited)	110,000	13,434	25,999	149,433
Profit and total comprehensive income for the period	–	–	26,562	26,562
Transfer to legal reserve	–	9	(9)	–
Dividend declared *(Note 11)*	–	–	(20,634)	(20,634)
At 30 June 2019 (unaudited)	110,000	13,443	31,918	155,361

Note: Legal reserve represents the amount set aside from the retained earnings and is not distributable as dividend. In accordance with the relevant regulations and the articles of association of Baotou Shi Zhong Li, it is required to allocate at least 10% of its after-tax profit according to the PRC (as defined in Note 1) accounting standards and regulations to legal reserves until such reserve has reached 50% of registered capital. The reserve can only be used for specific purposes and are not distributable or transferable to the loans, advances and cash dividends.

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Operating activities					
Profit before taxation	30,842	45,140	46,063	28,651	20,761
Adjustments for:					
Release of prepaid lease payments	207	207	–	–	–
Depreciation of property, plant and equipment	19,199	18,565	18,546	9,282	9,266
Depreciation of right-of-use assets	–	–	197	104	96
Finance costs	22,557	16,583	13,846	7,138	7,598
Interest income	(1,468)	(2,567)	(1,873)	(1,384)	(566)
Loss on disposal of property, plant and equipment	–	–	–	–	5
Operating cash flows before movements in working capital	71,337	77,928	76,779	43,791	37,160
(Increase) decrease in trade and other receivables	3,465	6,594	(7,365)	(26,983)	15,471
Increase in contract assets	–	(25,788)	(10,034)	(5,223)	(5,654)
Decrease in other payables	(5,983)	(806)	(222)	(358)	(5)
Cash generated from operations	68,819	57,928	59,158	11,227	46,972
Income tax paid	(410)	(2,171)	(3,639)	(1,429)	(850)
Net cash from operating activities	68,409	55,757	55,519	9,798	46,122

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Investing activities					
Interest received	139	68	29	13	5
Payments for construction and purchase of property, plant and equipment	(12,758)	(20,671)	(110)	(13)	(287)
Advance to fellow subsidiaries	(1,000)	–	(331)	(331)	(29,530)
Repayment from fellow subsidiaries	–	1,000	331	–	–
Net cash used in investing activities	(13,619)	(19,603)	(81)	(331)	(29,812)
Financing activities					
Interest paid	(17,293)	(15,873)	(20,034)	(13,102)	(6,512)
Capital injection	–	100,000	–	–	–
Repayment of other borrowing	(29,202)	(31,166)	(33,391)	(16,470)	(8,683)
Repayment to fellow subsidiaries	(30,000)	(3,076)	(6,924)	(5,449)	(2,430)
Repayment to intermediate holding companies	–	(91,703)	–	–	–
Repayment to an immediate holding company	–	(26)	(25,424)	–	–
Advance from intermediate holding companies	14,705	–	26,435	26,335	3,025
Advance from an immediate holding company	26	–	–	–	–
Advance from fellow subsidiaries	–	–	2,642	–	–
Repayment to a related party	–	–	(5)	–	–
Advance from a related party	–	–	5	5	–
Net cash used in financing activities	(61,764)	(41,844)	(56,696)	(8,681)	(14,600)
Net (decrease) increase in cash and cash equivalents	(6,974)	(5,690)	(1,258)	786	1,710
Cash and cash equivalents at beginning of year/period	15,194	8,220	2,530	2,530	1,272
Cash and cash equivalents at end of year/period	8,220	2,530	1,272	3,316	2,982

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Baotou Shi Zhong Li Photovoltaic Company Co., Ltd. ("**Baotou Shi Zhong Li**") was established in the People's Republic of China (the "**PRC**") on 16 September 2013. Its immediate holding company is Changzhou Zhonghui Photovolatic Technology Co., Ltd., a company established in PRC. Its intermediate holding company is GCL New Energy Holdings Limited ("**GNE**"), an exempted company with limited liability incorporated in Bermuda. The shares of GNE are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate holding company is GCL-Poly Energy Holdings Limited, a company incorporated in the Cayman Islands and listed on the Stock Exchange. The address of the registered office and principal place of the business of Baotou Shi Zhong Li is South Baiyun Obo Area, Inner Mongolia.

Baotou Shi Zhong Li is principally engaged in the sale of electricity in the PRC.

The Historical Financial Information is presented in Renminbi ("**RMB**"), which is the same as the functional currency of Baotou Shi Zhong Li.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRS Standards**") (which collective term include all applicable IFRS Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**"), except that the comparative figures for the year ended 31 December 2017 have not been presented. Further details of the significant accounting policies adopted are set out in Notes 3 and 4.

At 31 December 2017, 2018 and 2019, and 30 June 2020, Baotou Shi Zhong Li's current liabilities exceeded its current assets by approximately RMB216,518,000, RMB133,641,000, RMB177,605,000 and RMB101,855,000, respectively. The ability of Baotou Shi Zhong Li to continue as a going concern is highly dependent upon the financial support from GNE, until the completion of the disposal of Baotou Shi Zhong Li. At 30 June 2020, GNE and its subsidiaries (collectively referred to as the "**GNE Group**") had current liabilities which exceeded its current assets by approximately RMB6,510,001,000. The directors of GNE have performed an assessment of the GNE Group's future liquidity and cash flows which included a review of assumptions about the likelihood of successful implementation of financial plans and other measures to ensure that the GNE Group will generate adequate financing and operating cash flows and are of the opinion that the GNE Group will be able to meet its commitment to provide funds to Baotou Shi Zhong Li. The directors of GNE are satisfied that the GNE Group would have sufficient working capital to meet its financial obligations and to support Baotou Shi Zhong Li to meet its financial obligations as and when they fall due for the coming twelve months from the end of each reporting period. Accordingly, the sole director of Baotou Shi Zhong Li is of the opinion that the GNE Group will be able to meet its commitment to provide funds to Baotou Shi Zhong Li.

Notwithstanding the above, a significant uncertainty exists as to the GNE Group's commitment to provide funds to Baotou Shi Zhong Li. The sufficiency of the GNE Group's working capital is dependent on the GNE Group's ability to generate sufficient financing and operating cash flows through successful renewal if its bank borrowings upon expiry, compliance with the covenants under borrowing agreements. Should the GNE Group be unable to provide financial support to Baotou Shi Zhong Li as committed and, in turn, Baotou Shi Zhong Li be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the assets of Baotou Shi Zhong Li 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 Historical Financial Information.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS STANDARDS

New and amendments to IFRS Standards that are mandatorily effective during the Relevant Periods

The IASB has issued a number of new and revised IFRS Standards which were relevant to Baotou Shi Zhong Li and became effective during the Relevant Periods. In preparing the Historical Financial Information, Baotou Shi Zhong Li has applied all these new and revised IFRS Standards which are effective for Baotou Shi Zhong Li's accounting period beginning on 1 January 2017, 1 January 2018, 1 January 2019 and 1 January 2020 consistently throughout the Relevant Periods to the extent required or allowed by transitional provisions in the IFRS Standards, except that Baotou Shi Zhong Li adopted (i) IFRS 9 *Financial Instruments* ("**IFRS 9**") *and* IFRS 15 *Revenue from Contracts with Customers* ("**IFRS 15**") on 1 January 2018 based on the specific transitional provision and applied IAS 39 *Financial Instruments: Recognition and Measurement* ("**IAS 39**") and IAS 18 *Revenue* ("**IAS 18**") prior to 1 January 2018; and (ii) IFRS 16 *Leases* ("**IFRS 16**") on 1 January 2019 based on the specific transitional provision and applied IAS 17 *Leases* ("**IAS 17**") prior to 1 January 2019, and amendments to IAS 23 *Borrowing Costs* (as part of the Annual Improvement to IFRS Standards 2015-2017 cycle) ("**IAS 23**") on 1 January 2019.

3.1 IFRS 15

Baotou Shi Zhong Li has applied IFRS 15 for the first time during the year ended 31 December 2018. IFRS 15 superseded IAS 18, IAS 11 *Construction Contracts* ("**IAS 11**") and the related interpretations.

Baotou Shi Zhong Li has applied IFRS 15 retrospectively to all contracts with customers, including completed contracts, with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 and IAS 11.

Baotou Shi Zhong Li recognised revenue from the sales of electricity upon electricity is generated and transmitted. Information about Baotou Shi Zhong Li's performance obligations and the accounting policies resulting from application of IFRS 15 are disclosed in Notes 6 and 4, respectively.

3.1.1 Summary of effects arising from initial application of IFRS 15

The following adjustments were made to the amounts recognised in the statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Note	**Carrying amounts previously reported at 31 December 2017**	**Reclassification**	**Carrying amounts under IFRS 15 at 1 January 2018**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Trade and other receivables	*(a)*	23,400	(13,689)	9,711
Contract assets	*(a)*	–	13,689	13,689
Current assets				
Trade and other receivables	*(a)*	76,968	(52,119)	24,849
Contract assets	*(a)*	–	52,119	52,119

Note:

(a) At 1 January 2018, tariff adjustments related to solar power plants yet to obtain approval for registration in the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄, the "**Catalogue**"), were reclassified and presented as contract assets.

The application of IFRS 15 resulted in the reclassification of the tariff adjustments from unbilled trade receivables to contract assets since the tariff adjustments related to a solar power plant was not yet obtained approval for registration into the Catalogue for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, but does not result in material change in the amounts of total assets, profit or loss or net cash flows for the respective years/period.

3.2 IFRS 9

During the year ended 31 December 2018, Baotou Shi Zhong Li has applied IFRS 9 and the related consequential amendments to other IFRS Standards. IFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and financial guarantee contracts and (3) general hedge accounting.

Baotou Shi Zhong Li has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised at 1 January 2018. The difference between carrying amounts at 31 December 2017 and the carrying amounts at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39.

Accounting policies resulting from application of IFRS 9 are disclosed in Note 4.

3.2.1 Summary of effects arising from initial application of IFRS 9

As a result of the changes in the entity's accounting policies above, Baotou Shi Zhong Li assessed that the application of IFRS 9 do not have a material impact on the classification and measurement in opening statement of financial position.

Impairment under ECL model

Baotou Shi Zhong Li applied the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for its trade receivables and contract assets. The ECL on these assets are assessed individually by reference to historical default rates of debtors with relatively similar Credit Standing published by an external credit rating agency and are adjusted for forward-looking information that is available without undue cost or effort.

ECL for other financial assets at amortised cost, including amounts due from related companies, other receivables and bank balances are assessed on 12-month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

At 1 January 2018, there was no additional credit loss allowance being recognised against retained earnings as the amount involved is insignificant.

For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, the application of IFRS 9 has no material impact to the total assets, profit or loss or net cash flows for respective year/period.

3.3 IFRS 16

Baotou Shi Zhong Li has applied IFRS 16 for the first time during the year ended 31 December 2019. IFRS 16 superseded IAS 17, and the related interpretations.

Definition of a lease

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

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

As a lessee

Baotou Shi Zhong Li has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

At 1 January 2019, no lease liability was recognised by Baotou Shi Zhong Li as the lease is exempted from recognition under IFRS 16 given that the lease term was ending within 12 months from the date of initial application with operating lease commitment of RMB31,000 at 1 January 2019.

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

	Right-of-use assets
	RMB'000
Reclassified from prepaid lease payments *(Note)*	9,835

Note:

Upfront payments for leasehold lands in the PRC in which Baotou Shi Zhong Li obtained relevant land use right certificate were classified as prepaid lease payments at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB207,000 and RMB9,628,000, respectively, were reclassified to right-of-use assets.

The transition to IFRS 16 has no impact to Baotou Shi Zhong Li's retained earnings at 1 January 2019.

Sales and lease back transaction

<u>Baotou Shi Zhong Li acts as a seller-lessee</u>

In accordance with the transition provisions of IFRS 16, sale and leaseback transactions entered into before the date of initial application were not reassessed. Upon application of IFRS 16, Baotou Shi Zhong Li applies the requirements of IFRS 15 to assess whether sales and leaseback transaction constitutes a sale. During the year ended 31 December 2019, and the six months ended 30 June 2020 there is no sales and leaseback transactions entered by Baotou Shi Zhong Li. Hence, there is no impact from sale and leaseback transaction to Baotou Shi Zhong Li upon the implementation of IFRS 16.

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

	Carrying amounts previously reported at 31 December 2018	**Adjustments**	**Carrying amounts under IFRS 16 at 1 January 2019**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Prepaid lease payments	9,628	(9,628)	–
Right-of-use assets	–	9,835	9,835
Current assets			
Prepaid lease payments	207	(207)	–

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

3.4 Amendments to IAS 23

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Effective on 1 January 2019, IAS 23 is adopted prospectively and there is no material impact on the Historical Financial Information upon the application of IAS 23.

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

At the date of this report, the following new and amendments to IFRS Standards have been issued which are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018 - 2020[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 June 2020
5 Effective for annual periods beginning on or after 1 January 2021

Except as described below, the sole director of Baotou Shi Zhong Li anticipates that the application of all these new and amendments to IFRS Standards will have no material impact on Baotou Shi Zhong Li's financial position and performance when they become effective.

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

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

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and *(Note)*

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

At 30 June 2020, Baotou Shi Zhong Li's right to defer settlement for other borrowing of RMB197,869,000 are subject to compliance with covenants within 12 months from the reporting date. Such other borrowing was classified as non-current as Baotou Shi Zhong Li met such covenants at 30 June 2020. Pending clarification on the application of relevant requirements of the amendments, Baotou Shi Zhong Li will further assess whether application of the amendments will have an impact on the classification of this borrowing.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information have been prepared in accordance with the following accounting policies which conform with IFRS Standards issued by the IASB. In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in Note 3.1)

Under IFRS 15, Baotou Shi Zhong Li recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

- the customer simultaneously receives and consumes the benefits provided by Baotou Shi Zhong Li's performance as Baotou Shi Zhong Li performs;

- Baotou Shi Zhong Li's performance creates or enhances an asset that the customer controls as Baotou Shi Zhong Li performs; or

- Baotou Shi Zhong Li's performance does not create an asset with an alternative use to Baotou Shi Zhong Li and Baotou Shi Zhong Li has an enforceable right to payment for performance completed to date.

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

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

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

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

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

Variable consideration

For the contract that contain variable consideration in relation to sale of electricity to the grid company which contain tariff adjustments related to solar power plants yet to obtain approval for registration in the Catalogue (prior to January 2020) or the List (defined in Note 6) (after January 2020) by the PRC government, Baotou Shi Zhong Li estimates the amount of consideration to which it will be entitled using the most likely amount.

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

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

Existence of significant financing component

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

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

Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to Baotou Shi Zhong Li and when specific criteria have been met for each of Baotou Shi Zhong Li's activities, as described below.

Revenue from the sales of electricity, including portion relating to tariff adjustment, is recognised when electricity is generated and transmitted.

Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in Note 3.3)

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

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

Baotou Shi Zhong Li as a lessee (upon application of IFRS 16 in accordance with transitions in Note 3.3)

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when Baotou Shi Zhong Li reasonably expects that the effects on the Historical Financial Information would not differ materially from individual leases with the portfolio.

Short-term leases and leases of low-value assets

Baotou Shi Zhong Li applies the short-term lease recognition exemption to leases that have leases term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

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

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Baotou Shi Zhong Li presents right-of-use assets as a separate line item on the statement of financial position.

Baotou Shi Zhong Li as a lessee (prior to 1 January 2019)

All leases are classified as operating leases.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

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

Baotou Shi Zhong Li applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by Baotou Shi Zhong Li.

Baotou Shi Zhong Li as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, Baotou Shi Zhong Li as a seller-lessee accounts for the transfer proceeds as other borrowing within the scope of IFRS 9.

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

Baotou Shi Zhong Li as a seller-lessee

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

Borrowing costs

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

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

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

Retirement benefit costs

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

Short-term employee benefits

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

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

Taxation

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

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

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

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

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

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

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

Prepaid lease payments (before application of IFRS 16)

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

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

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

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, Baotou Shi Zhong Li estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, it is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

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

Financial instruments

Financial assets and financial liabilities are recognised when Baotou Shi Zhong Li becomes a party to the contractual provisions of the instruments.

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

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

Financial assets

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 January 2018)

Baotou Shi Zhong Li's financial assets are classified into "loans and receivables", and the classification of which depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related companies and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses.

Interest income is recognised by applying the effective interest rate, except for short term receivables where the recognition of interest would be immaterial.

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in Note 3.2)

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

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

Amortised cost and interest income

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

Impairment of financial assets (before application of IFRS 9 on 1 January 2018)

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment directly for all financial assets. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (upon application of IFRS 9 in accordance with transitions in Note 3.2)

Baotou Shi Zhong Li performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and other receivables, amounts due from related companies and bank balances) and contract assets which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

Baotou Shi Zhong Li always recognises lifetime ECL for trade receivables and contract assets, including those with significant financing component. For all other instruments, Baotou Shi Zhong Li measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, Baotou Shi Zhong Li recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

The ECL on these assets are assessed individually for debtors by reference to historical default rates of debtor with relatively similar credit standing published by an external credit rating agency, adjusted for forward-looking in formation that is available without undue cost or effect.

(i) Significant increase in credit risk

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

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

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

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

Baotou Shi Zhong Li recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustments are recognised through allowance accounts.

Derecognition of financial assets

Baotou Shi Zhong Li derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities including other payables, amounts due to related companies and other borrowing are subsequently measured at amortised cost using the effective interest method.

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

Derecognition of financial liabilities

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

When the contractual terms of a financial liability are modified, Baotou Shi Zhong Li assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, Baotou Shi Zhong Li considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

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

5. CRITICAL ACCOUNTING JUDGEMENTS

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

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the sole director of Baotou Shi Zhong Li has made in the process of applying Baotou Shi Zhong Li's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Revenue recognition on tariff adjustments on sales of electricity

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

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

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

Baotou Shi Zhong Li operates three solar power plants in the PRC, one of the solar power plants was admitted to the Catalogue prior to 1 January 2017, and one of solar power plants were admitted to the Catalogue in 2018, and the remaining solar power plant was not yet registered and pending to admitted to the Catalogue/List during the Relevant Periods.

Accordingly, for the year ended 31 December 2017, which is prior to the application of IFRS 15, tariff adjustments of RMB56,015,000 was included in the sales of electricity as disclosed in Note 6, of which two out of three on-grid solar power plants of Baotou Shi Zhong Li were still pending for registration in the Catalogue, and the tariff adjustments is recognised as revenue based on the management judgement that all of the operating power plants of Baotou Shi Zhong

Li had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants. In making his judgement, the sole director of Baotou Shi Zhong Li, taking into account the legal opinion of GNE's legal advisor, considered that all of Baotou Shi Zhong Li' operating solar power plants had met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustments when the electricity delivered on grid. The sole director of Baotou Shi Zhong Li is confident that all of Baotou Shi Zhong Li's operating solar power plants were able to be registered in the Catalogue in due course and the accrued revenue on tariff adjustment are fully recoverable but only subject to timing of allocation of funds from the government, after considering that there are no bad debts experiences with the gird company in the past and the tariff adjustment is fully funded by the PRC government.

For the years ended 31 December 2018 and 2019, and six months ended 30 June 2019 and 2020, which is upon the application of IFRS 15, tariff adjustments of RMB58,594,000, RMB59,666,000, RMB31,385,000 (unaudited) and RMB28,718,000, respectively, were included in the sales of electricity as disclosed in Note 6, of which one out of three on-grid solar power plants of Baotou Shi Zhong Li were still pending for registration in the Catalogue/List. Accordingly, for the solar power plant that is operated by Baotou Shi Zhong Li which was pending for registration to the Catalogue/List, the relevant tariff adjustments were recognised only to the extent that it is highly probable that such inclusion would not result in a significant revenue reversal in the future on the basis that all of the solar power plants operated by Baotou Shi Zhong Li had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plant, and taking into account the legal opinion as advised by GNE's legal advisor, who considered that the solar power plant operated by Baotou Shi Zhong Li had met the requirements and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff subsidy when the electricity was delivery on grid, and also the requirements and conditions for the entitlement of the tariff subsidy under the 2020 Measures. Hence, the solar power plants of Baotou Shi Zhong Li are able to be enlisted on the List subsequent to the period end 30 June 2020 and the accrued revenue on tariff are fully recoverable.

During the years ended 31 December 2017, 2018, 2019, and for the six months ended 30 June 2019 and 2020, Baotou Shi Zhong Li recognised revenue of RMB28,994,000, RMB22,776,000, RMB9,860,000, RMB5,384,000 (unaudited) and RMB5,115,000, respectively, in respect of tariff adjustments recognised as revenue to solar power plant not yet registered in the Catalogue/List.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of electricity which is recognised at a point in time. Substantially, all of the revenue is derived from electricity sales to local grid companies in the PRC for the years ended 31 December 2017, 2018 and 2019, and six months ended 30 June 2019 and 30 June 2020.

For sales of electricity, Baotou Shi Zhong Li generally entered into power purchase agreements with local grid company with a term of one year 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 RMB56,015,000, RMB58,594,000, RMB59,666,000, RMB31,385,000 (unaudited) and RMB28,718,000 tariff adjustments recognised during the years ended 31 December 2017, 2018 and 2019, and six months ended 30 June 2019 and 2020, respectively. Baotou Shi Zhong Li generally grants credit period of approximately one month to customer from date of invoice in accordance with the power purchase agreements between Baotou Shi Zhong Li and the local grid company. Baotou Shi Zhong Li 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 state-owned grid companies for settlement to the solar power companies. Effective from March 2012, the application, approval and settlement of the tariff adjustment are subject to certain procedures as promulgated by Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加輔助資金管理暫行辦法). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustment.

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

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

Baotou Shi Zhong Li operates 3 solar power plants, one of them had been admitted to Catalogue prior to 1 January 2017, and one of them are admitted to the Catalogue in 2018, while the remaining solar power plant was yet to admit to the Catalogue/List throughout the Relevant Periods.

For the year ended 31 December 2017, tariff adjustment is recognised at its initial fair value based on the prevailing nationwide government policies on renewable energy for the entitlement of the tariff subsidy when the electricity was delivery on grid, and are discounted to present values based on the expected timing of the receipt of trade receivables. The tariff adjustment receivables was adjusted for discounting effect based on an effective interest rate ranged from 2.65% to 3.50% per annum. As such, Baotou Shi Zhong Li's revenue was adjusted by RMB2,088,000, and imputed interest on discounting effect on tariff adjustment receivables amounting to approximately RMB1,329,000 were recognised in 2017. Tariff adjustment receivables are included in trade receivables.

For the years ended 31 December 2018 and 2019, and six months ended 30 June 2019 and 2020, for those tariff adjustments that are subject to approval for registration in the Catalogue (for the period prior to January 2020); or the List (for the period after January 2020) by the PRC government at the end of the reporting period, the relevant revenue from the tariff adjustments are considered variable consideration upon the application of IFRS 15, and are recognised only to the extent that it is highly probable that a significant reversal not occur and are included in contract assets. Management assessed that the solar power plant operated has qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plant. The contract assets of the solar power plant admitted to the Catalogue during 2018 is transferred to trade receivables upon such solar power plant obtained the approval for registration in the Catalogue in 2018, for the remaining solar power plant which is yet to admitted to the Catalogue/List during the Relevant Periods, the contact assets would be transferred to trade receivables when it is enlisted in the List in accordance with the 2020 Measures.

Since certain of the tariff adjustments are yet to obtain approval for registration in the Catalogue/List by the PRC government at the end of the reporting periods, the management considers that it contains a significant financing component over the relevant portion of tariff adjustment until the end of the expected collection period. For the years ended 31 December 2018, and 2019, and six months ended 30 June 2019 and 2020, the respective tariff adjustments was adjusted for this financing component based on an effective interest rate ranged from 2.65% to 3.50% per annum, 2.48% to 3.50% per annum, 2.48% to 3.50% per annum (unaudited) and 2.20% to 3.50% per annum, respectively, and the adjustment in relation to revision of expected timing of tariff collection. As such, Baotou Shi Zhong Li's revenue was adjusted by RMB974,000, RMB1,087,000, RMB868,000 (unaudited) and RMB112,000, and interest income amounting to approximately RMB2,499,000, RMB1,844,000, RMB1,371,000 (unaudited) and RMB561,000 were recognised for the years ended 31 December 2018 and 2019, and six months ended 30 June 2019 and 2020, respectively.

The management of GNE regularly reviews the results of the solar power plants operate by Baotou Shi Zhong Li when making decisions about allocating resources and assessing performance. No further segment information other than entity wide information was presented.

Geographical information

The operations of Baotou Shi Zhong Li is solely located in the PRC. All revenue of Baotou Shi Zhong Li are generated from a single external customer located in the PRC, and all its non-current assets are located in the PRC for the Relevant Periods.

7. OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest income of financial assets at amortised cost:					
– Bank interest income	139	50	29	13	5
– Interest income on amount due from an intermediate holding company	–	18	–	–	–
– Imputed interest on discounting effect on tariff adjustment receivables	1,329	–	–	–	–
Interest arising from contract containing significant financing component	–	2,499	1,844	1,371	561
Others	102	647	425	420	–
Total other income	1,570	3,214	2,298	1,804	566

8. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on financial liabilities at amortised cost:					
Other borrowing	17,492	16,022	13,539	6,969	7,551
Amounts due to intermediate holding companies	5,065	561	307	169	47
Total finance costs	22,557	16,583	13,846	7,138	7,598

9. INCOME TAX EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
PRC Enterprise Income Tax ("**EIT**")	–	2,721	3,372	2,089	1,523

The basic tax rate of Baotou Shi Zhong Li is 25% under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and implementation regulations of the EIT Law.

Baotou Shi Zhong Li engaged in solar photovoltaic projects, under the EIT Law and its relevant regulations, is entitled to tax holidays of 3-year full exemption from 1 January 2015 to 31 December 2017 followed by 3-year 50% exemption from 1 January 2018 to 31 December 2020. Besides, Baotou Shi Zhong Li is also entitled to the preferential tax rate of 15% under the EIT policies for the Large-Scale Development of Western China since 2015.

The tax charge for the Relevant Periods can be reconciled to the profit before taxation per for statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation	30,842	45,140	46,063	28,651	20,761
Tax at domestic income tax rate of 25%	7,711	11,285	11,516	7,163	5,190
Effect of tax exemptions and concessions granted	(7,901)	(8,090)	(7,892)	(4,923)	(3,577)
Others *(Note)*	190	(474)	(252)	(151)	(90)
Income tax expense for the year/period	–	2,721	3,372	2,089	1,523

Note: Baotou Shi Zhong Li has deductible temporary differences arising from contract containing significant financing component of RMB2,717,000, RMB1,193,000, RMB436,000, RMB689,000 (unaudited) at 31 December 2017, 2018 and 2019, and 30 June 2019, respectively. No deferred tax asset has been recognised as the related deferred tax asset is considered insignificant given the preferential tax rate entitled by Baotou Shi Zhong Li.

10. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit for the year/period has been arrived at after charging:					
Release of prepaid lease payment	207	207	–	–	–
Depreciation of:					
– Property, plant and equipment	19,199	18,565	18,546	9,282	9,266
– Right-of-use assets	–	–	197	104	96
Staff costs (including sole director's remuneration)					
– Salaries, wages and other benefits	1,557	731	819	514	370
– Retirement benefit scheme contributions	204	159	154	77	76

10A. DIRECTOR'S EMOLUMENTS AND EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUAL

(a) Sole director emoluments

The emoluments of the sole director of Baotou Shi Zhong Li during the Relevant Periods are set out below:

Year ended 31 December 2017

Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Jiao Rongxing 焦榮幸	–	–	–	–	–

Year ended 31 December 2018

Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Jiao Rongxing 焦榮幸	–	–	–	–	–

Year ended 31 December 2019

Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Jiao Rongxing 焦榮幸	–	–	–	–	–

Six months ended 30 June 2019 (unaudited)

Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Jiao Rongxing 焦榮幸	–	–	–	–	–

Six months ended 30 June 2020

Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
		Other emoluments			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Jiao Rongxing 焦榮幸	–	–	–	–	–

The emoluments, including director's fee, salaries and other benefits, bonus and retirement benefit scheme contributions, for the sole director of Baotou Shi Zhong Li during the Relevant Periods were borne by a related company for his service as the sole director of Baotou Shi Zhong Li.

The sole director did not waive any emoluments and no incentive paid on joining and compensation for the loss of office for the Relevant Periods.

There was no arrangement under which the sole director of Baotou Shi Zhong Li waived or agreed to waive any remuneration for the Relevant Periods.

(b) Employees' emoluments

The five highest paid employees of Baotou Shi Zhong Li during the Relevant Periods included 5 individuals for the years ended 31 December 2017, 2018 and 2019, and for the six months ended 30 June 2019 (unaudited) and 2020 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and other benefits	389	450	626	395	276
Performance-related bonus	319	91	–	–	20
Retirement benefits scheme contribution	83	113	122	62	73
	791	654	748	457	369

The number of highest paid employees who are not the sole director whose emoluments fell within the following band is as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	Number of employee	*Number of employee*	*Number of employee*	*Number of employee* (unaudited)	*Number of employee*
Nil to HK$1,000,000	5	5	5	5	5

11. DIVIDENDS

Dividends of RMB56,792,000, RMB43,563,000, RMB57,969,000, RMB20,634,000 (unaudited) and RMBnil were proposed and paid to ordinary shareholder of Baotou Shi Zhong Li during the years ended 31 December 2017, 2018 and 2019, and six months ended 30 June 2019 and 2020, respectively.

12. EARNING PER SHARE

No information related to earnings per share is presented in the Historical Financial Information as such information is not meaningful for the purpose of the accountant's report.

13. PROPERTY, PLANT AND EQUIPMENT

	Building	Leasehold Improvements, furniture fixtures & equipment	Power generators and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
At 1 January 2017	10,015	14	427,344	378	38,811	476,562
Additions	–	56	89	–	40,365	40,510
Transfer	13,250	–	65,926	–	(79,176)	–
At 31 December 2017 and 1 January 2018	23,265	70	493,359	378	–	517,072
Additions	–	16	245	–	–	261
At 31 December 2018 and 1 January 2019	23,265	86	493,604	378	–	517,333
Additions	–	2	131	–	–	133
At 31 December 2019 and 1 January 2020	23,265	88	493,735	378	–	517,466
Disposals	–	–	(9)	–	–	(9)
At 30 June 2020	23,265	88	493,726	378	–	517,457
Accumulated depreciation						
At 1 January 2017	746	2	24,262	177	–	25,187
Charge for the year	677	8	18,448	66	–	19,199
At 31 December 2017 and 1 January 2018	1,423	10	42,710	243	–	44,386
Charge for the year	677	14	17,808	66	–	18,565
At 31 December 2018 and 1 January 2019	2,100	24	60,518	309	–	62,951
Charge for the year	676	16	17,823	31	–	18,546
At 31 December 2019 and 1 January 2020	2,776	40	78,341	340	–	81,497
Charge for the period	338	8	8,920	–	–	9,266
Disposals	–	–	(4)	–	–	(4)
At 30 June 2020	3,114	48	87,257	340	–	90,759

	Building	Leasehold Improvements, furniture fixtures & equipment	Power generators and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Carrying values						
At 31 December 2017	21,842	60	450,649	135	–	472,686
At 31 December 2018	21,165	62	433,086	69	–	454,382
At 31 December 2019	20,489	48	415,394	38	–	435,969
At 30 June 2020	20,151	40	406,469	38	–	426,698

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

Building	2%-4% or over the lease term, whichever is shorter
Power generators and equipment	4% per annum
Leasehold improvements, furniture, fixtures and equipment	20%-25%
Motor vehicles	20%-30%

The building is held under a lease in the PRC.

At 31 December 2017, 2018 and 2019 and 30 June 2020, Baotou Shi Zhong Li was in the process of obtaining property ownership certificates in respect of property interests held under land use rights in the PRC with a carrying amount of approximately RMB21,842,000, RMB21,165,000, RMB20,489,000 and RMB20,151,000, respectively. In the opinion of the sole director of Baotou Shi Zhong Li, the absence of the property ownership certificates to these property interests does not impair their carrying value to Baotou Shi Zhong Li as it has paid the full purchase consideration of these property interests and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

14. RIGHT-OF-USE ASSETS

	Leasehold lands
	RMB'000
Carrying amount	
At 1 January 2019	9,835
Depreciation charge	(197)
At 31 December 2019	9,638
Depreciation charge	(96)
At 30 June 2020	9,542

	Office premise
	RMB'000
Expense for short term leases	
– for the year ended December 2019	15
– for the six months ended 30 June 2020	7
– for the six months ended 30 June 2019 (unaudited)	7

Baotou Shi Zhong Li regularly entered into short-term to which the short-term lease for office premise. At 31 December 2019 and 30 June 2020, the short-term lease represents the short-term lease expense disclosed above.

15. PREPAID LEASE PAYMENTS

	At 31 December	
	2017	2018
Analysed for reporting purpose as:		
Current assets	207	207
Non-current assets	9,835	9,628
	10,042	9,835

16. AMOUNTS DUE FROM/TO RELATED COMPANIES

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related companies				
– fellow subsidiaries	1,000	–	–	29,530
Amounts due to related companies				
– immediate holding company	56,818	100,355	158,324	158,324
– intermediate holding companies	111,239	19,732	14,908	17,932
– fellow subsidiaries	10,000	6,924	2,642	213
	178,057	127,011	175,874	176,469

Except for amounts due to related companies of approximately RMB105,600,000, RMB13,897,000, RMB14,908,000 and RMB17,933,000 at 31 December 2017, 2018, 2019 and 30 June 2020, respectively, which have no fixed repayment terms, repayable on demand, and interest bearing with interest rate ranging from 1.32% to 6% per annum, at 1.32% per annum, 1.26% to 6% per annum, and 1.26% to 6% per annum, respectively, the remaining amounts with related companies are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

In the opinion of the sole director, it is expected that the amounts due from related companies would be settled by the related companies within 1 year from each reporting period.

17. TRADE AND OTHER RECEIVABLES

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	75,863	83,533	101,076	89,475
Prepayments and deposits	55	–	6	22
Other receivables				
– Refundable value-added tax	24,210	13,421	4,061	–
– Others	240	159	218	359
	100,368	97,113	105,361	89,856

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed as:				
Current	76,968	97,113	105,361	89,856
Non-current				
– trade receivables	13,689	–	–	–
– Refundable value-added tax *(Note)*	9,711	–	–	–
	23,400	–	–	–
	100,368	97,113	105,361	89,856

Note: Amount represents refundable value-added tax arising from purchase of property, plant and equipment and would be utilised by Baotou Shi Zhong Li.

At 1 January 2018, trade receivables from contract with customers amounted to RMB10,055,000.

For sales of electricity in the PRC, Baotou Shi Zhong Li generally grants credit period of approximately one month to power grid company in the PRC from the date of invoice in accordance with the relevant electricity sales contract between Baotou Shi Zhong Li and the grid company.

At 31 December 2017, 2018 and 2019, and 30 June 2020, trade receivables include bills received amounting to RMB4,900,000, RMB2,173,000, RMB357,000 and RMB2,220,000, respectively held by Baotou Shi Zhong Li for future settlement of trade receivables. All bills received by Baotou Shi Zhong Li are with a maturity period of less than 1 year.

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

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unbilled *(Note)*	66,592	53,660	100,174	85,069
0 - 90 days	4,371	15,617	271	2,186
91 - 180 days	–	11,856	274	–
Over 180 days	–	227	–	–
	70,963	81,360	100,719	87,255

Note: At 31 December 2017, the amount represents unbilled basic tariff receivables for the solar power plants operated by Baotou Shi Zhong Li, the unbilled tariff adjustment receivables of a solar power plant already registered in the Catalogue as well as the two solar power plants which were not yet registered in the Catalogue at 31 December 2017. At 31 December 2018, 2019 and 30 June 2020, the amount represented unbilled basic tariff receivables and the unbilled tariff adjustment receivables of the two solar power plants which were already registered in the Catalogue/List. The sole director of Baotou Shi Zhong Li expects the unbilled tariff adjustments would be generally billed and settled within 1 year from end of each reporting date. The aged analysis of the unbilled trade receivables, which is based on revenue recognition date, are as follows:

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 - 90 days	8,812	4,071	15,259	15,133
91 - 180 days	19,637	–	17,339	10,434
181 - 365 days	11,113	5,306	36,889	20,615
Over 365 days	27,030	44,283	30,687	38,887
	66,592	53,660	100,174	85,069

At 31 December 2017, 2018, 2019 and 30 June 2020, included in these trade receivables are debtors with aggregate carrying amount of RMBnil, RMB21,981,000, RMB274,000 and RMBnil, respectively, which are past due as at the end of the reporting date. These trade receivables relate to a customer represented a local grid company in the PRC, for whom there is no recent history of default. Baotou Shi Zhong Li does not hold any collaterals over these balances.

18. CONTRACT ASSETS

	At 31 December		At 30 June
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Tariff adjustments:			
– Non-current	24,948	35,943	16,877
– Current	–	–	25,315
	24,948	35,943	42,192

At 1 January 2018, contract assets amounted to RMB65,808,000.

The contract assets primarily relate to the portion of tariff adjustments for the electricity sold to the grid company in the PRC in which the relevant on-grid solar power plants are still pending for registration to the Catalogue at the end of each reporting date, and tariff adjustment is recognised as revenue upon electricity is generated as disclosed in Note 6.

Pursuant to the 2020 Measures, for those on-grid solar power plants yet to be registered on the Catalogue, they are required to meet the relevant requirements and conditions for tariff subsidy as stipulated and to complete the submission and application on the Platform. Local grid company will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plants that are enlisted in the List. The contract assets are transferred to trade receivables when Baotou Shi Zhong Li's respective on-grid solar power plants are enlisted in the List. Baotou Shi Zhong Li considers the settlement terms contain significant financing component, and has adjusted the respective tariff adjustment for the financing component based on estimated timing of collection. Accordingly, the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant counterparties.

Contact assets are reclassified to trade receivables at the point the respective on-grid solar power plant projects are enlisted on the List. The balances at 31 December 2018 and 2019 are classified as non-current as they are expected to be received after twelves from each reporting date. The management of Baotou Shi Zhong Li expects the remaining solar power plant that is not yet enlisted on the List would be admitted to the List during second half of 2020, and the management expected that partial of the contract assets held by Baotou Shi Zhong Li at 30 June 2020 amounting to RMB25,315,000 would be settled within 12 months from 30 June 2020, and accordingly, such amount is considered as current assets at 30 June 2020.

Details of impairment assessment are set out in Note 24b.

19. BANK BALANCES

Bank balances carry interest at floating rates at 0.30% per annum for the Relevant Periods.

Details of impairment assessment are set out in Note 24b.

20. OTHER PAYABLES

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payables for purchase of plant and machinery and construction costs	92,239	71,829	71,852	71,565
Other tax payables	8	2	6	275
Other payables	335	336	69	105
Accruals				
– Staff costs	900	122	38	38
– Others	208	185	310	–
	93,690	72,474	72,275	71,983

Baotou Shi Zhong Li has financial risk management policies in place to ensure settlement of payables within the credit time frame.

21. OTHER BORROWING

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The carrying amounts of the other borrowing are repayable:				
Within one year	31,166	33,456	35,806	130
More than one year, but not exceeding two years	33,391	35,806	38,402	9,018
More than two years, but not exceeding five years	115,124	123,628	131,388	119,087
More than five years	90,311	46,450	–	69,764
	269,992	239,340	205,596	197,999
Less: Accounts due within one year shown under current liabilities	(31,166)	(33,456)	(35,806)	(130)
Amounts due after one year	238,826	205,884	169,790	197,869

The variable-rate other borrowing is secured and denominated in RMB. The effective interest rate (which is also equal to contracted interest rate) is at 140% of benchmark borrowing rate of the PRC per annum throughout the Relevant Periods.

Prior to the Relevant Periods, Baotou Shi Zhong Li has a financing arrangement with a financial institution with lease terms of 9 years, and the legal title of the respective equipments transferred to a financial institution. Baotou Shi Zhong Li continued to operate and manage the relevant equipments during the lease term without any involvement from the financial institution, and Baotou Shi Zhong Li is entitled to purchase back the equipments at a minimal consideration upon maturity of the lease. Despite the arrangement involves a legal form of a lease while it does not constitute a sale and leaseback transaction, Baotou Shi Zhong Li accounted for the arrangement as a collateralized borrowing at amortised cost using effective interest method under IFRS9/IAS39 in prior years before application of IFRS 16, in accordance with the substance of the arrangement.

During the six months ended 30 June 2020, Baotou Shi Zhong Li entered to a supplementary agreement with the financial institution, that both parties agreed to suspend the loan repayment for period from 17 February 2020 to 17 February 2022.

22. PAID-UP CAPITAL

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered and paid-up capital	10,000	110,000	110,000	110,000

On 2 January 2018, the registered capital of Baotou Shi Zhong Li was increased to RMB110,000,000 and was paid-up by the shareholder.

23. CAPITAL MANAGEMENT

Baotou Shi Zhong Li manages its capital to ensure that entities in Baotou Shi Zhong Li will be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balance. Baotou Shi Zhong Li's overall strategy remains unchanged during the Relevant Periods.

The capital structure of Baotou Shi Zhong Li consists of net debt, which mainly includes amounts due to related companies, other borrowing, net of cash and cash equivalents, and equity attributable to owner of Baotou Shi Zhong Li, comprising paid-up capital and reserves.

The sole director of Baotou Shi Zhong Li reviews the capital structure on a periodical basis. As part of this review, the sole director of Baotou Shi Zhong Li considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the sole director of Baotou Shi Zhong Li, Baotou Shi Zhong Li will balance its overall capital structure through the payment of dividends, new capital injection and capital divestment as well as the issue of new debts or the redemption of existing debt.

24. FINANCIAL INSTRUMENTS

24a. Categories of financial instruments

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Loan and receivables (including cash and cash equivalents)	85,323	–	–	–
Amortised cost	–	86,222	102,566	122,350
Financial liabilities				
Amortised cost	540,623	438,516	453,391	446,138

24b. Financial risk management objectives and policies

Baotou Shi Zhong Li's major financial instruments include trade and other receivables, amounts due from related companies, bank balances and cash, other payables, amounts due to related companies, and other borrowing. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

Baotou Shi Zhong Li is also exposed to cash flow interest rate risk in relation to variable-rate amounts due to related companies (see Note 16) and bank balances (see Note 19), and the management has considered that the cash flow interest rate risk is limited because the current market interest rates on general deposits are relatively low and stable.

Additionally, the borrowing of Baotou Shi Zhong Li is issued at variable rates which expose Baotou Shi Zhong Li to cash flow interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. Baotou Shi Zhong Li's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rates risks. The analysis is prepared assuming the financial liabilities outstanding at the end of each reporting period were outstanding for the whole year. The following represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, Baotou Shi Zhong Li's profit for the years ended 31 December 2017, 2018, 2019, and six months ended 30 June 2020 would have decreased/increased by approximately RMB1,350,000, RMB1,047,000, RMB899,000 and RMB886,000, respectively. This is mainly attributable to Baotou Shi Zhong Li's exposure to interest rates on its variable-rate borrowings.

In the opinion of the sole director of Baotou Shi Zhong Li, the sensitivity analysis is not representative of Baotou Shi Zhong Li's exposure to interest rate risk for the Relevant Periods.

Credit risk (before application of IFRS 9 on 1 January 2018)

At 31 December 2017, financial assets whose carrying amounts best represent the maximum exposure to credit risk.

In order to minimum the credit risk, Baotou Shi Zhong Li reviews recoverable amount of the trade debt periodically to ensure that adequate impairment losses has been made for irrecoverable amounts. Baotou Shi Zhong Li has a credit control policy in place under which credit evaluations of the customer is performed on its customer requiring credit.

Credit risk on sales of electricity is concentrated on one customer. However, as the customer is a local grid company, which is a state-owned company with good repayment history. The management accordingly considers that there is no significant credit risk on the sales of electricity.

Credit risk on bank balances is limited because the counterparties are reputable banks in the PRC.

Credit risk and impairment assessment (upon application of IFRS 9 on 1 January 2018)

Credit risk refers to the risk that Baotou Shi Zhong Li's counterparties default on their contractual obligations resulting in financial losses to Baotou Shi Zhong Li. Baotou Shi Zhong Li's credit risk exposures are primarily attributable to trade receivables, contract assets, bank balances, amounts due from related companies and other receivables. Baotou Shi Zhong Li does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

Trade receivables and contract assets arising from contracts with customers

The credit risk on trade receivables and contract assets is limited because the sole customer, a local grid company, which is also a subsidiary of the state-owned grid company in the PRC. Furthermore, the tariff adjustments is funded by the Renewable Energy Development Fund which is administrated by the Ministry of Finance and well-supported by the PRC government.

100% of Baotou Shi Zhong Li's trade receivables and contract assets is contributed by a single customer located in the PRC.

Furthermore, in relation to contract assets of tariff adjustment receivables, the management performs impairment assessment on a periodic basis. Based on the assessment, the management is of the opinion that the probability of defaults of the relevant counterparty is insignificant since the solar power industry is well supported by the PRC government. In addition, as detailed in Note 6, the management are confident that all of Baotou Shi Zhong Li's operating power plant is able to be enlisted in the List in due course and the accrued revenue on tariff subsidy are fully recoverable but only subject to timing of allocation of funds. Accordingly, the credit risk regarding contract assets of tariff adjustment receivables is limited.

Baotou Shi Zhong Li always measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime ECL. The ECL on trade receivables and contract assets are estimated individually by reference to historical default rate of debtor with relatively similar credit standing published by an external credit rating agency and adjusted fro forward-looking information that to available without undue cots or effort.

Based on the loss rates, the ECL on trade receivables and contract assets is considered to be insignificant.

Bank balances

The credit risks on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit-rating agencies in the PRC.

Baotou Shi Zhong Li assessed 12m ECL for bank balances by reference to information relating to average loss rate of the respective credit rating grades published by external credit rating agencies.

Based on the average loss rates, the ECL on bank balances is considered insignificant.

Other receivables and amounts due from related companies

In relation to amounts due from related companies and other receivables, the management performs impairment assessment on the balances on a periodic basis. In assessing the probability of defaults of the amounts due from related companies and other receivables, the management has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward looking information that is available without undue cost or effort. Since the counterparties are mainly engaged in solar power industry in which their major current assets are tariff receivables, the collection of which is well supported by government policies; accordingly, the management considered the credit risk is limited.

For the purpose of impairment assessment of other receivables and amounts due from related parties, the loss allowance is measured at an amount equal to 12m ECL. In determining the ECL of other receivables and amounts due from related parties, after taking into account of the aforesaid factors and the forward looking information that is available without undue cost or effort, and considering the debtors operate in the solar power industry which is well supported by the prevailing government policies, the management considered the ECL provision for amounts due from related parties and other receivables is insignificant.

Baotou Shi Zhong Li's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default of counterparties	Lifetime ECL - not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and Baotou Shi Zhong Li has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of Baotou Shi Zhong Li's financial assets and other items, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m ECL or lifetime ECL	Gross carrying amount		
					At 31 December		At 30 June
					2018	2019	2020
					RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost							
Amounts due from related companies	*16*	N/A	Low risk *(Note a)*	12m ECL	–	–	29,530
Bank balances	*19*	A1 to Aa1	N/A	12m ECL	2,530	1,272	2,982
Other receivables	*17*	N/A	Low risk *(Note a)*	12m ECL	159	218	359
Trade receivables	*17*	N/A	Low risk *(Note b)*	Lifetime ECL	83,533	101,076	89,475
Other items							
Contract assets	*18*	N/A	Low risk *(Note b)*	Lifetime ECL	24,948	35,943	42,192

Notes:

a. For the purposes of internal credit risk management, Baotou Shi Zhong Li uses repayment history or other relevant information to assess whether credit risk has increased significantly since initial recognition. At 31 December 2018 and 2019, and 30 June 2020, the balances of amounts due from related companies and other receivables are not past due and the internal credit rating of these balances are considered as low risk.

b. For trade receivables and contract assets, Baotou Shi Zhong Li has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Baotou Shi Zhong Li determines the ECL on these items individually.

As part of Baotou Shi Zhong Li's credit risk management, Baotou Shi Zhong Li applies internal credit rating for its customer in relation to its solar energy business operations. The following table provides information about the exposure to credit risk for trade receivables and contract assets of Baotou Shi Zhong Li.

At 31 December 2018 **Internal credit rating**	**Loss rate**	**Trade receivables** *RMB'000*	**Loss rate**	**Contract assets** *RMB'000*
Low risk	0.04%	83,533	0.28%	24,948

At 31 December 2019 **Internal credit rating**	**Loss rate**	**Trade receivables** *RMB'000*	**Loss rate**	**Contract assets** *RMB'000*
Low risk	0.05%	101,076	0.22%	35,943

At 30 June 2020 **Internal credit rating**	**Loss rate**	**Trade receivables** *RMB'000*	**Loss rate**	**Contract assets** *RMB'000*
Low risk	0.06%	89,475	0.27%	42,192

The estimated loss rates are by reference to historical default rates of debtors with relatively similar credit standing published by an external credit rating agency and are adjusted for forward-looking information that is available without undue cost or effort. The sole director of Baotou Shi Zhong Li is of the opinion that the ECL for trade receivables and contract assets is insignificant during the Relevant Periods.

Liquidity risk

At 31 December 2017, 2018 and 2019, and 30 June 2020, Baotou Shi Zhong Li's current liabilities exceeded its current assets by RMB216,518,000, RMB133,641,000, RMB177,605,000 and RMB101,855,000, respectively. Baotou Shi Zhong Li is exposed to liquidity risk if it is not able to raise fund to meet its financial obligations.

In the management of the liquidity risk, Baotou Shi Zhong Li monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance Baotou Shi Zhong Li's operations and mitigate the effects of fluctuation in cash flows.

Baotou Shi Zhong Li relies on the financial support from GNE. Despite uncertainties and measures mentioned in Note 2, the sole director of Baotou Shi Zhong Li is of the opinion that the GNE Group will be able to meet its commitment to provide funds to Baotou Shi Zhong Li, and will have sufficient working capital to meet its cash flow requirements in the next twelve months from the end of each reporting date.

The following tables detail Baotou Shi Zhong Li's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which Baotou Shi Zhong Li can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the contractual repayment dates.

The tables includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

Liquidity and interest rate risk tables

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2017								
Other payables	–	92,574	–	–	–	–	92,574	92,574
Other borrowing	6.86%	12,324	36,972	49,295	147,886	98,591	345,068	269,992
Amounts due to related companies	2.99%	178,057	–	–	–	–	178,057	178,057
Total		282,955	36,972	49,295	147,886	98,591	615,699	540,623

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018								
Other payables	–	72,165	–	–	–	–	72,165	72,165
Other borrowing	6.86%	12,324	36,972	49,295	147,886	49,296	295,773	239,340
Amounts due to related companies	0.14%	127,011	–	–	–	–	127,011	127,011
Total		211,500	36,972	49,295	147,886	49,296	494,949	438,516

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2019								
Other payables	–	71,921	–	–	–	–	71,921	71,921
Other borrowing	6.86%	12,324	36,972	49,295	147,877	–	246,478	205,596
Amounts due to related companies	0.11%	175,874	–	–	–	–	175,874	175,874
Total		260,119	36,972	49,295	147,887	–	494,273	453,391

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 30 June 2020								
Other payables	–	71,670	–	–	–	–	71,670	71,670
Other borrowing	6.86%	3,594	10,277	22,758	147,518	73,759	257,906	197,999
Amounts due to related companies	0.21%	176,469	–	–	–	–	176,469	176,469
Total		251,733	10,277	22,758	147,518	73,759	506,045	446,138

The amounts included above for variable-rate borrowings are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of each reporting period.

24c. Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The sole director of Baotou Shi Zhong Li considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

25. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Baotou Shi Zhong Li's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in Baotou Shi Zhong Li's statements of cash flows as cash flows from financing activities.

	Amounts due to related companies	Other borrowing	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2017	131,469	298,995	430,464
Financing cash flows	(15,269)	(46,495)	(61,764)
Finance costs	5,065	17,492	22,557
Dividend declared	56,792	–	56,792
At 31 December 2017 and 1 January 2018	178,057	269,992	448,049
Financing cash flows	(95,170)	(46,674)	(141,844)
Finance costs	561	16,022	16,583
Dividend declared	43,563	–	43,563
At 31 December 2018 and 1 January 2019	127,011	239,340	366,351
Financing cash flows	(9,413)	(47,283)	(56,696)
Finance costs	307	13,539	13,846
Dividend declared	57,969	–	57,969
At 31 December 2019 and 1 January 2020	175,874	205,596	381,470
Financing cash flows	548	(15,148)	(14,600)
Finance costs	47	7,551	7,598
At 30 June 2020	176,469	197,999	374,468

26. CAPITAL COMMITMENTS

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Construction commitments in respect of solar power plant projects contracted for but not provided in the Historical Financial Information	53,500	–	–	–

27. OPERATING LEASES

Baotou Shi Zhong Li as lessee

	For the year ended 31 December	
	2017	**2018**
	RMB'000	*RMB'000*
Minimum lease payments paid under operating leases during the year:		
Office premise	13	16

Baotou Shi Zhong Li's commitments for future minimum lease payments under non-cancellable operating lease including lease payments during renewal period in which renewals are reasonably certain, which fall due as follows:

	At 31 December	
	2017	**2018**
	RMB'000	*RMB'000*
Within one year	155	15
In the second to fifth year inclusive	31	16
	186	31

Lease is negotiated and rental is fixed for term of 1 year for the office premise for the years ended 31 December 2017 and 2018.

28. PLEDGE OF ASSETS

Baotou Shi Zhong Li's borrowings had been secured by the pledge of its assets and the carrying amounts of the respective assets are as follow:

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	375,314	360,384	345,310	337,730
Trade receivables and contract assets	57,430	81,002	100,651	86,682
	432,744	441,386	445,961	424,412

Baotou Shi Zhong Li's secured other borrowings were secured, individually or in combination, by (i) certain property, plant and equipment of Baotou Shi Zhong Li and (ii) trade receivables, contract assets and fee collection rights in relation to the sales of electricity.

29. RELATED PARTY DISCLOSURES

Except as disclosed elsewhere in the Historical Financial Information, Baotou Shi Zhang Li also entered into the following material transactions or arrangements with related parties:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest expense to intermediate holding companies	5,065	561	307	169	47
Interest income from an intermediate holding company	–	18	–	–	–

Details of the remuneration for the key management personnel, which represents the sole director of Baotou Shi Zhong Li, are set out in Note 10A.

30. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 June 2020, the application for admission to the List for the remaining solar power plant is approved by the PRC government.

31. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Baotou Shi Zhong Li have been prepared in respect of any period subsequent to 30 June 2020 and up to the date of this report.

The following is the text of a report set out on pages II-54 to II-109, received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, for the purpose of incorporation in this circular.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF QI COUNTY GCL NEW ENERGY CO., LTD. TO THE DIRECTORS OF GCL-POLY ENERGY HOLDINGS LIMITED

Introduction

We report on the historical financial information of Qi County GCL New Energy Co., Ltd. ("**Qi County GCL**") set out on pages II-58 to II-109, which comprises the statements of financial position of Qi County GCL at 31 December 2017, 2018 and 2019 and 30 June 2020, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of Qi County GCL for each of the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-58 to II-109 forms an integral part of this report, which has been prepared for inclusion in the circular of GCL-Poly Energy Holdings Limited (the "**Company**") dated 4 December 2020 (the "**Circular**") in connection with the details of the very substantial disposal of subsidiaries and possible very substantial acquisition via the grant of put options of the Company.

Sole Director's responsibility for the Historical Financial Information

The sole director of Qi County GCL is responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the sole director of Qi County GCL determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether

due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director of Qi County GCL, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of Qi County GCL's financial position at 31 December 2017, 2018 and 2019 and 30 June 2020 and of Qi County GCL's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Material uncertainty related to going concern

We draw attention to Note 2 to the Historical Financial Information which indicates that at 31 December 2017, 2018 and 2019, and 30 June 2020, the current liabilities of Qi County GCL exceeded its current assets by approximately RMB43,767,000, RMB80,034,000, RMB187,607,000 and RMB100,811,000, respectively, and the ability of Qi County GCL to continue as a going concern is highly dependent upon the financial support from GCL New Energy Holdings Limited ("**GNE**"), a non-wholly owned subsidiary of the Company and the intermediate holding company of Qi County GCL, until the completion of the disposal of Qi County GCL. At 30 June 2020, GNE and its subsidiaries (collectively referred to as the "**GNE Group**") had current liabilities which exceeded its current assets by approximately RMB6,510,001,000. The directors of GNE have performed an assessment of the GNE Group's future liquidity and cash flows which included a review of assumptions about the likelihood of successful implementation of financial plans and other measures to ensure that the GNE Group will generate adequate financing and operating cash flows and are of the opinion that the GNE Group will be able to meet its commitment to provide funds to Qi County GCL. However, the GNE Group's likelihood of successful implementation of financial plans and other measures indicates a material uncertainty exists that may cast significant doubt on the GNE Group's commitment to provide funds to Qi County GCL and, in turn, the ability of Qi County GCL to continue as a going concern. Our opinion is not modified in respect of this matter.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of Qi County GCL which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2019 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The sole director of Qi County GCL is responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. As described in the Material uncertainty related to going concern section in this report, we draw attention to the fact that a material uncertainty exists that may cast significant doubt on the ability of Qi County GCL to continue as a going concern. Our conclusion is not modified in respect of this matter.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-57 have been made.

Dividends

We refer to Note 11 to the Historical Financial Information which contains information about the dividend declared and paid by Qi County GCL in respect of the Relevant Periods.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

4 December 2020

HISTORICAL FINANCIAL INFORMATION OF QI COUNTRY GCL

The financial statements of Qi Country GCL for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards issued by International Accounting Standards Board and were audited by us in accordance with Hong Kong Standards on Auditing issued by HKICPA as set out in Note 2 to the Historical Financial Information ("**Underlying Financial Statements**").

The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	NOTES	**2017**	**2018**	**2019**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	*6*	50,449	54,769	53,367	26,834	30,503
Cost of sales		(16,406)	(15,911)	(17,343)	(8,226)	(7,829)
Gross profit		34,043	38,858	36,024	18,068	22,674
Other income	*7*	3,500	2,866	3,935	2,015	2,188
Administrative expenses		(573)	(541)	(725)	(205)	(198)
Finance costs	*8*	(18,342)	(17,739)	(14,603)	(7,560)	(6,770)
Profit before taxation		18,628	23,444	24,631	12,858	17,894
Income tax expenses	*9*	(770)	–	(3,139)	(1,788)	(2,072)
Profit and total comprehensive income for the year/ period	*10*	17,858	23,444	21,492	11,070	15,822

STATEMENTS OF FINANCIAL POSITION

	NOTES	At 31 December 2017 RMB'000	At 31 December 2018 RMB'000	At 31 December 2019 RMB'000	At 30 June 2020 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	*14*	329,526	327,268	313,838	307,023
Right-of-use assets	*15*	–	–	6,627	6,469
Prepayments and other non-current assets	*17*	84,872	13,582	8,381	3,978
Contract assets	*19*	–	102,259	142,044	66,358
		414,398	443,109	470,890	383,828
CURRENT ASSETS					
Trade and other receivables	*18*	11,325	11,191	9,391	11,854
Contract assets	*19*	–	–	–	99,536
Amounts due from related companies	*16*	45,919	36,671	13	–
Tax recoverable		–	464	–	–
Bank balances	*20*	4,187	1,882	9,173	324
		61,431	50,208	18,577	111,714
CURRENT LIABILITIES					
Other payables	*21*	3,245	8,515	11,319	10,650
Amounts due to related companies	*16*	53,183	88,727	161,147	167,047
Tax payable		770	–	388	1,297
Bank borrowing	*23*	48,000	33,000	33,000	33,000
Lease liabilities	*24*	–	–	330	531
		105,198	130,242	206,184	212,525
NET CURRENT LIABILITIES		(43,767)	(80,034)	(187,607)	(100,811)
TOTAL ASSETS LESS CURRENT LIABILITIES		370,631	363,075	283,283	283,017
NON-CURRENT LIABILITIES					
Bank borrowing	*23*	252,000	219,000	186,000	170,000
Lease liabilities	*24*	–	–	6,190	6,162
Deferred income	*22*	–	2,000	1,926	1,866
		252,000	221,000	194,116	178,028
NET ASSETS		118,631	142,075	89,167	104,989
CAPITAL AND RESERVES					
Paid-up capital	*25*	84,000	84,000	84,000	84,000
Reserves		34,631	58,075	5,167	20,989
TOTAL EQUITY		118,631	142,075	89,167	104,989

STATEMENTS OF CHANGES IN EQUITY

	Paid-up capital	Legal reserve	Retained earnings (accumulated loss)	Total
	RMB'000	*RMB'000* *(Note)*	*RMB'000*	*RMB'000*
At 1 January 2017	84,000	1,850	14,923	100,773
Profit and total comprehensive income for the year	–	–	17,858	17,858
Transfer to legal reserve	–	1,922	(1,922)	–
At 31 December 2017 and 1 January 2018	84,000	3,772	30,859	118,631
Profit and total comprehensive income for the year	–	–	23,444	23,444
Transfer to legal reserve	–	2,278	(2,278)	–
At 31 December 2018 and 1 January 2019	84,000	6,050	52,025	142,075
Profit and total comprehensive income for the year	–	–	21,492	21,492
Transfer to legal reserve	–	2,244	(2,244)	–
Dividends declared *(Note 11)*	–	–	(74,400)	(74,400)
At 31 December 2019 and 1 January 2020	84,000	8,294	(3,127)	89,167
Profit and total comprehensive income for the period	–	–	15,822	15,822
At 30 June 2020	84,000	8,294	12,695	104,989
At 1 January 2019 (Audited)	84,000	6,050	52,025	142,075
Profit and total comprehensive income for the period	–	–	11,070	11,070
At 30 June 2019 (Unaudited)	84,000	6,050	63,095	153,145

Note: Legal reserve represents the amount set aside from the retained earnings and is not distributable as dividend. In accordance with the relevant regulations and the articles of association of Qi County GCL, it is required to allocate at least 10% of its after-tax profit according to the PRC (as defined in Note 1) accounting standards and regulations to legal reserve until such reserve has reached 50% of registered capital. The reserve can only be used for specific purposes and are not distributable or transferable to the loans, advances and cash dividends.

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating activities					
Profit before taxation	18,628	23,444	24,631	12,858	17,894
Adjustments for:					
Depreciation of right-of-use assets	–	–	324	163	158
Depreciation of property, plant and equipment	13,081	12,709	13,622	6,807	6,815
Amortisation of government grants	–	–	(74)	(45)	(60)
Finance costs	18,342	17,739	14,603	7,560	6,770
Interest income	(1,286)	(2,459)	(3,619)	(1,733)	(2,129)
Operating cashflows before movements in working capital	48,765	51,433	49,487	25,610	29,448
(Increase) decrease in trade and other receivables	(2,257)	134	1,566	850	(1,868)
Increase in contract assets	–	(38,839)	(35,966)	(17,675)	(21,598)
(Increase) decrease in deposits, prepayment and other non-current assets	(21,072)	8,697	5,232	1,490	3,681
Increase (decrease) in other payables and deferred income	164	272	4,090	(352)	(23)
Cash generated from operations	25,600	21,697	24,409	9,923	9,640
Income tax paid	–	(1,234)	(2,287)	–	(1,163)
Net cash from operating activities	25,600	20,463	22,122	9,923	8,477
Investing activities					
Interest received	47	12	16	6	4
Payments for construction and purchase of property, plant and equipment	(27,476)	(3,850)	(1,631)	(602)	(573)
Withdrawal of bank deposits	25,000	–	–	–	–
Receipt of government grant	–	2,000	–	–	–
Proceed of disposal of property, plant and equipment	–	32	–	–	–
Advances to fellow subsidiaries	(45,919)	–	–	–	–
Repayment from fellow subsidiaries	–	9,248	36,658	–	13
Net cash (used in) from investing activities	(48,348)	7,442	35,043	(596)	(556)

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Financing activities					
Interest paid	(15,829)	(16,423)	(17,979)	(11,227)	(5,811)
Proceeds from bank borrowing	300,000	–	–	–	–
Repayment to bank borrowing	–	(48,000)	(33,000)	(16,000)	(16,000)
Repayment to other borrowing	(250,000)	–	–	–	–
Advance from immediate holding company	–	–	–		2,449
Advances from intermediate holding companies	23,855	41,996	33,638	33,638	–
Advances from fellow subsidiaries	–	717	500	500	2,592
Repayment of lease liabilities	–	–	(529)	–	–
Repayment to immediate holding company	–	–	(22,847)	(15,293)	–
Repayment to an intermediate holding company	–	–	(8,439)	–	–
Repayment to immediate holding company	–	(8,500)	–	–	–
Repayment to fellow subsidiaries	(34,789)	–	(1,218)	–	–
Net cash from (used in) financing activities	23,237	(30,210)	(49,874)	(8,382)	(16,770)
Net increase (decrease) in cash and cash equivalents	489	(2,305)	7,291	945	(8,849)
Cash and cash equivalents at the beginning of the year/period	3,698	4,187	1,882	1,882	9,173
Cash and cash equivalents at the end of the year/period	4,187	1,882	9,173	2,827	324

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Qi County GCL New Energy Co., Ltd. ("**Qi County GCL**") was established in the People's Republic of China (the "**PRC**") on 10 March 2015. Its immediate holding company is Suzhou GCL New Energy Investment Co., Ltd., a company established in the PRC. Its intermediate holding company is GCL New Energy Holdings Limited ("**GNE**"), an exempted company with limited liability incorporated in Bermuda. The shares of GNE are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate holding company is GCL-Poly Energy Holdings Limited, a company incorporated in the Cayman Islands and listed on the Stock Exchange. The address of the registered office and principal place of the business of Qi County GCL is Miaokou Town, Qi County, Henan.

Qi County GCL is principally engaged in the sale of electricity in the PRC.

The Historical Financial Information is presented in Renminbi ("**RMB**"), which is the same as the functional currency of Qi County GCL.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRS Standards**") (which collective term include all applicable IFRS Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**"), except that the comparative figures for the year ended 31 December 2017 have not been presented. Further details of the significant accounting policies adopted are set out in Notes 3 and 4.

At 31 December 2017, 2018 and 2019, and 30 June 2020, Qi Country GCL's current liabilities exceeded its current assets by approximately RMB43,767,000, RMB80,034,000, RMB187,607,000 and RMB100,811,000, respectively. Qi Country GCL's ability to continue as a going concern is highly dependent upon the financial support from GNE until the completion of the disposal of Qi County GCL. At 30 June 2020, GNE and its subsidiaries (collectively referred to as the "**GNE Group**") had current liabilities which exceeded its current assets by approximately RMB6,510,001,000. The directors of GNE have performed an assessment of the GNE Group's future liquidity and cash flows which included a review of assumptions about the likelihood of successful implementation of financial plans and other measures to ensure that the GNE Group will generate adequate financing and operating cash flows and are of the opinion that the GNE Group will be able to meet its commitment to provide funds to Qi County GCL. The directors of GNE are satisfied that the GNE Group would have sufficient working capital to meet its financial obligations and to support Qi Country GCL to meet its financial obligations as and when they fall due for the coming twelve months from the end of the reporting period. Accordingly, the sole director of Qi Country GCL is of the opinion that the GNE Group will be able to meet its commitment to provide funds to Qi Country GCL.

Notwithstanding the above, a significant uncertainty exists as to the GNE Group's commitment to provide funds to Qi County GCL. The sufficiency of the GNE Group's working capital is dependent on the GNE Group's ability to generate sufficient financing and operating cash flows through successful renewal if its bank borrowings upon expiry, compliance with the covenants under borrowing agreements. Should the GNE Group be unable to provide financial support to Qi County GCL as committed and, in turn, Qi County GCL be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the assets of Qi County GCL 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 Historical Financial Information.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS STANDARDS

New and amendments to IFRS Standards that are mandatorily effective during the Relevant Periods

The IASB has issued a number of new and revised IFRS Standards which were relevant to Qi County GCL and became effective during the Relevant Periods. In preparing the Historical Financial Information, Qi County GCL has applied all these new and revised IFRS Standards which are effective for Qi County GCL's accounting period beginning on 1 January 2017, 1 January 2018, 1 January 2019 and 1 January 2020 consistently throughout the Relevant Periods to the extent required or allowed by transitional provisions in the IFRSs Standards, except that the Target Company adopted (i) IFRS 9 *Financial Instruments* ("**IFRS 9**") and IFRS 15 *Revenue from Contracts with Customers* ("**IFRS 15**") on 1 January 2018 based on the specific transitional provision and applied IAS 39 *Financial Instruments: Recognition and Measurement* ("**IAS 39**") and IAS 18 *Revenue* ("**IAS 18**") prior to 1 January 2018; and (ii) IFRS 16 *Leases* ("**IFRS 16**") on 1 January 2019 based on the specific transitional provision and applied IAS 17 *Leases* ("**IAS 17**") prior to 1 January 2019, and amendments to IAS 23 *Borrowing Costs* (as part of the Annual Improvement to IFRS Standards 2015-2017 Cycle) ("**IAS 23**") on 1 January 2019.

3.1 IFRS 15

Qi County GCL has applied IFRS 15 for the first time during the year ended 31 December 2018. IFRS 15 superseded IAS 18, IAS 11 *Construction Contracts* ("**IAS 11**") and the related interpretation.

Qi County GCL has applied IFRS 15 retrospectively to its contract with customer, including completed contracts, with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 and IAS 11.

Qi County GCL recognised revenue from the sales of electricity upon electricity is generated and transmitted. Information about Qi County GCL's performance obligations and the accounting policies resulting from application of IFRS 15 are disclosed in Notes 6 and 4, respectively.

3.1.1 Summary of effects arising from initial application of IFRS 15

The following adjustments were made to the amounts recognised in the statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Note	**Carrying amounts previously reported at 31 December 2017**	**Reclassification**	**Carrying amounts under IFRS 15 at 1 January 2018**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Prepayments and other non-current assets	*(a)*	84,872	(60,826)	24,046
Contract assets	*(a)*	–	60,826	60,826

Note:

(a) At 1 January 2018, tariff adjustments related to solar power plants yet to obtain approval for registration in the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄, the "**Catalogue**"), were reclassified and presented as contract assets.

The application of IFRS 15 resulted in the reclassification of the tariff adjustments from unbilled trade receivables to contract assets since the tariff adjustments related to a solar power plant was not yet obtained approval for registration into the Catalogue for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, but does not result in material change in the amounts of total assets, profit or loss or net cash flows for the respective years/period.

3.2 IFRS 9

During the year ended 31 December 2018, Qi County GCL has applied IFRS 9 and the related consequential amendments to other IFRS Standards. IFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and financial guarantee contracts and (3) general hedge accounting.

Qi County GCL has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised at 1 January 2018. The difference between carrying amounts at 31 December 2017 and the carrying amounts at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39.

Accounting policies resulting from application of IFRS 9 are disclosed in Note 4.

3.2.1 Summaries of effects arising from initial application of IFRS 9

As a result of the changes in the entity's accounting policies above, Qi County GCL assessed that the application of IFRS 9 do not have a material impact on the classification and measurement in opening statement of financial position.

Impairment under ECL model

Qi County GCL applied the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for its trade receivables and contract assets. The ECL on these assets are assessed individually by reference to historical default rates of debtors with relatively similar credit standing published by an external credit rating agency and are adjusted for forward-looking information that is available without undue cost or effort.

ECL for other financial assets at amortised cost, including amounts due from related companies, other receivables and bank balances are assessed on 12-month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

At 1 January 2018, there was no additional credit loss allowance being recognised against retained earnings as the amount involved is insignificant.

For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, the application of IFRS 9 has no material impact to the total assets, profit or loss or net cash flows for respective years/period.

3.3 IFRS 16

Qi County GCL has applied IFRS 16 for the first time during the year ended 31 December 2019. IFRS 16 superseded IAS 17, and the related interpretations.

Definition of a lease

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

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

As a lessee

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

At 1 January 2019, Qi County GCL recognised additional lease liabilities of RMB6,718,000 and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid and accrued lease payments by applying IFRS16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

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

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

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

When recognising the lease liabilities for lease previously classified as operating lease, Qi County GCL has applied incremental borrowing rates of Qi County GCL at the date of initial application. The incremental borrowing rate applied is 5.46%.

	At 1 January 2019
	RMB'000
Operating lease commitments disclosed at 31 December 2018 *(Note 30)*	11,527
Lease liabilities relating to operating leases discounted at relevant incremental borrowing rate upon application of IFRS 16	6,718
Analysed as:	
Current	504
Non-current	6,214
	6,718

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

	Right-of-use assets
	RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	6,718
Reclassified from prepaid rent *(note a)*	233
	6,951
By class:	
Leasehold land	6,951

Note:

(a) Prepaid rent for parcels of land in the PRC in which Qi County GCL leased from third parties under operating leases were classified as prepayments at 31 December 2018. Upon application of IFRS 16, the prepaid rent for parcels of lands under current asset amounting to RMB233,000 were reclassified to right-of-use assets.

The transition to IFRS 16 has no impact to Qi County GCL's retained earnings at 1 January 2019.

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

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under IFRS at 16 1 January 2019
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Right-of-use assets	–	6,951	6,951
Current assets			
Trade and other receivables	11,191	(233)	10,958
Current liabilities			
Lease liabilities	–	504	504
Non-current liabilities			
Lease liabilities	–	6,214	6,214

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

3.4 Amendments to IAS 23

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Effective on 1 January 2019, IAS 23 is adopted prospectively and there is no material impact on the Historical Financial Information upon the application of IAS 23.

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

At the date of this report, the following new and amendments to IFRS Standards and have been issued which are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018 - 2020[2]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 June 2020
[5] Effective for annual periods beginning on or after 1 January 2021

Except as described below, the sole director of Qi County GCL anticipates that the application of all these new and amendments to IFRS Standards will have no material impact on Qi County GCL's financial position and performance when they become effective.

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

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

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date.

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or noncurrent only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

At 30 June 2020, Qi County GCL's right to defer settlement for bank borrowing of RMB170,000,000 are subject to compliance with covenants within 12 months from the reporting date. Such bank borrowing was classified as non-current as Qi County GCL met such covenants at 30 June 2020.

Pending clarification on the application of relevant requirements of the amendments, Qi County GCL will further assess whether application of the amendments will have an impact on the classification of these borrowings.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information have been prepared in accordance with the following accounting policies which confirm with IFRS Standards issued by the IASB. In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

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

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

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

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

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

The principal accounting policies are set out below.

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in Note 3.1)

Under IFRS 15, Qi County GCL recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

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

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

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

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

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

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

Variable consideration

For contracts that contain variable consideration in relation to sale of electricity to the grid companies which contain tariff adjustments related to solar power plants yet to obtain approval for registration in the Catalogue (prior to January 2020) or the List (as defined in Note 6) (after January 2020) by the PRC government, Qi County GCL estimates the amount of consideration to which it will be entitled using the most likely amount.

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

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

Existence of significant financing component

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

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

Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to Qi County GCL and when specific criteria have been met for each of Qi County GCL's activities, as described below.

Revenue from the sales of electricity, including portion relating to tariff adjustment, is recognised when electricity is generated and transmitted.

Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in Note 3.3)

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

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

Qi County GCL as a lessee (upon application of IFRS 16 in accordance with transitions in Note 3.3)

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when Qi County GCL reasonably expects that the effects on the Historical Financial Information would not differ materially from individual leases within the portfolio.

Right-of-use assets

The cost of right-of-use assets includes:

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

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Qi County GCL presents right-of-use assets as a separate line item on the statement of financial position.

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

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

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

Qi County GCL presents lease liabilities as a separate line item on statement of financial position.

Lease modifications

Qi County GCL accounts for a lease modification as a separate lease if:

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

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

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

Qi County GCL as a lessee (prior to 1 January 2019)

All leases are classified as operating leases.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

Borrowing costs

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

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

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

Government grants

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

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

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

Retirement benefit costs

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

Short-term employee benefits

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

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

Taxation

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

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

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

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

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

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

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

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

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

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

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

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, Qi County GCL estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, it is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

Financial instruments

Financial assets and financial liabilities are recognised when Qi County GCL becomes a party to the contractual provisions of the instruments.

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

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

Financial assets

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 January 2018)

Qi County GCL's financial assets are classified into "loans and receivables", and the classification of which depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related companies and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses.

Interest income is recognised by applying the effective interest rate, except for short term receivables where the recognition of interest would be immaterial.

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in Note 3.2)

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

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

Amortised cost and interest income

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

Impairment of financial assets (before application of IFRS 9 on 1 January 2018)

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment directly for all financial assets. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (upon application of IFRS 9 in accordance with transitions in Note 3.2)

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

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

Qi County GCL always recognises lifetime ECL for trade receivables and contract assets, including those with significant financing component. For all other instruments, Qi County GCL measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, Qi County GCL recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

The ECL on these assets are assessed individually for debtors by reference to historical default rates of debtors with relatively similar credit standing published by an external credit rating agency, adjusted for forward-looking information that is available without undue cost or effort.

(i) Significant increase in credit risk

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

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

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

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

Qi County GCL recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustments are recognised through allowance accounts.

Derecognition of financial assets

Qi County GCL derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities including other payables, amounts due to related companies, and bank borrowing are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

5. CRITICAL ACCOUNTING JUDGEMENTS

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

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the sole director of Qi County GCL has made in the process of applying Qi County GCL's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Revenue recognition on tariff adjustments on sales of electricity

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

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

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

Qi County GCL operates a solar power plant in the PRC and it is not yet admitted to the Catalogue/List during the Relevant Periods.

Accordingly, for the year ended 31 December 2017, which is prior to the application of IFRS 15, tariff adjustments of RMB30,901,000 was included in the sales of electricity as disclosed in Note 6, of which solar power plant of Qi County GCL was still pending for registration in the Catalogue, and the tariff adjustments is recognised as revenue based on the management judgement that all of the operating power plant of Qi County GCL had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plant. In making his judgement, the sole director of Qi County GCL, taking into account the legal opinion of GNE's legal advisor, considered that Qi County GCL's operating solar power plant had met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustments when the electricity delivered on grid. The sole director of Qi County GCL is confident that all of Qi County GCL's operating solar power plant was able to be registered in the Catalogue in due course and the accrued revenue on tariff adjustment are fully recoverable but only subject to timing of allocation of funds from the government, after considering that there are no bad debts experiences with the gird company in the past and the tariff adjustment is fully funded by the PRC government.

For the years ended 31 December 2018 and 2019, and six months ended 30 June 2019 and 2020, which is upon the application of IFRS 15, tariff adjustments of RMB33,387,000, RMB31,704,000, RMB15,517,000 (unaudited) and RMB19,116,000, respectively, were included in the sales of electricity as disclosed in Note 6, of which on-grid solar power plant of Qi County GCL was still pending for registration in the Catalogue/List. Accordingly, for the solar power plant that is operated by Qi County GCL which was pending for registration to the Catalogue/List, the relevant tariff adjustments were recognised only to the extent that it is highly probable that such inclusion would not result in a significant revenue reversal in the future on the basis that the solar power plant operated by Qi County GCL had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plant, and taking into account the legal opinion as advised by GNE's legal advisor, who considered that the solar power plant operated by Qi County GCL had met the requirements and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff subsidy when the electricity was delivery on grid, and also the requirements and conditions for the entitlement of the tariff subsidy under the 2020 Measures. Hence, the solar power plant of Qi County GCL are able to be enlisted on the List subsequent to the period end 30 June 2020 and the accrued revenue on tariff are fully recoverable.

During the years ended 31 December 2017, 2018 and 2019, and six months ended 30 June 2019 and 2020, Qi County GCL recognised revenue of RMB30,901,000, RMB33,387,000, RMB31,704,000, RMB15,517,000 (unaudited) and RMB19,116,000, respectively, in respect of tariff adjustments recognised as revenue to the solar power plant of Qi County GCL not recognised in the Catalogue/List.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of electricity which is recognised at a point in time. Substantially, revenue is derived from electricity sales to local grid company in the PRC for the years ended 31 December 2017, 2018 and 2019, and six months ended 30 June 2019 and 30 June 2020.

For sales of electricity, Qi County GCL generally entered into power purchase agreement with local grid company with a term of one year 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 RMB30,901,000, RMB33,387,000, RMB31,704,000, RMB15,517,000 (unaudited) and RMB19,116,000 tariff adjustments recognised during the years ended 31 December 2017, 2018 and 2019, and six months ended 30 June 2019 and 2020, respectively. Qi County GCL generally grants credit period of approximately one month to customer from date of invoice in accordance with the power purchase agreement between Qi County GCL and the respective local grid company. Qi County GCL will complete the remaining performance obligations in accordance with the relevant terms as stipulated in the power purchase agreement and the remaining aggregated transaction price will be equal to the quantity of electricity that can be generated and transmitted to the customer 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 state-owned grid companies for settlement to the solar power companies. Effective from March 2012, the application, approval and settlement of the tariff adjustment are subject to certain procedures as promulgated by Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加輔助資金管理暫行辦法). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustment.

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

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

Qi County GCL operates one solar power plant which was yet to admit to the Catalogue/List throughout the Relevant Periods.

During the year ended 31 December 2017, tariff adjustment is recognised at its initial fair value based on the prevailing nationwide government policies on renewable energy for the entitlement of the tariff subsidy when the electricity was delivery on grid, and are discounted to present values based on the expected timing of the receipt of trade receivables. The tariff adjustment receivables was adjusted for discounting effect based on an effective interest rate ranged from 2.65% to 3.50% per annum. As such, Qi County GCL's revenue was adjusted by RMB3,064,000, and imputed interest on discounting effect on tariff adjustment receivables amounting to approximately RMB1,329,000 were recognised in 2017. The tariff adjustment receivables were included in trade receivables.

For the years ended 31 December 2018 and 2019, and six months ended 30 June 2019 and 2020, for those tariff adjustments that are subject to approval for registration in the Catalogue (for the period prior to 1 January 2020); or the List (for the period after 1 January 2020) by the PRC government at the end of the reporting period, the relevant revenue from the tariff adjustments are considered variable consideration upon the applications of IFRS 15, 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 the operating power plant has qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plant. The contract asset will be transferred to trade receivables when the solar power plant is enlisted in the List since the release of the 2020 Measures.

Since the tariff adjustments are yet to obtain approval for registration in the Catalogue/List by the PRC government at the end of reporting periods, the management considers that it contains a significant financing component over the relevant portion of tariff adjustment until the and of the expected collection period. For the years ended 31 December 2018, and 2019, and six months ended 30 June 2019 and 2020, the respective tariff adjustments was adjusted for this financing component based on an effective interest rate ranged from 2.65% to 3.50% per annum, 2.55% to 3.50% per annum, 2.55% to 3.50% per annum (unaudited) and 2.20% to 3.50% per annum, respectively, and interest income amounting to approximately RMB2,447,000, RMB3,603,000, RMB1,727,000 (unaudited) and RMB2,125,000 were recognised for the year ended 31 December 2018 and 2019, and six months ended 30 June 2019 and 2020, respectively.

The management of GNE regularly reviews the results of the solar power plants operate by Qi County GCL when making decisions about allocating resources and assessing performance. No further segment information other than entity wide information was presented.

Geographical information

The operation of Qi County GCL is solely located in the PRC. All revenue of Qi County GCL are generated from a single external customer located in the PRC, and all its non-current assets are located in the PRC for the Relevant Periods.

7. OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest income of financial assets at amortised cost:					
– Bank interest income	47	12	16	6	4
– Imputed interest on discounting effect on tariff adjustment receivables	1,239	–	–	–	–
Interest arising from contract containing significant financing component	–	2,447	3,603	1,727	2,125
Repair and maintenance income	1,886	–	–	–	–
Others	328	407	316	282	59
Total other income	3,500	2,866	3,935	2,015	2,188

8. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest on financial liabilities at amortised cost:					
Bank borrowing	16,034	16,250	13,326	6,827	5,738
Amounts due to related companies	2,308	1,489	916	554	859
Lease liabilities	–	–	361	179	173
Total finance costs	18,342	17,739	14,603	7,560	6,770

9. INCOME TAX EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
PRC Enterprise Income Tax ("**EIT**")	770	–	3,139	1,788	2,072

The basic tax rate of Qi County GCL is 25% under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and implementation regulations of the EIT Law.

Qi County GCL engaged in solar photovoltaic project, under the EIT Law and its relevant regulations, is entitled to tax holidays of 3-year full exemption from 1 January 2016 to 31 December 2018 followed by 3-year 50% exemption from 1 January 2019 to 31 December 2021.

The tax charge for the Relevant Periods can be reconciled to the profit before taxation per for statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit before taxation	18,628	23,444	24,631	12,858	17,894
Tax at domestic income tax rate of 25%	4,657	5,861	6,158	3,215	4,474
Under-provision in prior year	986	–	–	–	–
Effect of tax exemptions and concessions granted	(5,329)	(5,696)	(3,141)	(1,788)	(2,072)
Others *(Note)*	456	(165)	122	361	(330)
Income tax expense for the year/ period	770	–	3,139	1,788	2,072

Note: Qi County GCL has deductible temporary differences arising from contract containing significant financing component of RMB3,552,000, RMB2,891,000, RMB3,235,000, RMB4,277,000 (unaudited) and RMB1,629,000 at 31 December 2017, 2018 and 2019, and 30 June 2019 and 2020, respectively. No deferred tax asset has been recognised as the related deferred tax asset is considered insignificant given the preferential tax rate entitled by Qi County GCL.

10. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit for the year/period has been arrived at after charging:					
Amortisation of government grants	–	–	74	45	60
Depreciation of:					
– Property, plant and equipment	13,081	12,709	13,622	6,807	6,815
– Right-of-use assets	–	–	324	163	158
Staff costs (including sole director's remuneration)					
– Salaries, wages and other benefits	1,091	1,282	861	569	330
– Retirement benefit scheme contributions	215	168	139	73	41

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholder of Qi County GCL during the Relevant Periods, except for RMB74,400,000 was proposed and recognised during the year ended 31 December 2019.

12. DIRECTOR'S EMOLUMENTS AND EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUAL

(a) Director emoluments

The emoluments of the director of Qi County GCL during the Relevant Periods are set out below:

Year ended 31 December 2017

Name of director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Meng Yonggang 孟永剛 *(Note i)*	–	–	–	–	–

Year ended 31 December 2018

Name of director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Meng Yonggang 孟永剛 *(Note i)*	–	–	–	–	–

Year ended 31 December 2019

Name of director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Meng Yonggang 孟永剛 *(Note i)*	–	–	–	–	–
Jiang Jianhua 姜建華 *(Note ii)*	–	–	–	–	–

Six months ended 30 June 2019 (unaudited)

Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Meng Yonggang 孟永剛 *(Note i)*	–	–	–	–	–

Six months ended 30 June 2020

		Other emoluments			
Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Jiang Jianhua 姜建華 *(Note ii)*	–	–	–	–	–

Notes:

(i) Mr. Meng Yonggang resigned as the director of Qi County GCL with effect from 31 July 2019.

(ii) Mr. Jiang Jianhua has been appointed as the director of Qi County GCL with effect from 31 July 2019.

The emoluments, including sole director's fee, salaries and other benefits, bonus and retirement benefit scheme contributions, for the sole director of Qi County GCL during the Relevant Periods were borne by a related company for his service as the sole director of Qi County GCL.

The sole director did not waive any emoluments and no incentive paid on joining and compensation for the loss of office for the Relevant Periods.

There was no arrangement under which the sole director of Qi County GCL waived or agreed to waive any remuneration for the Relevant Periods.

(b) Employees' emoluments

The five highest paid employees of Qi County GCL during the Relevant Periods included 5 individuals for the years ended 31 December 2017, 2018 and 2019, and for the six months ended 30 June 2019 (unaudited) and 2020 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and benefits	453	431	495	243	220
Performance-related bonus	105	73	42	39	–
Retirement benefits scheme contribution	138	116	120	55	26
	696	620	657	337	246

The number of highest paid employees who are not the sole director whose emoluments fell within the following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	Number of employee	*Number of employee*	*Number of employee*	*Number of employee* (unaudited)	*Number of employee*
Nil to HK$1,000,000	5	5	5	5	5

13. EARNING PER SHARE

No information related to earnings per share is presented in the Historical Financial Information as such information is not meaningful for the purpose of the accountants' report.

14. PROPERTY, PLANT AND EQUIPMENT

	Building	Leasehold Improvements, furniture fixtures & equipment	Power generators and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
At 1 January 2017	3,119	377	340,317	213	–	344,026
Additions	–	193	44	17	5,855	6,109
Transfer	–	–	5,855	–	(5,855)	–
At 31 December 2017 and 1 January 2018	3,119	570	346,216	230	–	350,135
Additions	–	51	–	–	10,483	10,534
Transfer	9,493	–	990	–	(10,483)	–
Disposals	–	–	–	(131)	–	(131)
At 31 December 2018 and 1 January 2019	12,612	621	347,206	99	–	360,538
Additions	–	–	192	–	–	192
At 31 December 2019 and 1 January 2020 and 30 June 2020	12,612	621	347,398	99	–	360,730
Accumulated depreciation						
At 1 January 2017	55	22	7,423	28	–	7,528
Charge for the year	94	81	12,865	41	–	13,081
At 31 December 2017 and 1 January 2018	149	103	20,288	69	–	20,609
Charge for the year	1,008	105	11,560	36	–	12,709
Disposals	–	–	–	(48)	–	(48)
At 31 December 2018 and 1 January 2019	1,157	208	31,848	57	–	33,270
Charge for the year	546	112	12,946	18	–	13,622
At 31 December 2019 and 1 January 2020	1,703	320	44,794	75	–	46,892
Charge for the year	273	56	6,477	9	–	6,815
At 30 June 2020	1,976	376	51,271	84	–	53,707

	Building	Leasehold Improvements, furniture fixtures & equipment	Power generators and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Carrying values						
At 31 December 2017	2,970	467	325,928	161	–	329,526
At 31 December 2018	11,455	413	315,358	42	–	327,268
At 31 December 2019	10,909	301	302,604	24	–	313,838
At 30 June 2020	10,636	245	296,127	15	–	307,023

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

Building	2%–4% or over the lease term, whichever is shorter
Power generators and equipment	4% per annum
Leasehold improvements, furniture, fixtures and equipment	20%–25%
Motor vehicles	20%–30%

The building is held under a lease in the PRC.

At 31 December 2017, 2018 and 2019 and 30 June 2020, Qi County GCL was in the process of obtaining the property ownership certificate in respect of a property interest held under land use rights in the PRC with a carrying amount of approximately RMB2,970,000, RMB11,455,000, RMB10,909,000 and RMB10,636,000, respectively. In the opinion of the sole director of Qi County GCL, the absence of the property ownership certificate to the property interest does not impair their carrying value to Qi County GCL as Qi County GCL paid the full purchase consideration of the property interest and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

15. RIGHT-OF-USE ASSETS

	Leasehold lands
Carrying amount	*RMB'000*
At 1 January 2019	6,951
Depreciation charge	(324)
At 31 December 2019	6,627
Depreciation charge	(158)
At 30 June 2020	6,469

	Leasehold lands
	RMB'000
Total cash outflow for leases *(Note)*	
For the year ended 31 December 2019	(559)
For the six months ended 30 June 2020	–
For the six months ended 30 June 2019 (unaudited)	–

Note: Amount includes payments of principal and interest portion of lease liabilities.

For the year ended 31 December 2019 and six months ended 30 June 2020, Qi County GCL leases land for its operations. Lease contracts are entered into for fixed terms of twenty five years, but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, Qi County GCL applies the definition of a contract and determines the period for which the contract is enforceable.

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

Qi County GCL assessed at lease commencement date/date of initial application whether it is reasonably certain to exercise the extension options. There is no extension option which Qi County GCL is not reasonably certain to exercise. As at 31 December 2019 and 30 June 2020, lease liabilities with the exercise of extension options of RMB6,520,000 and RMB6,693,000 are recognised, respectively.

In addition, Qi County GCL reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2019 and six months ended 30 June 2020, there is no such triggering event.

Details of the lease maturity analysis of lease liabilities are set out in Note 24.

16. AMOUNTS DUE FROM/TO RELATED COMPANIES

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from fellow subsidiaries	45,919	36,671	13	–
Amounts due to:				
– immediate holding company	26,204	19,034	66,973	70,281
– intermediate holding company	26,979	68,975	94,174	94,174
– fellow subsidiaries	–	718	–	2,592
	53,183	88,727	161,147	167,047

Except for amounts due to related companies of approximately RMB23,793,000, RMB53,893,000, RMB109,174,000 and RMB109,174,000 as at 31 December 2017, 2018, 2019 and 30 June 2020, respectively, which has no fixed repayment terms and interest bearing with interest rate at 6% per annum, and ranging from 1% to 6% pre annum, 1% to 10% per annum, 1% to 10% per annum, respectively, the remaining amounts with related companies are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

In the opinion of the sole director, it is expected that the amounts due from related companies would be settled by the related companies within 1 year from each reporting period.

17. PREPAYMENTS AND OTHER NON-CURRENT ASSETS

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for EPC contracts and constructions *(Note a)*	1,620	–	247	247
Refundable value-added tax *(Note b)*	22,426	13,582	8,134	3,731
Trade receivables *(Note 18)*	60,826	–	–	–
	84,872	13,582	8,381	3,978

Notes: (a) Prepayments for the engineering, procurement and constructions represent payment in advance to contractors which will be transferred to property, plant and equipment in accordance with the percentage of completion of the constructions.

(b) Amount represents refundable value-added tax arising from purchase of property, plant and equipment and would be utilized by Qi County GCL over 12 months from the end of the reporting period.

18. TRADE AND OTHER RECEIVABLES

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	63,083	1,731	1,789	3,257
Prepayments and deposits	363	347	61	141
Other receivables				
– Refundable value-added tax	8,636	9,073	7,492	7,878
– Others	69	40	49	578
	72,151	11,191	9,391	11,854
Analysed as:				
Current	11,325	11,191	9,391	11,854
Non-current trade receivables *(Note 17)*	60,826	–	–	–
	72,151	11,191	9,391	11,854

At 1 January 2018, trade receivables from contracts from customers amounted to RMB2,257,000.

For sales of electricity in the PRC, Qi County GCL generally grants credit period of approximately one month to power grid company in the PRC from the date of invoice in accordance with the relevant electricity sales contracts between Qi County GCL and the grid company.

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

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unbilled *(Note)*	63,083	1,470	1,587	2,170
0 - 90 days	–	261	202	1,087
	63,083	1,731	1,789	3,257

Note: At 31 December 2017, the amount represents unbilled basic tariff receivables for the solar power plant operated by Qi County GCL, as well as the unbilled tariff adjustments which for the solar power plant which was not yet registered in the Catalogue at 31 December 2017. At 31 December 2018, 2019 and 30 June 2020, the amount represented unbilled basic tariff receivables for the solar power plant operated by Qi County GCL only. The sole director of Qi County GCL expects the unbilled tariff adjustments would be generally billed and settled within 1 year from 31 December 2017. The aged analysis of the unbilled trade receivables, which is based on revenue recognition date, are as follows:

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 - 90 days	9,648	1,470	1,587	2,170
91 - 180 days	9,312	–	–	–
181 - 365 days	27,808	–	–	–
Over 365 days	16,315	–	–	–
	63,083	1,470	1,587	2,170

No trade receivables are past due at 31 December 2017, 2018, 2019 and 30 June 2020. Qi County GCL does not hold any collaterals over these balances.

19. CONTRACT ASSETS

	At 31 December		At 30 June
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Tariff adjustments			
– Non-current	102,259	142,044	66,358
– Current	–	–	99,536
	102,259	142,044	165,894

At 1 January 2018, contract assets amounted to RMB60,826,000

The contract assets primarily relate to the portion of tariff adjustments for the electricity sold to the grid company in the PRC in which the relevant on-grid solar power plant is still pending for registration to the Catalogue at the end of each reporting date, and tariff adjustment is recognised as revenue upon electricity is generated as disclosed in Note 6.

Pursuant to the 2020 Measures, for those on-grid solar power plant yet to be registered on the Catalogue, it is required to meet the relevant requirements and conditions for tariff subsidy as stipulated and to complete the submission and application on the Platform. Local grid company will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plant that is enlisted in the List. The contract assets are transferred to trade receivables when Qi County GCL's on-grid solar power plant is enlisted in the List. Qi County GCL considers the settlement terms contain significant financing component, and has adjusted the tariff adjustment for the financing component based on estimated timing of collection. Accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the counterparty.

Contract assets are reclassified to trade receivables at the point the on-grid solar power plant projects is enlisted on the Catalogue List. The whole balances at 31 December 2017, 2018, 2019 are classified as non-current as they are expected to be received after twelve months from each reporting date. The management of Qi County GCL expects the solar power plant operated by Qi County GCL would be enlisted on the List during 2020, and the management expected that partial of the contact assets held by Qi County GCL at 30 June 2020 amounting to RMB99,536,000 would be settled within 12 months from 30 June 2020, and accordingly, such amount is considered as current assets at 30 June 2020.

Details of impairment assessment are set out in Note 27b.

20. BANK BALANCES

Bank balances carry interest at floating rates range from 0.01% to 0.385% per annum or fixed rates range from 1.1% to 2.75% per annum for the Relevant Periods.

Details of impairment assessment are set out in Note 27b.

21. OTHER PAYABLES

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payables for purchase of plant and machinery and construction costs	2,226	7,239	6,046	5,473
Other tax payables	1	1	1	2
Other payables	3	–	4,428	4,363
Accruals				
– Staff costs	475	373	36	36
– Others	540	902	808	776
	3,245	8,515	11,319	10,650

Qi County GCL has financial risk management policies in place to ensure settlement of payables within the credit time frame.

22. DEFERRED INCOME

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants *(Note)*	–	2,000	1,926	1,866

Note: Qi County GCL received grants from the local government unconditionally in connection with construction of the solar power plant. The amount is deferred and amortised over the useful lives of the power generative and equipment of the solar power plants.

23. BANK BORROWING

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The carrying amounts of the borrowing are repayable:				
Within one year	48,000	33,000	33,000	33,000
More than one year, but not exceeding two years	33,000	33,000	33,000	32,000
More than two years, but not exceeding five years	96,000	93,000	92,000	93,000
More than five years	123,000	93,000	61,000	45,000
	300,000	252,000	219,000	203,000
Less: Amounts due within one year shown under current liabilities	(48,000)	(33,000)	(33,000)	(33,000)
Amounts due after one year	252,000	219,000	186,000	170,000

The variable-rate bank borrowing is secured and denominated in RMB. The effective interest rate (which is also equal to contracted interest rate) is at 110% of benchmark borrowing rate of the PRC per annum throughout the Relevant Periods.

24. LEASE LIABILITIES

	At 31 December	At 30 June
	2019	2020
	RMB'000	*RMB'000*
Lease liabilities payable:		
Within one year	330	531
Within a period of more than one years but not more than two years	491	504
Within a period of more than two years but not more than five years	1,328	1,375
Within a period of more than five years	4,371	4,283
	6,520	6,693
Less: Amount due for settlement with 12 months shown under current liabilities	(330)	(531)
Amount due for settlement after 12 months shown under non-current liabilities	6,190	6,162

All lease liabilities are denominated in RMB.

25. PAID-UP CAPITAL

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered and paid-up capital	84,000	84,000	84,000	84,000

26. CAPITAL MANAGEMENT

Qi County GCL manages its capital to ensure that entities in Qi County GCL will be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balance. Qi County GCL overall strategy remains unchanged for the Relevant Periods.

The capital structure of Qi County GCL consists of net debt, which mainly includes amounts due to related companies bank borrowings and lease liabilities, net of cash and cash equivalents, and equity attributable to owners of Qi County GCL, comprising paid-up capital and reserves.

The sole director of Qi County GCL reviews, the capital structure on a periodical basis. As part of this review, the director of Qi County GCL consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the sole director of Qi County GCL, Qi County GCL will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debt.

27. FINANCIAL INSTRUMENTS

27a. Categories of financial instruments

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Loans and receivables (including cash and cash equivalent)	113,258	–	–	–
Amortised cost	–	40,324	11,024	4,159
Financial liabilities				
Amortised cost	355,906	348,445	391,007	380,193
Lease liabilities	–	–	6,520	6,693

27b. Financial risk management objectives and policies

Qi County GCL's major financial instruments include trade and other receivables, amounts due from related companies, bank balances and cash, other payables, amounts due to related companies, bank borrowing and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risk associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

Qi County GCL is exposed to fair value interest rate risk in relation to amounts due to related companies (see Note 16) and lease liabilities (see Note 24). Qi County GCL is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 20), and the management has considered that the cash flow interest rate risk is limited because the current market interest rates on general deposits are relatively low and stable.

Additionally, Qi County GCL's borrowing is issued at variable rates which expose to cash flow interest rate risk. Qi County GCL currently does not have a hedging policy on interest rate exposure. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. Qi County GCL's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rates risks. The analysis is prepared assuming the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. The following represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, Qi County GCL's profit for the years ended 31 December 2017, 2018, 2019, and six months ended 30 June 2020 would have decreased/increased by approximately RMB1,500,000, RMB1,260,000, RMB958,000 and RMB888,000, respectively. This is mainly attributable to Qi County GCL's exposure to interest rates on its variable-rate borrowings.

In the opinion of the sole director of Qi County GCL, the sensitivity analysis is not representative of Qi County GCL's exposure to interest rate risk for the Relevant Periods.

Credit risk (before application of IFRS 9 on 1 January 2018)

At 31 December 2017, financial assets whose carrying amounts best represent the maximum exposure to credit risk.

In order to minimum the credit risk, Qi County GCL reviews recoverable amount of the trade debt periodically to ensure that adequate impairment losses has been made for irrecoverable amounts. Qi County GCL has a credit control policy in place under which credit evaluations of the customer is performed on its customer requiring credit.

Credit risk on sales of electricity is concentrated on one customer. However, as the customer is a local grid company, which is a state-owned company with good repayment history. The management accordingly considers that there is no significant credit risk on the sales of electricity.

Credit risk on bank balances is limited because the counterparties are reputable banks in the PRC.

Credit risk and impairment assessment (upon application of IFRS 9 on January 2018)

Credit risk refers to the risk that Qi County GCL's counterparties default on their contractual obligations resulting in financial losses to Qi County GCL. Qi County GCL's credit risk exposures are primarily attributable to trade receivables, contract assets, bank balances, amounts due from related companies, and other receivables. Qi County GCL does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

Trade receivables and contract assets arising from contracts with customers

The credit risk on trade receivables and contract assets is limited because the sole customer, a local grid company, which is also a subsidiary of the state-owned grid company in the PRC. Furthermore, the tariff adjustments is funded by the Renewable Energy Development Fund which is administrated by the Ministry of Finance and well-supported by the PRC government.

Furthermore, in relation to contract assets of tariff adjustment receivables, the management performs impairment assessment on a periodic basis. Based on the assessment, the management is of the opinion that the probability of defaults of the counterparty is insignificant since the solar power industry is well supported by the PRC government. In addition, as detailed in Note 6, the management are confident that Qi County GCL's operating power plant is able to be enlisted in the List in due course and the accrued revenue on tariff subsidy are fully recoverable but only subject to timing of allocation of funds. Accordingly, the credit risk regarding contract assets of tariff adjustment receivables is limited.

100% of Qi County GCL's trade receivable and contract assets are contributed by a single customer located in the PRC.

Qi County GCL always measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime ECL. The ECL on trade receivables and contract assets are estimated individually by reference to historical default rates of debtors with relatively similar credit standing published by an external credit rating agency and adjusted for forward-looking information that is available without undue cost or effort.

Based on the loss rates, the ECL on trade receivables and contract assets is considered to be insignificant.

Bank balances

The credit risks on bank balances are limited because the counterparties are reputable banks with high credit ratings assigned by international credit-rating agencies in the PRC.

Qi County GCL assessed 12m ECL for bank balances by reference to information relating to average loss rate of the respective credit rating grades published by external credit rating agencies.

Based on the average loss rates, the ECL on bank balances is considered insignificant.

Other receivables and amounts due from related companies

In relation to amounts due from related companies and other receivables, the management performs impairment assessment on the balances on a periodic basis. In assessing the probability of defaults of the amounts due from related companies and other receivables, the management has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward looking information that is available without undue cost or effort. Since the counterparties are mainly engaged in solar power industry in which their major current assets are tariff receivables, the collection of which is well supported by government policies; accordingly, the management considered the credit risk is limited.

For the purpose of impairment assessment of other receivables and amounts due from related parties, the loss allowance is measured at an amount equal to 12m ECL. In determining the ECL of other receivables and amounts due from related parties, after taking into account of the aforesaid factors and the forward looking information that is available without undue cost or effort, and considering the debtors operate in the solar power industry which is well supported by the prevailing government policies, the management considered the ECL provision for amounts due from related parties and other receivables is insignificant.

Qi County GCL's internal credit risk grading assessment comprises the following categories:

Internal credit rating	**Description**	**Trade receivables/ contract assets**	**Other financial assets/ other items**
Low risk	The counterparty has a low risk of default of counterparties	Lifetime ECL - not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and Qi County GCL has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of Qi County GCL's financial assets and other items, which are subject to ECL assessment:

	Notes	**External credit rating**	**Internal credit rating**	**12m ECL or lifetime ECL**	**Gross carrying amount**		
					At 31 December		**At 30 June**
					2018	**2019**	**2020**
					RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost							
Bank balances	*20*	A1 to Aa1	N/A	12m ECL	1,882	9,173	324
Other receivables	*18*	N/A	Low risk *(Note a)*	12m ECL	40	49	578
Amounts due from related companies	*16*	N/A	Low risk *(Note a)*	12m ECL	36,671	13	–
Trade receivables	*18*	N/A	Low risk *(Note b)*	Lifetime ECL	1,731	1,789	3,257
Other item							
Contract assets	*19*	N/A	Low risk *(Note b)*	Lifetime ECL	102,259	142,044	165,894

Notes:

a. For the purposes of internal credit risk management, Qi County GCL uses repayment history or other relevant information to assess whether credit risk has increased significantly since initial recognition. At 31 December 2018 and 2019, and 30 June 2020, the balances of amounts due from related companies and other receivables are not past due and the internal credit rating of these balances are considered as low risk.

b. For trade receivables and contract assets, Qi County GCL has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Qi County GCL determines the ECL on these items individually.

As part of Qi County GCL's credit risk management, Qi County GCL applies internal credit rating for its customers in relation to its solar energy business operations. The following table provides information about the exposure to credit risk for trade receivables and contract assets of Qi County GCL.

At 31 December 2018

Internal credit rating	**Loss rate**	**Trade receivables**	**Loss rate**	**Contract assets**
		RMB'000		*RMB'000*
Low risk	0.03%	1,731	0.15%	102,259

At 31 December 2019

Internal credit rating	**Loss rate**	**Trade receivables**	**Loss rate**	**Contract assets**
		RMB'000		*RMB'000*
Low risk	0.03%	1,789	0.15%	142,044

At 30 June 2020

Internal credit rating	**Loss rate**	**Trade receivables**	**Loss rate**	**Contract assets**
		RMB'000		*RMB'000*
Low risk	0.03%	3,257	0.15%	165,894

The estimated loss rates are by reference to historical default rates of debtors with relatively similar credit standing published by an external credit rating agency and are adjusted for forward-looking information that is available without undue cost or effort. The sole director of Qi County GCL is of the opinion that the ECL for trade receivables and contract assets is insignificant for the years ended 31 December 2018, 2019 and for the six months ended 30 June 2020.

Liquidity risk

At 31 December 2017, 2018 and 2019, and 30 June 2020, Qi County GCL's current liabilities exceeded its current assets by RMB43,767,000, RMB80,034,000, RMB187,607,000 and RMB100,811,000, respectively. Qi County GCL is exposed to liquidity risk if it is not able to raise fund to meet its financial obligations.

In the management of the liquidity risk, Qi County GCL monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance Qi County GCL's operations and mitigate the effects of fluctuation in cash flows.

Qi County GCL relies on the financial support from GNE. Despite uncertainties and measures mentioned in Note 2, the sole director of Qi County GCL is of the opinion that the GNE Group will be able to meet its commitment to provide funds to Qi County GCL, and will have sufficient working capital to meet its cash flow requirements in the next twelve months from the end of each reporting date.

The following tables detail Qi County GCL's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which Qi County GCL can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the contractual repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest rate risk tables

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2017								
Other payables	–	2,723	–	–	–	–	2,723	2,723
Amounts due to related companies	2.68%	53,183	–	–	–	–	53,183	53,183
Bank borrowing – variable-rate	5.39%	–	77,856	46,148	124,831	137,823	386,658	300,000
Total		55,906	77,856	46,148	124,831	137,823	442,564	355,906

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2018								
Other payables	–	7,718	–	–	–	–	7,718	7,718
Amounts due to related companies	1.47%	88,727	–	–	–	–	88,727	88,727
Bank borrowing – variable-rate	5.39%	–	46,148	44,402	116,652	101,600	308,802	252,000
Total		96,445	46,148	44,402	116,652	101,600	405,247	348,445

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2019								
Other payables	–	10,860	–	–	–	–	10,860	10,860
Amount due to related companies	1.52%	161,147	–	–	–	–	161,147	161,147
Bank borrowing – variable-rate	5.39%	–	44,402	42,591	110,653	65,009	262,655	219,000
Sub-total		172,007	44,402	42,591	110,653	65,009	434,662	391,007
Lease liabilities	5.39%	–	559	559	1,677	8,202	10,997	6,520
Total		172,007	44,961	43,150	112,330	73,221	445,659	397,527

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 30 June 2020								
Other payables	–	10,146	–	–	–	–	10,146	10,146
Amounts due to related companies	1.46%	167,047	–	–	–	–	167,047	167,047
Bank borrowing								
– variable-rate	5.39%	–	43,487	40,709	109,194	47,378	240,768	203,000
Sub-total		177,193	43,487	40,709	109,194	47,378	417,961	380,193
Lease liabilities	5.39%	559	–	559	1,677	8,202	10,997	6,693
Total		177,752	43,487	41,268	110,871	55,580	428,958	386,886

The amounts included above for variable-rate borrowing are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of each reporting period.

27c. Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The sole director of Qi County GCL considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the historical financial information approximate their fair values.

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Qi County GCL's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in Qi County GCL's statements of cash flow as cash flows from financing activities.

	Accrued interest expense	Amounts due to related companies	Bank borrowing	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	–	61,809	250,289	–	312,098
Financing cash flows	(13,565)	(10,934)	47,736	–	23,237
Finance costs	14,059	2,308	1,975	–	18,342
At 31 December 2017 and 1 January 2018	494	53,183	300,000	–	353,677
Financing cash flows	(16,265)	34,055	(48,000)	–	(30,210)
Finance costs	16,250	1,489	–	–	17,739
At 31 December 2018 and 1 January 2019	479	88,727	252,000	–	341,206
Adjustment upon application of IFRS 16	–	–	–	6,718	6,718
At 1 January 2019	479	88,727	252,000	6,718	347,924
Financing cash flows	(13,419)	(2,896)	(33,000)	(559)	(49,874)
Finance costs	13,326	916	–	361	14,603
Dividend declared	–	74,400	–	–	74,400
At 31 December 2019 and 1 January 2020	386	161,147	219,000	6,520	387,053
Financing cash flows	(5,811)	5,041	(16,000)	–	(16,770)
Finance costs	5,738	859	–	173	6,770
At 30 June 2020	313	167,047	203,000	6,693	377,053

29. CAPITAL COMMITMENTS

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Construction commitments in respect of solar power plant projects contracted for but not provided in the historical financial information	2,270	–	–	–

30. OPERATING LEASES

Qi County GCL as lessee

	For the year ended 31 Decemberd	
	2017	**2018**
	RMB'000	*RMB'000*
Minimum lease payments paid under operating leases during the year/period:		
Land	560	560

Qi County GCL's commitments for future minimum lease payments under non-cancellable operating leases including lease payments during renewal period in which renewals are reasonably certain, which fall due as follows:

	At 31 December	
	2017	**2018**
	RMB'000	*RMB'000*
Within one year	327	327
In the second to fifth year inclusive	2,240	2,240
After five years	6,952	8,960
	9,519	11,527

Leases are negotiated and rentals are fixed for term of 20 years for parcel of land for the years ended 31 December 2017 and 2018. The lease agreement entered into between the landlord and Qi County GCL include renewal options at the discretion of the respective group entities for further 5 years from the end of the leases with fixed rental.

31. PLEDGE OF ASSETS/RESTRICTIONS ON ASSETS

Qi County GCL's borrowing had been secured by the pledge of its assets and the carrying amounts of the respective assets are as follow:

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	329,526	327,268	313,838	307,023
Trade receivables and contract assets	63,083	103,990	143,833	169,151
	392,609	431,258	457,671	476,174

Qi County GCL's secured bank borrowings were secured, individually or in combination, by (i) certain property, plant and equipment of Qi County GCL; (ii) trade receivables, contract assets and fee collection rights in relation to the sales of electricity of Qi County GCL.

Restrictions on assets

In addition, lease liabilities of RMB6,520,000 and RMB6,693,000, respectively, are recognised with related right-of-use assets of RMB6,627,000 and RMB6,469,000, respectively, at 31 December 2019, and 30 June 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by lessor and the relevant leased assets may not be used as security for borrowing purposes.

32. RELATED PARTY DISCLOSURES

Except as disclosed elsewhere in the Historical Financial Information, Qi County GCL also entered into the following material transaction or arrangements with related parties:

	Year ended 31 December			**Six months ended 30 June**	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest expense on amount due from related companies					
– an intermediate holding company	–	158	642	407	–
– due to immediate holding company	2,308	1,331	274	147	859
	2,308	1,489	916	554	859
Repair and maintenance income from fellow subsidiaries	1,887	–	–	–	–

Details of the remuneration for the key management personnel, which represents the sole director of Qi County GCL, are set out in Note 12.

33. EVENTS AFTER THE RELEVANT PERIODS

Subsequent to 30 June 2020, the application for admission to the List for the remaining solar power plant is approved by the PRC government.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Qi County GCL have been prepared in respect of any period subsequent to 30 June 2020 and up to the date of this report.

The following is the text of a report set out on pages II-110 to II-166, received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, for the purpose of incorporation in this circular.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF NINGXIA ZHONGWEI GCL PHOTOVOLTAIC POWER CO., LTD. TO THE DIRECTORS OF GCL-POLY ENERGY HOLDINGS LIMITED

Introduction

We report on the historical financial information of Ningxia Zhongwei GCL Photovoltaic Power Co., Ltd. ("**Ningxia Zhongwei GCL**") set out on pages II-114 to II-166, which comprises the statements of financial position of Ningxia Zhongwei GCL at 31 December 2017, 2018 and 2019 and 30 June 2020 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of Ningxia Zhongwei GCL for the period from 6 January 2017 (date of establishment) to 31 December 2017, and each of the years ended 31 December 2018 and 2019, and the six months ended 30 June 2020 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-114 to II-166 forms an integral part of this report, which has been prepared for inclusion in the circular of GCL-Poly Energy Holdings Limited (the "**Company**") dated 4 December 2020 (the "**Circular**") in connection with the very substantial disposal of subsidiaries and possible very substantial acquisition via the grant of put options of the Company.

Sole Director's responsibility for the Historical Financial Information

The sole director of Ningxia Zhongwei GCL is responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the sole director of Ningxia Zhongwei GCL determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director of Ningxia Zhongwei GCL, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of Ningxia Zhongwei GCL's financial position at 31 December 2017, 2018 and 2019 and 30 June 2020 and of Ningxia Zhongwei GCL's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Material uncertainty related to going concern

We draw attention to Note 2 to the Historical Financial Information which indicates that at 31 December 2017, 2018 and 2019 and 30 June 2020, the current liabilities of Ningxia Zhongwei GCL exceeded its current assets by approximately RMB4,849,000, RMB69,861,000, RMB155,323,000 and RMB59,900,000, respectively, and the ability of Ningxia Zhongwei GCL to continue as a going concern is highly dependent upon the financial support from GCL New Energy Holdings Limited ("**GNE**"), a non-wholly subsidiary of the Company and the intermediate holding company of Ningxia Zhongwei GCL, until the completion of the disposal of Ningxia Zhongwei GCL. At 30 June 2020, GNE and its subsidiaries (collectively referred to as the "**GNE Group**") had current liabilities which exceeded its current assets by approximately RMB6,510,001,000. The directors of GNE have performed an assessment of the GNE Group's future liquidity and cash flows which included a review of assumptions about the likelihood of successful implementation of financial plans and other measures to ensure that the GNE Group will generate adequate financing and operating cash flows and are of the opinion that the GNE Group will be able to meet its commitment to provide funds to Ningxia Zhongwei GCL. However, the GNE Group's likelihood of successful implementation of financial plans and other measures indicates a material uncertainty exists that may cast significant doubt on the GNE Group's commitment to provide funds to Ningxia Zhongwei GCL and, in turn, the ability of Ningxia Zhongwei GCL to continue as a going concern. Our opinion is not modified in respect of this matter.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of Ningxia Zhongwei GCL which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2019 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The sole director of Ningxia Zhongwei GCL is responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. As described in the Material uncertainty related to going concern section in this report, we draw attention to the fact that a material uncertainty exists that may cast significant doubt on the ability of Ningxia Zhongwei GCL to continue as a going concern. Our conclusion is not modified in respect of this matter.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-113 have been made.

Dividends

We refer to Note 11 to the Historical Financial Information which contains information about the dividend declared and paid by Ningxia Zhongwei GCL in respect of the Relevant Periods.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

4 December 2020

HISTORICAL FINANCIAL INFORMATION OF NINGXIA ZHONGWEI GCL

The financial statements of Ningxia Zhongwei GCL for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards issued by International Accounting Standards Board and were audited by us in accordance with Hong Kong Standards on Auditing issued by HKICPA as set out in Note 2 to the Historical Financial Information ("**Underlying Financial Statements**").

The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the period from 6 January 2017 (date of establishment) to 31 December	Year ended 31 December		Six months ended 30 June	
	NOTES	**2017**	**2018**	**2019**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Revenue	*6*	18,851	48,613	47,731	25,224	25,017
Cost of sales		(5,243)	(11,261)	(13,964)	(7,391)	(7,348)
Gross profit		13,608	37,352	33,767	17,833	17,669
Other income	*7*	149	1,071	2,155	831	6,539
Written off of property, plant and equipment		–	–	–	–	(5,134)
Administrative expenses		(589)	(1,237)	(411)	(146)	(100)
Finance costs	*8*	(5,098)	(16,061)	(13,278)	(6,793)	(5,692)
Profit before taxation		8,070	21,125	22,233	11,725	13,282
Income tax expenses	*9*	–	–	–	–	(744)
Profit and total comprehensive income for the period/year	*10*	8,070	21,125	22,233	11,725	12,538

STATEMENTS OF FINANCIAL POSITION

	NOTES	At 31 December 2017	2018	2019	At 30 June 2020
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	291,855	297,761	292,117	281,939
Right-of-use assets	15	–	–	3,386	3,316
Prepayments and other non-current assets	17	22,664	30,622	17,695	14,581
Contract assets	19	–	52,171	89,643	–
Pledged bank deposits	21	–	20,102	20,167	20,198
		314,519	400,656	423,008	320,034
CURRENT ASSETS					
Trade and other receivables	18	10,155	11,330	13,704	124,086
Amounts due from related companies	16	23,381	2,795	875	5,126
Pledged bank deposits	21	–	–	635	888
Bank balances	21	70,530	2,017	1,009	1,989
		104,066	16,142	16,223	132,089
CURRENT LIABILITIES					
Other payables	22	38,172	19,970	6,537	4,773
Amounts due to related companies	16	70,743	66,033	124,507	146,456
Tax payable		–	–	–	286
Bank and other borrowings	23	–	–	40,198	40,000
Lease liabilities	24	–	–	304	474
		108,915	86,003	171,546	191,989
NET CURRENT LIABILITIES		(4,849)	(69,861)	(155,323)	(59,900)
TOTAL ASSETS LESS CURRENT LIABILITIES		309,670	330,795	267,685	260,134
NON-CURRENT LIABILITIES					
Bank and other borrowings	23	240,000	240,000	200,000	180,000
Lease liabilities	24	–	–	2,979	2,890
		240,000	240,000	202,979	182,890
NET ASSETS		69,670	90,795	64,706	77,244
CAPITAL AND RESERVES					
Paid-up capital	25	61,600	61,600	61,600	61,600
Reserves		8,070	29,195	3,106	15,644
TOTAL EQUITY		69,670	90,795	64,706	77,244

STATEMENTS OF CHANGES IN EQUITY

	Paid-up capital *RMB'000*	Legal reserve *RMB'000*	Retained earnings (accumulated loss) *RMB'000* *(Note)*	Total *RMB'000*
At date of establishment	61,600	–	–	61,600
Profit and total comprehensive income for the period	–	–	8,070	8,070
Transfer to legal reserve	–	901	(901)	–
At 31 December 2017 and 1 January 2018	61,600	901	7,169	69,670
Profit and total comprehensive income for the year	–	–	21,125	21,125
Transfer to legal reserve	–	2,464	(2,464)	–
At 31 December 2018 and 1 January 2019	61,600	3,365	25,830	90,795
Profit and total comprehensive income for the year	–	–	22,233	22,233
Transfer to legal reserve	–	2,031	(2,031)	–
Dividend declared *(Note 11)*	–	–	(48,322)	(48,322)
At 31 December 2019 and 1 January 2020	61,600	5,396	(2,290)	64,706
Profit and total comprehensive income for the period	–	–	12,538	12,538
At 30 June 2020	61,600	5,396	10,248	77,244
At 1 January 2019 (audited)	61,600	3,365	25,830	90,795
Profit and total comprehensive income for the period	–	–	11,725	11,725
Dividend declared *(Note 11)*	–	–	(26,925)	(26,925)
At 30 June 2019 (unaudited)	61,600	3,365	10,630	75,595

Note: Legal reserve represents the amount set aside from the retained earnings and is not distributable as dividend. In accordance with the relevant regulations and the articles of association of Ningxia Zhongwei GCL, it is required to allocate at least 10% of its after-tax profit according to the PRC (as defined in Note 1) accounting standards and regulations to legal reserve until such reserve has reached 50% of registered capital. The reserve can only be used for specific purposes and are not distributable or transferable to the loans, advances and cash dividends.

STATEMENTS OF CASH FLOWS

	For the period from 6 January 2017 (date of establishment) to 31 December	Year ended 31 December		Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating activities					
Profit before taxation	8,070	21,125	22,233	11,725	13,282
Adjustments for:					
Depreciation of property, plant and equipment	4,972	9,934	9,962	4,968	6,011
Depreciation of right-of-use assets	–	–	143	71	70
Write-off of property, plant and equipment	–	–	–	–	5,134
Finance costs	5,098	16,061	13,278	6,793	5,692
Interest income	(135)	(1,070)	(2,005)	(831)	(1,405)
Operating cash flows before movements in working capital	18,005	46,050	43,611	22,726	28,784
Increase in trade and other receivables	(10,155)	(1,175)	(2,346)	(1,073)	(148)
Increase in contract assets	–	(36,911)	(35,422)	(18,514)	(19,336)
(Increase) decrease in prepayments and other non-current assets	(14,079)	(22,282)	4,244	1,562	3,032
Increase (decrease) in other payables	7,972	(7,641)	(76)	(47)	99
Cash generated from (used in) operations	1,743	(21,959)	10,011	4,654	12,431
Income tax paid	–	–	–	–	(458)
Net cash from (used in) operating activities	1,743	(21,959)	10,011	4,654	11,973

	For the period from 6 January 2017 (date of establishment) to 31 December 2017	Year ended 31 December		Six months ended 30 June	
		2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Investing activities					
Payments for construction and purchase of property, plant and equipment	(273,218)	(26,286)	(9,340)	(6,470)	(2,768)
Placement of pledged bank deposit	–	(20,102)	(20,802)	(20,792)	(20,451)
Withdrawal of pledged bank deposit	–	–	20,102	20,102	20,167
Interest received	–	19	71	38	34
Advances to fellow subsidiaries	(2,100)	(2,795)	(2,531)	(2,385)	(5,018)
Repayment from fellow subsidiaries	–	2,100	4,451	2,531	767
Advance to immediate holding company	(21,281)	–	–	–	–
Repayment from immediate holding company	–	21,281	–	–	–
Net cash used in investing activities	(296,599)	(25,783)	(8,049)	(6,976)	(7,269)

	For the period from 6 January 2017 (date of establishment) to 31 December 2017	Year ended 31 December 2018	Year ended 31 December 2019	Six months ended 30 June 2019	Six months ended 30 June 2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Financing activities					
Interest paid	(5,164)	(13,001)	(17,026)	(10,918)	(5,673)
Repayment of bank and other borrowings	–	–	–	–	(20,000)
Proceeds from bank and other borrowings	240,000	–	–	–	–
Repayment to fellow subsidiaries	–	(180)	(6,870)	–	–
Repayment to an intermediate holding company	–	(68,500)	(3,876)	–	–
Repayment to immediate holding company	–	–	(1,593)	–	–
Advance from immediate holding companies	68,500	–	–	–	–
Advance from intermediate holding company	–	60,610	17,533	3,268	20,373
Advances from fellow subsidiaries	450	300	8,862	8,862	1,576
Capital injection	61,600	–	–	–	–
Net cash from (used in) financing activities	365,386	(20,771)	(2,970)	1,212	(3,724)
Net increase (decrease) in cash and cash equivalents	70,530	(68,513)	(1,008)	(1,110)	980
Cash and cash equivalents at beginning of period/year	–	70,530	2,017	2,017	1,009
Cash and cash equivalents at end of period/year	70,530	2,017	1,009	907	1,989

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Ningxia Zhongwei GCL Photovoltaic Power Co., Ltd. ("**Ningxia Zhongwei GCL**") was established in the People's Republic of China (the "**PRC**") on 6 January 2017. Its immediate holding company is Ningxia GCL New Energy Investment Co., Ltd. since 31 July 2019. Prior to 31 July 2019, its immediate holding company is Suzhou GCL New Energy Investment Co., Ltd., both of them are established in PRC. Its intermediate holding company is GCL New Energy Holdings Limited ("**GNE**"), an exempted company with limited liability incorporated in Bermuda. The shares of GNE are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate holding company is GCL-Poly Energy Holdings Limited, a company incorporated in the Cayman Islands and listed on the Stock Exchange. The address of the registered office and principal place of the business of Ningxia Zhongwei GCL is West Side of Toll Station of Yingyan Highway, Tongge Desert, Shapotou District, Zhongwei, Ningxia.

Ningxia Zhongwei GCL is principally engaged in the sale of electricity in the PRC.

The Historical Financial Information is presented in Renmibi ("**RMB**"), which is the same as the functional currency of Ningxia Zhongwei GCL.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRS Standards**") (which collective term include all applicable IFRS Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**"), except that the comparative figures for the year ended 31 December 2017 have not been presented. Further details of the significant accounting policies adopted are set out in Notes 3 and 4.

At 31 December 2017, 2018 and 2019 and 30 June 2020, Ningxia Zhongwei GCL's current liabilities exceeded its current assets by approximately RMB4,849,000, RMB69,861,000, RMB155,323,000 and RMB59,900,000, respectively. The ability of Ningxia Zhongwei GCL to continue as a going concern is highly dependent upon the financial support from GNE, until the completion of the disposal of Ningxia Zhongwei GCL. At 30 June 2020, GNE and its subsidiaries (collectively referred to as the "**GNE Group**") had current liabilities which exceeded its current assets by approximately RMB6,510,001,000. The directors of GNE have performed an assessment of the GNE Group's future liquidity and cash flows which included a review of assumptions about the likelihood of successful implementation of financial plans and other measures to ensure that the GNE Group will generate adequate financing and operating cash flows and are of the opinion that the GNE Group will be able to meet its commitment to provide funds to Ningxia Zhongwei GCL. The directors of GNE are satisfied that the GNE Group would have sufficient working capital to meet its financial obligations and to support Ningxia Zhongwei GCL to meet its financial obligations as and when they fall due for the coming twelve months from the end of each reporting period. Accordingly, the sole director of Ningxia Zhongwei GCL is of the opinion that the GNE Group will be able to meet its commitment to provide funds to Ningxia Zhongwei GCL.

Notwithstanding the above, a significant uncertainty exists as to the GNE Group's commitment to provide funds to Ningxia Zhongwei GCL. The sufficiency of the GNE Group's working capital is dependent on the GNE Group's ability to generate sufficient financing and operating cash flows through successful renewal if its bank borrowings upon expiry, compliance with the covenants under borrowing agreements. Should the GNE Group be unable to provide financial support to Ningxia Zhongwei GCL as committed and, in turn, Ningxia Zhongwei GCL be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the assets of Ningxia Zhongwei GCL 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 Historical Financial Information.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS STANDARDS

New and amendments to IFRS Standards that are mandatorily effective during the Relevant Periods

The IASB has issued a number of new and revised IFRS Standards which were relevant to Ningxia Zhongwei GCL and became effective during the Relevant Periods. In preparing the Historical Financial Information, Ningxia Zhongwei GCL has applied all these new and revised IFRS Standards which are effective for Ningxia Zhongwei GCL's accounting period beginning on 6 January 2017 (date of establishment), 1 January 2018, 1 January 2019 and 1 January 2020 consistently throughout the Relevant Periods to the extent required or allowed by transitional provisions in the IFRS Standards, except that Ningxia Zhongwei GCL adopted (i) IFRS 9 *Financial Instruments* ("**IFRS 9**") and IFRS 15 *Revenue from Contracts with Customers* ("**IFRS 15**") on 1 January 2018 based on the specific transitional provision and applied IAS 39 *Financial Instruments: Recognition and Measurement* ("**IAS 39**") and IAS 18 *Revenue* ("**IAS 18**") prior to 1 January 2018; and (ii) IFRS 16 *Leases* ("**IFRS 16**") on 1 January 2019 based on the specific transitional provision and applied IAS 17 *Leases ("***IAS 17***") prior to 1 January 2019, and amendments to IAS 23 Borrowing Costs (as part of the Annual Improvements to IFRS Standards 2015-2017 Cycle) ("***IAS 23***") on 1 January 2019.*

3.1 IFRS 15

Ningxia Zhongwei GCL has applied IFRS 15 for the first time during the year ended 31 December 2018. IFRS 15 superseded IAS 18, IAS 11 *Construction Contracts* ("**IAS 11**") and the related interpretations.

Ningxia Zhongwei GCL has applied IFRS 15 retrospectively to contract with a customer, with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 and IAS 11.

Ningxia Zhongwei GCL recognised revenue from the sales of electricity upon electricity is generated and transmitted. Information about Ningxia Zhongwei GCL's performance obligations and the accounting policies resulting from application of IFRS 15 are disclosed in Notes 6 and 4, respectively.

3.1.1 Summary of effects arising from initial application of IFRS 15

The following adjustments were made to the amounts recognised in the statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Note	**Carrying amounts previously reported at 31 December 2017**	**Reclassification**	**Carrying amounts under IFRS 15 at 1 January 2018**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Prepayments and other non-current assets	*(a)*	22,664	(14,146)	8,518
Contract assets	*(a)*	–	14,146	14,146

Note:

(a) At 1 January 2018, tariff adjustments related to solar power plants yet to obtain approval for registration in the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄, the "**Catalogue**"), were reclassified and presented as contract assets.

The application of IFRS 15 resulted in the reclassification of the tariff adjustments from unbilled trade receivables to contract assets since the tariff adjustments related to a solar power plant was not yet obtained approval for registration into the Catalogue for the years ended 31 December 2018 and 2019, but does not result in material change in the amounts of total assets, profit or loss or net cash flows for the respective years.

3.2 IFRS 9

During the year ended 31 December 2018, Ningxia Zhongwei GCL has applied IFRS 9 and the related consequential amendments to other IFRS Standards. IFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and financial guarantee contracts and (3) general hedge accounting.

Ningxia Zhongwei GCL has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39.

Accounting policies resulting from application of IFRS 9 are disclosed in Note 4.

3.2.1 Summaries of effects arising from initial application of IFRS 9

As a result of the changes in the entity's accounting policies above, Ningxia Zhongwei GCL assessed that the application of IFRS 9 do not have a material impact on the classification and measurement in opening statement of financial position.

Impairment under ECL model

Ningxia Zhongwei GCL applied the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for its trade receivables and contract assets. The ECL on these assets are assessed individually by reference to historical default rates of debtor with relatively similar credit standing published by an external credit rating agency and are adjusted for forward-looking information that is available without undue cost or effort.

ECL for other financial assets at amortised cost, including amounts due from related companies, other receivable, pledged bank deposits and bank balances are assessed on 12-month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

At 1 January 2018, there was no additional credit loss allowance being recognised against retained earnings as the amount involved is insignificant.

For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, the application of IFRS 9 has no material impact to the total assets, profit or loss or net cash flows for respective years/period.

3.3 IFRS 16

Ningxia Zhongwei GCL has applied IFRS 16 for the first time during the year ended 31 December 2019. IFRS 16 superseded IAS 17, and the related interpretations.

Definition of a lease

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

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

As a lessee

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

At 1 January 2019, Ningxia Zhongwei GCL recognised additional lease liabilities of RMB3,127,000 and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid and accrued lease payments by applying IFRS16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

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

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

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

When recognising the lease liabilities for leases previously classified as operating leases, Ningxia Zhongwei GCL has applied incremental borrowing rates of the entity at the date of initial application. The weighted average incremental borrowing rate applied is 5.00%.

	At 1 January 2019
	RMB'000
Operating lease commitments disclosed at 31 December 2018 *(Note 30)*	5,429
Lease liabilities relating to operating leases discounted at relevant incremental borrowing rates upon application of IFRS 16	3,127
Analysed as:	
Current	296
Non-current	2,831
	3,127

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

	Right-of-use assets
	RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	3,127
Reclassified from prepaid rent *(Note)*	402
	3,529
By class:	
Leasehold lands	3,529

Note: Prepaid rent for parcels of land in the PRC in which Ningxia Zhongwei GCL leased from third parties under operating leases were classified as prepayments at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid rent for parcels of lands amounting to RMB170,000 and RMB232,000, respectively, were reclassified to right-of-use assets.

The transition to IFRS 16 has no impact to Ningxia Zhongwei GCL's retained earnings at 1 January 2019.

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

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under IFRS 16 at 1 January 2019
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Deposits, prepayments and other non-current assets	30,622	(232)	30,390
Right-of-use assets	–	3,529	3,529
Current assets			
Trade and other receivables	11,330	(170)	11,160
Current liabilities			
Lease liabilities	–	296	296
Non-current liabilities			
Lease liabilities	–	2,831	2,831

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

3.4 Amendments to IAS 23

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Effective on 1 January 2019, IAS 23 is adopted prospectively and there is no material impact on the Historical Financial Information upon the application of IAS 23.

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

At the date of this report, the following new and amendments to IFRS Standards and have been issued which are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018 – 2020[2]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 June 2020
[5] Effective for annual periods beginning on or after 1 January 2021

Except as described below, the sole director of Ningxia Zhongwei GCL anticipates that the application of all these new and amendments to IFRS Standards will have no material impact on Ningxia Zhongwei GCL's financial position and performance when they become effective.

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

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

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date.

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or noncurrent only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation.*

At 30 June 2020, Ningxia Zhongwei GCL's right to defer settlement for bank borrowing of RMB180,000,000 are subject to compliance with covenants within 12 months from the reporting date. Such bank borrowing was classified as non-current as Ningxia Zhongwei GCL met such covenants at 30 June 2020.

Pending clarification on the application of relevant requirements of the amendments, Ningxia Zhongwei GCL will further assess whether application of the amendments will have an impact on the classification of these borrowings.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information have been prepared in accordance with the following accounting policies which confirm with IFRS Standards issued by the IASB. In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Ningxia Zhongwei

GCL takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 (since 1 January 2019) or IAS 17 (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

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

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

The principal accounting policies are set out below.

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in Note 3.1)

Under IFRS 15, Ningxia Zhongwei GCL recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

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

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

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

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

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

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

Variable consideration

For the contract that contain variable consideration in relation to sale of electricity to the grid company which contain tariff adjustments related to solar power plants yet to obtain approval for registration in the Catalogue by the PRC government, Ningxia Zhongwei GCL estimates the amount of consideration to which it will be entitled using the most likely amount.

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

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

Existence of significant financing component

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

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

Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to Ningxia Zhongwei GCL and when specific criteria have been met for each of Ningxia Zhongwei GCL's activities, as described below.

Revenue from the sales of electricity, including portion relating to tariff adjustment, is recognised when electricity is generated and transmitted.

Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in Note 3.3)

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

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

Ningxia Zhongwei GCL as a lessee (upon application of IFRS 16 in accordance with transitions in Note 3.3)

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when Ningxia Zhongwei GCL reasonably expects that the effects on the Historical Financial Information would not differ materially from individual leases within the portfolio.

Right-of-use assets

The cost of right-of-use assets includes:

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

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Ningxia Zhongwei GCL presents right-of-use assets as a separate line item on the statement of financial position.

Lease liabilities

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

The lease payments include:

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

- payments of penalties for terminating a lease, if the lease term reflects Ningxia Zhongwei GCL exercising an option to terminate the lease.

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Ningxia Zhongwei GCL presents lease liabilities as a separate line item on statement of financial position.

Lease modifications

Ningxia Zhongwei GCL accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

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

Ningxia Zhongwei GCL as a lessee (prior to 1 January 2019)

All leases are classified as operating leases.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

Borrowing costs

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

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

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

Retirement benefit costs

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

Short-term employee benefits

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

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

Taxation

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

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

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

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

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

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

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

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

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

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

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

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, Ningxia Zhongwei GCL estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, it is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

Financial instruments

Financial assets and financial liabilities are recognised when Ningxia Zhongwei GCL becomes a party to the contractual provisions of the instruments.

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

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

Financial assets

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 January 2018)

Ningxia Zhongwei GCL's financial assets are classified into "loans and receivables", and the classification of which depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from related companies, pledged bank deposits and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses.

Interest income is recognised by applying the effective interest rate, except for short term receivables where the recognition of interest would be immaterial.

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in Note 3.2)

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

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

Amortised cost and interest income

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

Impairment of financial assets (before application of IFRS 9 on 1 January 2018)

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment directly for all financial assets. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (upon application of IFRS 9 in accordance with transitions in Note 3.2)

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

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

Ningxia Zhongwei GCL always recognises lifetime ECL for trade receivables and contract assets, including those with significant financing component. For all other instruments, Ningxia Zhongwei GCL measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, Ningxia Zhongwei GCL recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

The ECL on these assets are assessed individually for debtors by reference to historical default rates of debtor with relatively similar credit standing published by an external credit rating agency, adjusted for forward-looking information that is available without undue cost or effort.

(i) Significant increase in credit risk

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

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

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

- actual or expected significant adverse change in the regulatory, economics, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

Ningxia Zhongwei GCL recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustments are recognised through allowance accounts.

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Derecognition of financial liabilities

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

5. CRITICAL ACCOUNTING JUDGEMENTS

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

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the sole director of Ningxia Zhongwei GCL has made in the process of applying Ningxia Zhongwei GCL's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Revenue recognition on tariff adjustments on sales of electricity

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

Pursuant to the New Tariff Notice issued in August 2013 (the "**New Tariff Notice**") by the National Development and Reform Commission by the PRC, a set of standardised procedures for the settlement of the tariff subsidy have come into force and approvals for the registration in the Catalogue on a project-by-project basis are required before the allocation of funds to the state grid companies, which then would make settlement to Ningxia Zhongwei GCL.

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

Ningxia Zhongwei GCL operates one solar power plant in the PRC and is admitted to the List on 30 June 2020.

Accordingly, for the year ended 31 December 2017, which is prior to the application of IFRS 15, tariff adjustments of RMB11,968,000 was included in the sales of electricity as disclosed in Note 6, of which solar power plant of Ningxia Zhongwei GCL was still pending for registration in the Catalogue, and the tariff adjustments is recognised as revenue based on the management judgement that all of the operating power plant of Ningxia Zhongwei GCL had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plant. In making his judgement, the sole director of Ningxia Zhongwei GCL, taking into account the legal opinion of GNE's legal advisor, considered that Ningxia Zhongwei GCL's operating solar power plant had met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustments when the electricity delivered on grid. The sole director of Ningxia Zhongwei GCL is confident that all of Ningxia Zhongwei GCL's operating solar power plant was able to be registered in the Catalogue in due course and the accrued revenue on tariff adjustment are fully recoverable but only subject to timing of allocation of funds from the government, after considering that there are no bad debts experiences with the gird company in the past and the tariff adjustment is fully funded by the PRC government.

For the years ended 31 December 2018 and 2019, and six months ended 30 June 2019, which is upon the application of IFRS 15, tariff adjustments of RMB31,725,000, RMB31,192,000 and RMB16,228,000 (unaudited), respectively, were included in the sales of electricity as disclosed in Note 6, of which on-grid solar power plant of Ningxia Zhongwei GCL was still pending for registration in the Catalogue/List. Accordingly, for the solar power plant that is operated by Ningxia Zhongwei GCL which was pending for registration to the Catalogue/List, the relevant tariff adjustments were recognised only to the extent that it is highly probable that such inclusion would not result in a significant revenue reversal in the future on the basis that the solar power plant operated by Ningxia Zhongwei GCL had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plant, and taking into account the legal opinion as advised by GNE's legal advisor, who considered that the solar power plant operated by Ningxia Zhongwei GCL had met the requirements and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff subsidy when the electricity was delivery on grid, and also the requirements and conditions for the entitlement of the tariff subsidy under the 2020 Measures.

During the years ended 31 December 2017, 2018 and 2019, and six months ended 30 June 2019 and 2020, Ningxia Zhongwei GCL recognised revenue of RMB11,968,000, RMB31,725,000, RMB31,192,000, RMB16,228,000 (unaudited), RMB17,108,000, respectively, in respect of tariff adjustments recognised as revenue to the solar power plant of Ningxia Zhongwei GCL not recognised in the Catalogue/List.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of electricity which is recognised at a point in time. Substantially, all of the revenue is derived from electricity sales to local grid companies in the PRC for the period from 6 January 2017 (date of establishment) to 31 December 2017, years ended 31 December 2018 and 2019, and six months ended 30 June 2019 and 2020.

For sales of electricity, Ningxia Zhongwei GCL generally entered into power purchase agreement with a local grid company with a term of one year 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 RMB11,968,000, RMB31,725,000, RMB31,192,000, RMB16,228,000 (unaudited) and RMB17,108,000 tariff adjustments recognised during the period from 6 January 2017 (date of establishment) to 31 December 2017, years ended 31 December 2018 and 2019, and six months ended 30 June 2019 and 2020, respectively. Ningxia Zhongwei GCL generally grants credit period of approximately one month to customer from date of invoice in accordance with the relevant power purchase agreements between Ningxia Zhongwei GCL and the local grid company. Ningxia Zhongwei GCL will complete the remaining performance obligations in accordance with the relevant terms as stipulated in the power purchase agreement 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 state-owned grid companies for settlement to the solar power companies. Effective from March 2012, the application, approval and settlement of the tariff adjustment are subject to certain procedures as promulgated by Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加輔助資金管理暫行辦法). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustment.

In January 2020, the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (Caijian [2020] No. 4)* (《關於促進非水可再生能源發電健康發展的若干意見》) (財建[2020]4號) and the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (Caijian [2020] No. 5)* (《財

政部國家發展改革委國家能源局關於印發〈可再生能源電價附加資金管理辦法〉的通知》) (財建[2020]5號) (the "**2020 Measures**") were jointly announced by the Ministry of Finance, National Development and Reform Commission and National Energy Administration. In accordance with the new government policy as stipulated in the 2020 Measures, the PRC government will not announce new additions to the existing Catalogue and has simplified the application and approval process regarding the registration of tariff adjustments for non-hydro renewable energy power plant projects into the Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單, the "**List**"). The state grid companies will regularly announce the list based on the project type, time of grid connection and technical level of the solar power projects. All solar power plants already registered in the Catalogue will be enlisted in the List automatically. For those on-grid solar power projects which have already started operation but yet to register into the previous Catalogue and now, the List, these on-grid solar power projects are entitled to enlist into the List once they have met the conditions as stipulated on the Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) and completed the submission and application in the National Renewable Energy Information Management Platform (the "**Platform**").

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

Ningxia Zhongwei GCL operates one solar power plant which is admitted to the List on 30 June 2020.

For the year ended 31 December 2017, tariff adjustment is recognised at its initial fair value based on the prevailing nationwide government policies on renewable energy for the entitlement of the tariff subsidy when the electricity was delivery on grid, and are discounted to present values based on the expected timing of the receipt of trade receivables. The tariff adjustment receivables was adjusted for discounting effect based on an effective interest rate ranged from 2.65% to 3.50% per annum. As such, Ningxia Zhongwei GCL's revenue was adjusted by RMB1,073,000, and imputed interest on discounting effect on tariff adjustment receivables amounting to approximately RMB135,000 were recognised in 2017. The tariff adjustment receivables were included in trade receivables.

For the years ended 31 December 2018 and 2019, and six months ended 30 June 2019 and 2020, for those tariff adjustments that are subject to approval for registration in the Catalogue (for the period prior to 1 January 2020); or the List (for the period after 1 January 2020) by the PRC government at the end of the reporting period, the relevant revenue from the tariff adjustments are considered variable consideration upon the application of IFRS 15, 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. Ningxia Zhongwei GCL operates are solar power plant and it was admitted to the Catalogue on 30 June 2020, accordingly, the management assessed that Ningxia Zhongwei GCL's operating power plant has qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plant. The contract asset has been transferred to trade receivables upon the solar power plant being enlisted on the List on 30 June 2020.

During the period from 6 January 2017 (date of establishment) and the years ended 31 December 2017 and 2018, and the six months ended 30 June 2019 and 2020, since the tariff adjustments has yet to obtain approval for registration in the Catalogue/List by the PRC government at the end of the reporting periods, the management considered that it contained significant financing component over the relevant portion of tariff adjustment until the end of the expected collection period. For the years ended 31 December 2018 and 2019, and for the six months ended 30 June 2019 and 2020, the respective tariff adjustment was adjusted for this financing component based on an effective interest rate ranged from 2.65% to 3.50% annum, 2.55% to 3.50% annum, 2.55% to 3.50% annum (unaudited) and 2.20% to 3.50% annum, respectively, and the adjustment in relation to revision of expecting timing of tariff collection. As such, Ningxia Zhongwei GCL's revenue was adjusted by approximately RMB1,698,000, RMB2,850,000, RMB2,079,000 (unaudited) and RMB344,000, respectively, was recognised.

The management of GNE regularly reviews the results of the solar power plant operates by Ningxia Zhongwei GCL when making decisions about allocating resources and assessing performance. No further segment information other than entity wide information was presented.

Geographical information

The operation of Ningxia Zhongwei GCL is solely located in the PRC. All revenue of Ningxia Zhongwei GCL are generated from a single external customer located in the PRC, and all its non-current assets are located in the PRC for the Relevant Periods.

7. OTHER INCOME

	For the period from 6 January 2017 (date of establishment) to 31 December 2017	Year ended 31 December		Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest income of financial assets at amortised cost:					
– Imputed interest on discounting effect on tariff adjustment receivables	135	–	–	–	–
– Bank interest income	–	19	71	38	34
Interest arising from contract containing significant financing component	–	1,051	1,934	793	1,371
Compensation on demolition of property, plant and equipment *(Note)*	–	–	–	–	5,134
Others	14	1	150	–	–
Total other income	149	1,071	2,155	831	6,539

Note: Amount represents the compensation from the local PRC government in connection with the demolition of certain Ningxia Zhongwei GCL's equipment pursuant to a land requisition arrangement.

8. FINANCE COSTS

	For the period from 6 January 2017 (date of establishment) to 31 December	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on financial liabilities at amortised cost:					
Bank and other borrowings	5,531	12,162	12,173	6,031	5,611
Amounts due to related companies	1,793	3,899	949	685	–
Lease liabilities	–	–	156	77	81
Total finance costs	7,324	16,061	13,278	6,793	5,692
Less: amounts capitalised in construction in progress	(2,226)	–	–	–	–
	5,098	16,061	13,278	6,793	5,692

9. INCOME TAX EXPENSES

	For the period from 6 January 2017 (date of establishment) to 31 December	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
PRC Enterprise Income Tax ("**EIT**")	–	–	–	–	744

The basic tax rate of Ningxia Zhongwei GCL is 25% under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and implementation regulations of the EIT Law.

Ningxia Zhongwei GCL engaged in solar photovoltaic project, under the EIT Law and its relevant regulations, is entitled to tax holidays of 3-year full exemption from 2017 to 2019 followed by 3-year 50% exemption from 2020 to 2022. Besides, Ningxia Zhongwei GCL is also entitled to the preferential tax rate of 15% under the EIT Policies for the Large-Scale Development of Western China.

The tax charge for the Relevant Periods can be reconciled to the profit before taxation per for statements of profit or loss and other comprehensive income as follows:

	For the period from 6 January 2017 (date of establishment) to 31 December	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation	8,070	21,125	22,233	11,725	13,282
Tax at domestic income tax rate of 25%	2,018	5,281	5,558	2,931	3,321
Under-provision in prior year	–	–	–	–	22
Effect of tax exemptions and concessions granted	(2,252)	(5,443)	(5,787)	(3,252)	(2,343)
Others *(Note)*	234	162	229	321	(256)
Income tax expense for the period/year	–	–	–	–	744

Note: Ningxia Zhongwei GCL has deductible temporary differences arising from contract containing significant financing component of RMB938,000, RMB1,585,000, RMB2,501,000, RMB2,807,000 (unaudited) and RMB1,473,000 at 31 December 2017, 2018 and 2019, and 30 June 2019 and 2020, respectively. No deferred tax asset has been recognised as the related deferred tax asset is considered insignificant given the preferential tax rate entitled by Ningxia Zhongwei GCL.

10. PROFIT FOR THE PERIOD/YEAR

	For the period from 6 January 2017 (date of establishment) to 31 December 2017	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit for the period/year has been arrived at after charging:					
Depreciation of:					
– Property, plant and equipment	4,972	9,934	9,962	4,968	6,011
– Right-of-use assets	–	–	143	71	70
Staff costs (including sole director's remuneration)					
– Salaries, wages and other benefits	425	593	488	264	299
– Retirement benefit scheme contributions	87	174	128	65	45
	512	767	616	330	344

11. DIVIDEND

Dividends of RMBnil, RMBnil, RMB48,322,000, RMB26,925,000 (unaudited) and RMBnil were proposed and paid to ordinary shareholder of Ningxia Zhongwei GCL during the period from 6 January 2017 (date of establishment) to 31 December 2017, the years ended 31 December 2018 and 2019, and six months ended 30 June 2019 and 2020, respectively.

12. DIRECTOR'S EMOLUMENTS AND EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUAL

(a) Sole director emoluments

The emoluments of the sole director of Ningxia Zhongwei GCL during the Relevant Periods are set out below:

For 6 January 2017 (date of establishment) to 31 December 2017

Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Zhao Baoqing 趙保慶	–	–	–	–	–

Year ended 31 December 2018

Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Zhao Baoqing 趙保慶	–	–	–	–	–

Year ended 31 December 2019

Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Zhao Baoqing 趙保慶	–	–	–	–	–

Six months ended 30 June 2019 (unaudited)

Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Zhao Baoqing 趙保慶	–	–	–	–	–

Six months ended 30 June 2020

Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Zhao Baoqing 趙保慶	–	–	–	–	–

The emoluments, including director's fee, salaries and other benefits, bonus and retirement benefit scheme contributions, for the sole director of Ningxia Zhongwei GCL during the Relevant Periods were borne by a related company for his service as the sole director of Ningxia Zhongwei GCL.

The sole director did not waive any emoluments and no incentive paid on joining and compensation for the loss of office for the Relevant Periods.

There was no arrangement under which the sole director of Ningxia Zhongwei GCL waived or agreed to waive any remuneration for the Relevant Periods.

(b) Employees' emoluments

The five highest paid employees of Ningxia Zhongwei GCL during the Relevant Periods included 5 individuals for the years ended 31 December 2017, 2018 and 2019, and for the six months ended 30 June 2019 (unaudited) and 2020 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and benefits	336	409	421	214	246
Performance-related bonus	78	33	21	–	–
Retirement benefits scheme contribution	85	130	126	65	45
	499	572	568	279	291

The number of highest paid employees who are not the sole director whose emoluments fell within the following band is as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	Number of employee	*Number of employee*	*Number of employee*	*Number of employee* (unaudited)	*Number of employee*
Nil to HK$1,000,000	5	5	5	5	5

13. EARNING PER SHARE

No information related to earnings per share is presented in the Historical Financial Information as such information is not meaningful for the purpose of accountant's report.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold Improvements, furnitures, fixtures & equipment	Power generators and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
At date of establishment	–	–	–	–	–	–
Additions	–	58	10	124	296,635	296,827
Transfer	7,250	–	266,786	–	(274,036)	–
As at 31 December 2017 and 1 January 2018	7,250	58	266,796	124	22,599	296,827
Additions	–	20	–	–	15,820	15,840
As at 31 December 2018 and 1 January 2019	7,250	78	266,796	124	38,419	312,667
Additions	–	410	–	–	3,908	4,318
Transfer	4,676	–	35,477	–	(40,153)	–
As at 31 December 2019 and 1 January 2020	11,926	488	302,273	124	2,174	316,985
Additions	–	–	–	–	967	967
Written off	–	–	(5,609)	–	–	(5,609)
As at 30 June 2020	11,926	488	296,664	124	3,141	312,343
Accumulated depreciation						
At date of establishment	–	–	–	–	–	–
Charge for the period	171	2	4,786	13	–	4,972
At 31 December 2017 and 1 January 2018	171	2	4,786	13	–	4,972
Charge for the year	326	12	9,573	23	–	9,934
At 31 December 2018 and 1 January 2019	497	14	14,359	36	–	14,906
Charge for the year	443	40	9,457	22	–	9,962
At 31 December 2019 and 1 January 2020	940	54	23,816	58	–	24,868
Charge for the year	277	44	5,679	11	–	6,011
Eliminated on written-off	–	–	(475)	–	–	(475)
At 30 June 2020	1,217	98	29,020	69	–	30,404

	Buildings	Leasehold Improvements, furnitures, fixtures & equipment	Power generators and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Carrying values						
At 31 December 2017	7,079	56	262,010	111	22,599	291,855
At 31 December 2018	6,753	64	252,437	88	38,419	297,761
At 31 December 2019	10,986	434	278,457	66	2,174	292,117
At 30 June 2020	10,709	390	267,644	55	3,141	281,939

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

Buildings	2% – 4% or over the lease term, whichever is shorter
Power generators and equipment	4% per annum
Leasehold improvements, furniture, fixtures and equipment	20% – 25%
Motor vehicles	20% – 30%

The buildings are held under a lease in the PRC.

At 31 December 2017, 2018 and 2019 and 30 June 2020, Ningxia Zhongwei GCL was in the process of obtaining property ownership certificates in respect of property interests held under land use rights in the PRC with a carrying amount of approximately RMB7,079,000 RMB6,753,000, RMB10,986,000 and RMB10,709,000, respectively. In the opinion of the sole director of Ningxia Zhongwei GCL , the absence of the property ownership certificates to these property interests does not impair their carrying value to Ningxia Zhongwei GCL as it has paid the full purchase consideration of these property interests and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

15. RIGHT-OF-USE ASSETS

	Leasehold lands
	RMB'000
Carrying amount	
At 1 January 2019	3,529
Depreciation charge	(143)
At 31 December 2019	3,386
Depreciation charge	(70)
At 30 June 2020	3,316

For the year ended 31 December 2019 and six months ended 30 June 2020, Ningxia Zhongwei GCL leases lands for its operations. Lease contract is entered into for fixed terms of twenty years, but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, Ningxia Zhongwei GCL applies the definition of a contract and determines the period for which the contract is enforceable.

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

Ningxia Zhongwei GCL assessed at lease commencement date/date of initial application whether it is reasonably certain to exercise the extension options. There is no extension option which Ningxia Zhongwei GCL is not reasonably certain to exercise. At 31 December 2019 and 30 June 2020, lease liabilities with the exercise of extension options of RMB3,283,000 and RMB3,364,000 are recognised, respectively.

In addition, Ningxia Zhongwei GCL reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2019 and six months ended 30 June 2020, there is no such triggering event.

Details of the lease maturity analysis of lease liabilities are set out in Note 24.

16. AMOUNTS DUE FROM/TO RELATED COMPANIES

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related companies				
– intermediate holding company	21,281	–	–	–
– fellow subsidiaries	2,100	2,795	875	5,126
	23,381	2,795	875	5,126
Amounts due to related companies				
– intermediate holding companies	–	60,610	123,538	143,911
– immediate holding company	70,293	4,853	183	653
– fellow subsidiaries	450	570	786	1,892
	70,743	66,033	124,507	146,456

Except for amounts due to related companies of approximately RMB68,500,000, RMB60,610,000 and RMB106,005,000 at 31 December 2017, 2018 and 2019, respectively, which have no fixed repayment term, repayable on demand and interest bearing with interest rate of 6% per annum, 1% per annum and 1% per annum, respectively, the remaining amounts with related companies are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

In the opinion of the sole director, it is expected that the balance of the amounts due from related companies would be settled by the related companies within 1 year from each reporting period.

17. PREPAYMENTS AND OTHER NON-CURRENT ASSETS

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for EPC contracts and constructions *(Note a)*	8,450	8,335	–	–
Refundable value-added tax *(Note b)*	–	22,014	17,683	14,581
Prepaid rent of parcels of land	68	232	–	–
Trade receivables *(Note 18)*	14,146	–	–	–
Others	–	41	12	–
	22,664	30,622	17,695	14,581

Notes:

(a) Prepayments for the engineering, procurement and constructions represent payment in advance to contractors which will be transferred to property, plant and equipment in accordance with the percentage of completion of the constructions.

(b) Amount represented its refundable value-added tax arising from purchase of property, plant and equipment and would be utilised by Ningxia Zhongwei GCL over 12 months from the end of the reporting period.

18. TRADE AND OTHER RECEIVABLES

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	20,909	2,667	4,469	114,559
Prepayments and deposits	104	295	2,136	2,140
Other receivables				
– Refundable value-added tax	2,997	8,214	6,907	6,978
– Others	291	154	192	409
	24,301	11,330	13,704	124,086
Analysis as:				
Current	10,155	11,330	13,704	124,086
Non-current trade receivables *(Note 17)*	14,146	–	–	–
	24,301	11,330	13,704	124,086

At 1 January 2018, trade receivables from contract from a customer amounted to RMB6,763,000.

For sales of electricity in the PRC, Ningxia Zhongwei GCL generally grants credit period of approximately one month to power grid company in the PRC from the date of invoice in accordance with the electricity sales contract between Ningxia Zhongwei GCL and the respective grid company.

Trade receivables include bills received amounting to RMB5,750,000, RMB1,300,000, RMB2,800,000 and RMB2,200,000 held by Ningxia Zhongwei GCL for future settlement of trade receivables at 31 December 2017, 2018, 2019 and 30 June 2020 respectively, of which certain bills issued by third parties are further discounted to banks for cash. Ningxia Zhongwei GCL continues to recognise their full carrying amount at the end of both reporting periods. All bills received by Ningxia Zhongwei GCL are with a maturity period of less than 1 year.

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

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unbilled *(Note)*	15,149	1,362	1,662	112,356
0 – 90 days	10	5	7	3
	15,159	1,367	1,669	112,359

Note: At 31 December 2017, the amount represents unbilled basic tariff receivables for solar power plant operated by Ningxia Zhongwei GCL, as well as the unbilled tariff adjustments for the solar power plant which is not yet registered in the Catalogue. At 31 December 2018 and 2019, the amount represents unbilled basic tariff receivables for solar power plant operated by Ningxia Zhongwei GCL. At 30 June 2020, the amount represents unbilled basic tariff receivables for solar power plant operated by Ningxia Zhongwei GCL and the unbilled tariff adjustments for the solar power plant which is enlisted in the List. The sole director of Ningxia Zhongwei GCL expects the unbilled tariff adjustments would be generally billed and settled within 1 year from end of each reporting date. The aged analysis of the unbilled trade receivables, which is based on revenue recognition date, are as follows:

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 – 90 days	7,201	1,362	1,662	15,621
91 – 180 days	7,948	–	–	8,657
181 – 365 days	–	–	–	18,983
Over 365 days	–	–	–	69,095
	15,149	1,362	1,662	112,356

No trade receivables is past due at 31 December 2017, 2018 and 2019, and 30 June 2020. Ningxia Zhongwei GCL does not hold any collaterals over these balances.

19. CONTRACT ASSETS

	At 31 December		At 30 June
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Tariff adjustment:			
– non-current	52,171	89,643	–

At 1 January 2018, contract assets amounted to RMB14,146,000.

The contract assets primarily relate to the portion of tariff adjustments for the electricity sold to a grid company in the PRC in which the on-grid solar power plant of Ningxia Zhongwei is still pending for registration to the Catalogue at 31 December 2018 and 2019, and tariff adjustment is recognised as revenue upon electricity is generated as disclosed in Note 6.

Pursuant to the 2020 Measures, for an on-grid solar power plant which yet to be registered on the Catalogue, it is required to meet the relevant requirements and conditions for tariff subsidy as stipulated and to complete the submission and application on the Platform. Local grid company will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plant that is enlisted in the List. The contract assets are transferred to trade receivables when Ningxia Zhongwei GCL's on-grid solar power plant is enlisted in the List. Ningxia Zhongwei GCL considers the settlement terms contain significant financing component, and has adjusted the respective tariff adjustment for the financing component based on estimated timing of collection. Accordingly, the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the counterparty.

Since the solar power plant operated by Ningxia Zhongwei GCL is admitted to the List on 30 June 2020, which represented Ningxia Zhongwei GCL's right to consideration in exchange for services in connection with sales of electricity to its customer became unconditional, accordingly, the contract assets are reclassified as unbilled trade receivables at 30 June 2020 since its solar power plant being admitted to List and there is no contract assets at 30 June 2020.

20. TRANSFER OF FINANCIAL ASSETS

During the year ended 31 December 2019, Ningxia Zhongwei GCL discounted certain bills receivables for bank for raising of cash.

The following were Ningxia Zhongwei GCL's bill receivables as at 31 December 2019 that were transferred to banks by discounting those receivables, on a full resource basis. As Ningxia Zhongwei has no transferred the significant risks and rewards related to these receivables, it continues to recognize the full carrying amount of the receivables and recognised cash received on the transfer as secured borrowings. These financial assets are carried at amortised cost in Ningxia Zhongwei GCL's statement of financial position.

	Bills receivable discounted to banks with full resource *RMB'000*
Bills receivables from third parties and carrying amount of transferred assets	198
Carrying amount of associated liabilities	(198)
Net position	–

The sole director of Ningxia Zhongwei GCL considers that the carrying amounts of the discounted bills receivables approximate their fair value.

The finance cost recognised for bills receivable discounted to banks were included in interest on bank borrowings.

21. PLEDGED BANK DEPOSITS/BANK BALANCES

At 31 December 2017, 2018 and 2019 and 30 June 2020, deposits amounting to RMBnil, RMBnil, RMB635,000 and RMB888,000 have been pledged to secure bills payable with fixed interest rate of 0.35% and are therefore classified as current assets, respectively. The remaining deposits amounting to RMBnil, RMB20,102,000, RMB20,167,000 and RMB20,198,000 have been pledged to secure long-term borrowings with non-interest bearing and are therefore classified as non-current assets at 31 December 2017, 2018, 2019 and 30 June 2020, respectively.

Bank balances carry interest at fixed rates range at 0.3% per annum for the Relevant Periods.

Details of impairment assessment of pledged bank deposits and bank balances are set out in Note 27b.

22. OTHER PAYABLES

		At 31 December		**At 30 June**
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payables for purchase of plant and machinery and construction costs *(Note)*	29,833	19,272	5,915	4,114
Other tax payables	47	4	6	89
Other payables	1,516	46	42	114
Accruals				
– Staff costs	292	109	140	151
– Others	6,484	539	434	305
	38,172	19,970	6,537	4,773

Ningxia Zhongwei GCL has financial risk management policies in place to ensure settlement of payables within the credit time frame.

Note: Included in payables for purchase of plant and machinery and construction costs are RMB750,000 in which Ningxia Zhongwei GCL presented bills to relevant creditors for settlement and remained outstanding at 31 December 2019.

23. BANK AND OTHER BORROWINGS

The carrying amounts of the borrowings are repayable:

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	–	–	40,198	40,000
More than one year, but not exceeding two years	–	40,000	40,000	40,000
More than two years, but not exceeding five years	120,000	120,000	120,000	120,000
More than five years	120,000	80,000	40,000	20,000
	240,000	240,000	240,198	220,000
Less: Amounts due within one year shown under current liabilities	–	–	(40,198)	(40,000)
Amounts due after one year	240,000	240,000	200,000	180,000

During the year ended 31 December 2019, Ningxia Zhongwei GCL discounted bills arising from future settlement of trade receivables with recourse in aggregated amount of RMB198,000 to banks for short-term financing. At 31 December 2019, the associated borrowings amounted to approximately RMB198,000. The related cash flows of these borrowings are presented as operating cash flows in the statement of cash flows as the management considers the cash flows are in substance, the receipts from trade customers.

The variable-rate bank borrowings are secured and denominated in RMB. The effective interest rate (which is also equal to contracted interest rate) is at 120% of benchmark borrowing rate of the PRC, except for the borrowing of RMB198,000 is interest bearing at fixed rate of 4%.

24. LEASE LIABILITIES

	At 31 December	At 30 June
	2019	2020
	RMB'000	*RMB'000*
Lease liabilities payable:		
Within one year	304	474
Within a period of more than one years but not more than two years	–	–
Within a period of more than two years but not more than five years	781	830
Within a period of more than five years	2,198	2,060
	3,283	3,364
Less: Amount due for settlement within 12 months shown under current liabilities	(304)	(474)
Amount due for settlement after 12 months shown under non-current liabilities	2,979	2,890

All lease liabilities are denominated in RMB.

25. PAID-UP CAPITAL

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered and paid-up capital	61,600	61,600	61,600	61,600

Ningxia Zhongwei GCL was established on 6 January 2017 and RMB61,600,000 was injected by the shareholder as paid-up capital.

26. CAPITAL MANAGEMENT

Ningxia Zhongwei GCL manages its capital to ensure that entities in Ningxia Zhongwei GCL will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Ningxia Zhongwei GCL's overall strategy remains unchanged for the Relevant Periods.

The capital structure of Ningxia Zhongwei GCL consists of net debt, which mainly includes amounts due to related companies bank borrowings and lease liabilities, net of cash and cash equivalents, and equity attributable to owners of Ningxia Zhongwei GCL, comprising paid-up capital and reserves.

The sole director of Ningxia Zhongwei GCL reviews the capital structure on a periodical basis. As part of this review, the sole director of Ningxia Zhongwei GCL considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the sole directors of Ningxia Zhongwei GCL, Ningxia Zhongwei GCL will balance its overall capital structure through the payment of dividends, new capital injection and capital divestment as well as the issue of new debts or the redemption of existing debt.

27. FINANCIAL INSTRUMENTS

27a. Categories of financial instruments

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Amortised cost	–	27,735	27,347	143,169
Loan and other receivables (including cash and cash equivalents)	115,111	–	–	–
Financial liabilities				
Amortised cost	342,459	325,718	371,029	370,989
Lease liabilities	–	–	3,283	3,364

27b. Financial risk management objectives and policies

Ningxia Zhongwei GCL's major financial instruments include trade and other receivables, amounts due from related companies, bank balances, pledged bank deposits, other payables, amounts due to related companies, bank and other borrowings and lease liabilities. Details of the financial instruments are disclosed in respectively notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

Ningxia Zhongwei GCL is exposed to fair value interest rate risk in relation to amounts due to related companies (see Note 16) and lease liabilities (see Note 24). Ningxia Zhongwei GCL is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 20), and the management has considered that the cash flow interest rate risk is limited because the current market interest rates on general deposits are relatively low and stable.

Additionally, certain of Ningxia Zhongwei GCL's borrowings are issued at variable rates which expose Ningxia Zhongwei GCL to cash flow interest rate risk. It is Ningxia Zhongwei GCL's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk. Ningxia Zhongwei GCL currently does not have a hedging policy on interest rate exposure. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. Ningxia Zhongwei GCL's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rates risks. The analysis is prepared assuming the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. The following represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, Ningxia Zhongwei GCL's profit for the period from 6 January 2017 (date of establishment) to 31 December 2017, years ended 31 December 2018, 2019, and six months ended 30 June 2020 would have decreased/increased by approximately RMB1,200,000, RMB1,200,000, RMB1,201,000 and RMB963,000, respectively. This is mainly attributable to Ningxia Zhongwei GCL's exposure to interest rates on its variable-rate borrowings.

In the opinion of the sole director of Ningxia Zhongwei GCL, the sensitivity analysis is not representative of Ningxia Zhongwei GCL's exposure to interest rate risk for the Relevant Periods.

Credit risk (before application of IFRS 9 on 1 January 2018)

At 31 December 2017, financial assets whose carrying amounts best represent the maximum exposure to credit risk.

In order to minimum the credit risk, Ningxia Zhongwei GCL reviews recoverable amount of the trade debt periodically to ensure that adequate impairment losses has been made for irrecoverable amounts. Ningxia Zhongwei GCL has a credit control policy in place under which credit evaluations of the customer is performed on its customer requiring credit.

Credit risk on sales of electricity is concentrated on one customer. However, as the customer is a local grid company, which is a state-owned company with good repayment history. The management accordingly considers that there is no significant credit risk on the sales of electricity.

Credit risk on bank balances is limited because the counterparties are reputable banks in the PRC.

Credit risk and impairment assessment (upon application of IFRS 9 on 1 January 2018)

Credit risk refers to the risk that Ningxia Zhongwei GCL's counterparties default on their contractual obligations resulting in financial losses to Ningxia Zhongwei GCL. Ningxia Zhongwei GCL's credit risk exposures are primarily attributable to trade receivables, contract assets, pledged bank deposits, bank balances, amounts due from related companies, and other receivables. Ningxia Zhongwei GCL does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

Trade receivables and contract assets arising from contracts with customer

The credit risk on trade receivables and contract assets is limited because the sole customer, a local grid company, which is also a subsidiary of the state-owned grid company in the PRC. Furthermore, the tariff adjustments is funded by the Renewable Energy Development Fund which is administrated by the Ministry of Finance and well-supported by the PRC government.

100% of Ningxia Zhongwei GCL trade receivables and contract assets is contributed by a single customer located in the PRC.

Furthermore, in relation to contract assets of tariff adjustment receivables, the management performs impairment assessment on a periodic basis. Based on the assessment, the management is of the opinion that the probability of defaults of the counterparty is insignificant since the solar power industry is well supported by the PRC government. In addition, as detailed in Note 6, the management are confident that all of Ningxia Zhongwei GCL's operating power plants are able to be enlisted in the Catalogue/List in due course at 31 December 2018 and 2019, and the accrued revenue on tariff subsidy are fully recoverable but only subject to timing of allocation of funds. Accordingly, the credit risk regarding contract assets of tariff adjustment receivables is limited at 31 December 2018 and 2019.

Ningxia Zhongwei GCL always measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime ECL. The ECL on trade receivables and contract assets are estimated individually by reference to historical default rates of debtor with relatively similar credit standing published by an external credit rating agency and adjusted for forward-looking information that is available without undue cost or effort.

Based on the loss rates, the ECL on trade receivables and contract assets is considered to be insignificant.

Bank balances and pledged bank deposits

The credit risks on bank balances and pledged bank deposits are limited because the counterparties are reputable banks with high credit ratings assigned by international credit-rating agencies in the PRC.

Ningxia Zhongwei GCL assessed 12m ECL for bank balances and pledged bank deposits by reference to information relating to average loss rate of the respective credit rating grades published by external credit rating agencies.

Based on the average loss rates, the ECL on bank balances and pledged bank deposits is considered insignificant.

Other receivables and amounts due from related companies

In relation to amounts due from related companies and other receivables, the management performs impairment assessment on the balances on a periodic basis. In assessing the probability of defaults of the amounts due from related companies and other receivables, the management has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward looking information that is available without undue cost or effort. Since the counterparties are mainly engaged in solar power industry in which their major current assets are tariff receivables, the collection of which is well supported by government policies; accordingly, the management considered the credit risk is limited.

For the purpose of impairment assessment of other receivables and amounts due from related parties, the loss allowance is measured at an amount equal to 12m ECL. In determining the ECL of other receivables and amounts due from related parties, after taking into account of the aforesaid factors and the forward looking information that is available without undue cost or effort, and considering the debtors operate in the solar power industry which is well supported by the prevailing government policies, the management considered the ECL provision for amounts due from related parties and other receivables is insignificant.

Ningxia Zhongwei GCL's internal credit risk grading assessment comprises the following categories:

Internal credit rating	**Description**	**Trade receivables/ contract assets**	**Other financial assets/ other items**
Low risk	The counterparty has a low risk of default of counterparties	Lifetime ECL - not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and Ningxia Zhongwei GCL has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of Ningxia Zhongwei GCL's financial assets which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m ECL or lifetime ECL	Gross carrying amount		
					At 31 December		At 30 June
					2018	2019	2020
					RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost							
Amounts due from fellow subsidiaries	*16*	N/A	Low risk *(Note a)*	12m ECL	2,795	875	5,126
Pledged bank deposits	*21*	Aa1	N/A	12m ECL	20,102	20,802	21,086
Bank balances	*21*	A1 to Aa1	N/A	12m ECL	2,017	1,009	1,989
Other receivables	*18*	N/A	Low risk *(Note a)*	12m ECL	154	192	409
Trade receivables	*18*	N/A	Low risk *(Note b)*	Lifetime ECL	2,667	4,469	114,559
Other item							
Contract assets	*19*	N/A	Low risk *(Note b)*	Lifetime ECL	52,171	89,643	–

Notes:

a. For the purposes of internal credit risk management, Ningxia Zhongwei GCL uses repayment history or other relevant information to assess whether credit risk has increased significantly since initial recognition. At 31 December 2018 and 2019, and 30 June 2020, the balances of amounts due from related companies and other receivables are not past due and the internal credit rating of these balances are considered as low risk.

b. For trade receivables and contract assets, Ningxia Zhongwei GCL has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Ningxia Zhongwei GCL determines the ECL on these items individually.

As part of Ningxia Zhongwei GCL's credit risk management, Ningxia Zhongwei GCL applies internal credit rating for its customer in relation to its solar energy business operations. The following table provides information about the exposure to credit risk for trade receivables and contract assets of Ningxia Zhongwei GCL.

At 31 December 2018

Internal credit rating	**Loss rate**	**Trade receivables**	**Loss rate**	**Contract assets**
		RMB'000		*RMB'000*
Low risk	0.03%	2,667	0.15%	52,171

At 31 December 2019

Internal credit rating	Loss rate	Trade receivables	Loss rate	Contract assets
		RMB'000		*RMB'000*
Low risk	0.03%	4,469	0.15%	89,643

At 30 June 2020

Internal credit rating	Loss rate	Trade receivables	Loss rate	Contract assets
		RMB'000		*RMB'000*
Low risk	0.03%	114,559	N/A	–

The estimated loss rates are by reference to historical default rates of debtor rates relatively similar credit standing published by an external credit rating agency and are adjusted for forward-looking information that is available without undue cost or effort. The sole director of Ningxia Zhongwei GCL is of the opinion that the ECL for trade receivables and contract assets is insignificant during the relevant periods.

Liquidity risk

At 31 December 2017, 2018 and 2019, and 30 June 2020, Ningxia Zhongwei GCL's current liabilities exceeded its current assets by RMB4,849,000, RMB69,861,000, RMB155,323,000 and RMB59,900,000, respectively. Ningxia Zhongwei GCL is exposed to liquidity risk if it is not able to raise fund to meet its financial obligations.

In the management of the liquidity risk, Ningxia Zhongwei GCL monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance Ningxia Zhongwei GCL's operations and mitigate the effects of fluctuation in cash flows.

Ningxia Zhongwei GCL relies on the financial support from GNE. Despite uncertainties and measures mentioned in Note 2, the sole director of Ningxia Zhongwei GCL is of the opinion that the GNE Group will be able to meet its commitment to provide funds to Ningxia Zhongwei GCL, and will have sufficient working capital to meet its cash flow requirements in the next twelve months from the end of each reporting date.

The following tables detail Ningxia Zhongwei GCL remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which Ningxia Zhongwei GCL can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the contractual repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest rate risk tables

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2017								
Other payables	–	31,716	–	–	–	–	31,716	31,716
Bank borrowings	5.00%	6,047	5,948	11,995	148,531	130,516	303,037	240,000
Amounts due to related companies	5.81%	70,743	–	–	–	–	70,743	70,743
Total		108,506	5,948	11,995	148,531	130,516	405,496	342,459

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018								
Other payables	–	19,685	–	–	–	–	19,685	19,685
Bank borrowings	5.00%	6,047	5,948	51,530	142,503	85,014	291,042	240,000
Amounts due to related companies	0.92%	66,033	–	–	–	–	66,033	66,033
Total		91,765	5,948	51,530	142,503	85,014	376,760	325,718

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2019								
Other payables	–	6,324	–	–	–	–	6,324	6,324
Bank borrowings	5.00%	25,849	25,483	49,500	136,514	41,504	278,850	240,000
Other borrowings	4.00%	198	–	–	–	–	198	198
Amounts due to related companies	0.85%	124,507	–	–	–	–	124,507	124,507
Sub-total		156,878	25,483	49,500	136,514	41,504	409,879	371,029
Lease liabilities	5.00%	–	486	–	972	4,214	5,672	3,283
Total		156,878	25,969	49,500	137,486	45,718	415,551	374,312

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 30 June 2020								
Other payables	–	4,533	–	–	–	–	4,533	4,533
Bank borrowings	5.00%	25,683	25,039	48,492	133,490	20,496	253,200	220,000
Amounts due to related companies	–	146,456	–	–	–	–	146,456	146,456
Sub-total		176,672	25,039	48,492	133,490	20,496	404,189	370,989
Lease liabilities	5.00%	486	–	–	972	4,214	5,672	3,364
Total		177,158	25,039	48,492	134,462	24,710	409,861	374,353

The amounts included above for variable-rate borrowings are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of each reporting period.

27c. Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The sole director of Ningxia Zhongwei GCL considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Ningxia Zhongwei GCL's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in Ningxia Zhongwei GCL's statements of cash flows as cash flows from financing activities.

	Accrued interest expense	Amounts due to related companies	Bank and other borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At date of establishment	–	–	–	–	–
Financing cash flows	(5,164)	68,950	240,000	–	303,786
Finance costs	5,098	–	–	–	5,098
Interest capitalisation	433	1,793	–	–	2,226
At 31 December 2017 and 1 January 2018	367	70,743	240,000	–	311,110
Financing cash flows	(12,162)	(8,609)	–	–	(20,771)
Finance costs	12,162	3,899	–	–	16,061
At 31 December 2018	367	66,033	240,000	–	306,400
Adjustment upon application of IFRS 16	–	–	–	3,127	3,127
At 1 January 2019	367	66,033	240,000	3,127	309,527
Financing cash flows	(12,173)	9,203	–	–	(2,970)
Finance costs	12,173	949	–	156	13,278
Proceeds from bills discounted including in operating activities	–	–	198	–	198
Dividend declared	–	48,322	–	–	48,322
At 31 December 2019 and 1 January 2020	367	124,507	240,198	3,283	368,355
Financing cash flows	(5,673)	21,949	(20,000)	–	(3,724)
Finance costs	5,611	–	–	81	5,692
Non-cash settlement of discounted bills	–	–	(198)	–	(198)
At 30 June 2020	305	146,456	220,000	3,364	370,125

29. CAPITAL COMMITMENTS

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Construction commitments in respect of solar power plant project contracted for but not provided in the Historical Financial Information	36,239	–	–	–

30. OPERATING LEASES

Ningxia Zhongwei GCL as lessee

	For the period from 6 January 2017 (date of establishment) to 31 December 2017	Year ended 31 December 2018
	RMB'000	*RMB'000*
Minimum lease payments paid under operating leases during the year:		
Offices	452	345
Land	–	84
Staff Quarters	14	–
	466	429

At 31 December 2017 and 2018, Ningxia Zhongwei GCL's commitments for future minimum lease payments under non-cancellable operating leases including lease payments during renewal period in which renewals are reasonably certain, which fall due as follows:

	At 31 December	
	2017	**2018**
	RMB'000	*RMB'000*
Within one year	332	–
In the second to fifth year inclusive	–	570
After five years	–	4,859
	332	5,429

Leases are negotiated and rentals are fixed for term of 25 years for parcels of land for the years ended 31 December 2017 and 2018 and ranging from 1 to 2 years for the office premises and staff quarters for both years.

31. PLEDGE OF ASSETS/RESTRICTIONS ON ASSETS

Ningxia Zhongwei GCL's borrowings had been secured by the pledge of its assets and the carrying amounts of the respective assets are as follow:

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	291,855	297,761	292,117	281,939
Pledged bank and other deposits	–	20,102	20,802	21,086
Trade receivables and contract assets	20,909	54,838	94,112	114,559
	312,764	372,701	407,031	417,584

Ningxia Zhongwei GCL's secured bank borrowings were secured, individually or in combination, by (i) certain property, plant and equipment of Ningxia Zhongwei GCL; (ii) certain pledged bank of Ningxia Zhongwei GCL; (iii) certain trade receivables, contract assets and fee collection rights in relation to the sales of electricity and (iv) certain right-of-use assets of Ningxia Zhongwei GCL.

Restrictions on assets

In addition, lease liabilities of RMB3,283,000 and RMB3,364,000, respectively, are recognised with related right-of-use assets of RMB3,386,000 and RMB3,316,000, respectively, as at 31 December 2019 and six months ended 30 June 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by lessor and the relevant leased assets may not be used as security for borrowing purposes.

32. RELATED PARTY DISCLOSURES

Except as disclosed elsewhere in the Historical Financial Information, Ningxia Zhongwei GCL also into the following material transactions or arrangements with related parties:

	For the period from 6 January 2017 (date of establishment) to 31 December 2017	Year ended 31 December		Six months ended 30 June	
		2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Interest expenses on amounts due to:					
– immediate holding company	1,793	3,060	–	–	–
– an intermediate holding company	–	839	949	685	–
	1,793	3,899	949	685	–
Consultancy fee expenses to a fellow subsidiary *(Note)*	1,800	–	–	–	–
Other consultancy fee expenses to fellow subsidiaries	–	283	94	–	–

Details of the remuneration for the key management personnel, which represents the sole director of Ningxia Zhongwei GCL, are set out in Note 12.

Note: The amount is directly attributable to the addition of property, plant and equipment, and therefore has been capitalised to construction in progress.

33. EVENTS AFTER THE RELEVANT PERIODS

Subsequent to 30 June 2020 and up to the date of this report, Ningxia Zhongwei GCL has no significant event occurred.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Ningxia Zhongwei GCL have been prepared in respect of any period subsequent to 30 June 2020 and up to the date of this report.

The following is the text of a report set out on pages II-167 to II-218, received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, for the purpose of incorporation in this circular.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF HUIXIAN SHI GCL PHOTOVOLTAIC POWER CO., LTD. TO THE DIRECTORS OF GCL-POLY ENERGY HOLDINGS LIMITED

Introduction

We report on the historical financial information of Huixian Shi GCL Photovoltaic Power Co., Ltd. ("**Huixian Shi GCL**") set out on pages II-171 to II-218, which comprises the statements of financial position of Huixian Shi GCL at 31 December 2017, 2018 and 2019, and 30 June 2020 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of Huixian Shi GCL for each of the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-171 to II-218 forms an integral part of this report, which has been prepared for inclusion in the circular of GCL-Poly Energy Holdings Limited (the "**Company**") dated 4 December 2020 (the "**Circular**") in connection with the very substantial disposal of subsidiaries and possible very substantial acquisition via the grant of put options of the Company.

Sole director's responsibility for the Historical Financial Information

The sole director of Huixian Shi GCL is responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the sole director of Huixian Shi GCL determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether

due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director of Huixian Shi GCL, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of Huixian Shi GCL's financial position at 31 December 2017, 2018 and 2019 and 30 June 2020 and of Huixian Shi GCL's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Material uncertainty related to going concern

We draw attention to Note 2 to the Historical Financial Information which indicates that at 31 December 2017, 2018 and 2019 and 30 June 2020, the current liabilities of Huixian Shi GCL exceeded its current assets by approximately RMB9,528,000, RMB13,756,000, RMB20,198,000 and RMB15,909,000, respectively, and the ability of Huixian Shi GCL to continue as a going concern is highly dependent upon the financial support from GCL New Energy Holdings Limited ("**GNE**"), a non-wholly owned subsidiary of the Company and the intermediate holding company of Huixian Shi GCL, until the completion of the disposal of Huixian Shi GCL. At 30 June 2020, GNE and its subsidiaries (collectively referred to as the "**GNE Group**") had current liabilities which exceeded its current assets by approximately RMB6,510,001,000. The directors of GNE have performed an assessment of the GNE Group's future liquidity and cash flows which included a review of assumptions about the likelihood of successful implementation of financial plans and other measures to ensure that the GNE Group will generate adequate financing and operating cash flows and are of the opinion that the GNE Group will be able to meet its commitment to provide funds to Huixian Shi GCL. However, the GNE Group's likelihood of successful implementation of financial plans and other measures indicates a material uncertainty exists that may cast significant doubt on the GNE Group's commitment to provide funds to Huixian Shi GCL and, in turn, the ability of Huixian Shi GCL to continue as a going concern. Our opinion is not modified in respect of this matter.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of Huixian Shi GCL which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2019 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The sole director of Huixian Shi GCL is responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. As described in the Material uncertainty related to going concern section in this report, we draw attention to the fact that a material uncertainty exists that may cast significant doubt on the ability of Huixian Shi GCL to continue as a going concern. Our conclusion is not modified in respect of this matter.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-170 have been made.

Dividends

We refer to Note 11 to the Historical Financial Information which contains information about the dividend declared and paid by Huixian Shi GCL in respect of the Relevant Periods.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

4 December 2020

HISTORICAL FINANCIAL INFORMATION OF HUIXIAN SHI GCL

The financial statements of Huixian Shi GCL for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards issued by International Accounting Standards Board and were audited by us in accordance with Hong Kong Standards on Auditing issued by HKICPA as set out in Note 2 to the Historical Financial Information ("**Underlying Financial Statements**").

The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	NOTES	**2017**	**2018**	**2019**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Revenue	*6*	20,880	21,622	22,454	11,374	12,327
Cost of sales		(6,979)	(7,944)	(8,199)	(3,724)	(3,740)
Gross profit		13,901	13,678	14,255	7,650	8,587
Other income	*7*	636	4,025	465	430	25
Written off of property plant and equipment		–	(2,621)	–	–	–
Administrative expenses		(259)	(424)	(716)	(587)	(142)
Finance costs	*8*	(5,148)	(5,854)	(4,833)	(2,567)	(2,100)
Profit before taxation		9,130	8,804	9,171	4,926	6,370
Income tax expenses	*9*	–	–	(1,118)	(564)	(874)
Profit and total comprehensive income for the year/period	*10*	9,130	8,804	8,053	4,362	5,496

STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 30 June
	NOTES	**2017**	**2018**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	141,131	140,180	134,348	131,346
Right-of-use assets	*14*	–	–	7,786	7,601
Prepayment and other non-current assets	*16*	12,515	8,998	5,634	5,704
		153,646	149,178	147,768	144,651
CURRENT ASSETS					
Trade and other receivables	*17*	34,846	29,263	43,378	43,431
Amounts due from related companies	*15*	2,125	7,015	777	289
Bank balances and cash	*18*	37	7,346	2,502	2,268
		37,008	43,624	46,657	45,988
CURRENT LIABILITIES					
Other payables	*19*	3,396	4,247	4,819	4,233
Amounts due to related companies	*15*	34,140	44,133	52,933	48,540
Tax payable		–	–	103	124
Bank borrowing	*20*	9,000	9,000	9,000	9,000
		46,536	57,380	66,855	61,897
NET CURRENT LIABILITIES		(9,528)	(13,756)	(20,198)	(15,909)
TOTAL ASSETS LESS CURRENT LIABILITIES		144,118	135,422	127,570	128,742
NON-CURRENT LIABILITIES					
Bank borrowing	*20*	83,000	74,000	65,000	60,500
Lease liabilities	*21*	–	–	6,583	6,759
		83,000	74,000	71,583	67,259

		At 31 December			At 30 June
	NOTE	**2017**	**2018**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NET ASSETS		61,118	61,422	55,987	61,483
CAPITAL AND RESERVES					
Paid-up capital	*22*	51,820	51,820	51,820	51,820
Reserves		9,298	9,602	4,167	9,663
TOTAL EQUITY		61,118	61,422	55,987	61,483

STATEMENTS OF CHANGES IN EQUITY

	Paid-up capital *RMB'000*	Legal reserve *RMB'000* *(Note)*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2017	51,820	986	8,053	60,859
Profit and total comprehensive income for the year	–	–	9,130	9,130
Transfer to legal reserve	–	944	(944)	–
Dividend declared *(Note 11)*	–	–	(8,871)	(8,871)
At 31 December 2017 and 1 January 2018	51,820	1,930	7,368	61,118
Profit and total comprehensive income for the year	–	–	8,804	8,804
Transfer to legal reserve	–	779	(779)	–
Dividend declared *(Note 11)*	–	–	(8,500)	(8,500)
At 31 December 2018 and 1 January 2019	51,820	2,709	6,893	61,422
Profit and total comprehensive income for the year	–	–	8,053	8,053
Transfer to legal reserve	–	782	(782)	–
Dividend declared *(Note 11)*	–	–	(13,488)	(13,488)
At 31 December 2019 and 1 January 2020	51,820	3,491	676	55,987
Profit and total comprehensive income for the period	–	–	5,496	5,496
At 30 June 2020	51,820	3,491	6,172	61,483
At 1 January 2019 (audited)	51,820	2,709	6,893	61,422
Profit and total comprehensive income for the period	–	–	4,362	4,362
Dividend declared *(Note 11)*	–	–	(7,008)	(7,008)
At 30 June 2019 (unaudited)	51,820	2,709	4,247	58,776

Note: Legal reserves represents the amount set aside from the retained earnings and is not distributable as dividend. In accordance with the relevant regulations and the articles of association of Huixian Shi GCL, it is required to allocate at least 10% of its after-tax profit according to the PRC (as defined in Note 1) accounting standards and regulations to legal reserve until such reserves have reached 50% of registered capital. The reserve can only be used for specific purposes and are not distributable or transferable to the loans, advances and cash dividends.

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Operating activities					
Profit before taxation	9,130	8,804	9,171	4,926	6,370
Adjustments for:					
Depreciation of right-of-use assets	–	–	378	189	185
Depreciation of property, plant and equipment	5,109	5,790	5,994	2,994	3,002
Written off of property, plant and equipment	–	2,621	–	–	–
Finance costs	5,148	5,854	4,833	2,567	2,100
Interest income	(636)	(1,404)	(444)	(430)	(25)
Operating profit before movements in working capital	18,751	21,665	19,932	10,246	11,632
(Increase) decrease in trade and other receivables	(15,737)	17,558	(14,337)	(7,979)	(53)
Increase in contract assets	–	(10,544)	–	–	–
Decrease in prepayment and other non-current assets	6,577	2,944	2,363	1,006	920
Increase (decrease) in other payables	1,845	(2,482)	705	238	(720)
Cash from operations	11,436	29,141	8,663	3,511	11,779
Income tax paid	–	–	(1,015)	–	(853)
Net cash from operating activities	11,436	29,141	7,648	3,511	10,926
Investing activities					
Interest received	64	54	67	53	25
Payments for construction and purchase of property, plant and equipment	(2,824)	(3,618)	(282)	(252)	(838)
Advance to intermediate holding company	–	(5,940)	–	–	–
Advance to fellow subsidiaries	(1,125)	–	(777)	–	(289)
Repayment from intermediate holding company	–	–	5,940	5,940	–
Repayment from fellow subsidiaries	2,123	1,050	1,075	–	777
Net cash (used in) from investing activities	(1,762)	(8,454)	6,023	5,741	(325)

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Financing activities					
Interest paid	(4,883)	(5,051)	(5,566)	(3,496)	(1,942)
Repayment of bank borrowings	(9,000)	(9,000)	(9,000)	(4,500)	(4,500)
Repayment of lease liabilities	–	–	(316)	–	–
Advances from intermediate holding companies	–	–	12,436	12,436	–
Advance from fellow subsidiaries	354	5,293	14,291	–	50
Repayment to immediate holding company	–	(4,620)	(18,019)	(18,019)	(4,443)
Repayment to intermediate holding company	(1,291)	–	(4,695)	–	–
Repayment to fellow subsidiaries	(3,000)	–	(7,646)	–	–
Net cash used in financing activities	(17,820)	(13,378)	(18,515)	(13,579)	(10,835)
Net (decrease) increase in cash and cash equivalents	(8,146)	7,309	(4,844)	(4,327)	(234)
Cash and cash equivalents at the beginning of the year/period	8,183	37	7,346	7,346	2,502
Cash and cash equivalents at the end of the year/period	37	7,346	2,502	3,019	2,268

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Huixian Shi GCL Photovoltaic Power Co., Ltd. ("**Huixian Shi GCL**") was established in the People's Republic of China (the "**PRC**") on 20 May 2015. Its immediate holding company is Suzhou GCL New Energy Investment Co., Ltd., a company established in PRC. Its intermediate holding company is GCL New Energy Holdings Limited ("**GNE**"), an exempted company with limited liability incorporated in Bermuda. The shares of GNE are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate holding company is GCL-Poly Energy Holdings Limited, a company incorporated in the Cayman Islands and listed on the Stock Exchange. The address of the registered office and principal place of the business of Huixian Shi GCL is Committee House, Gaozhuang, Henan.

Huixian Shi GCL is principally engaged in the sale of electricity in the PRC.

The Historical Financial Information is presented in Renminbi ("**RMB**"), which is the same as the functional currency of Huixian Shi GCL.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRS Standards**") (which collective term include all applicable IFRS Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**"), except that the comparative figures for the year ended 31 December 2017 have not been presented. Further details of the significant accounting policies adopted are set out in Notes 3 and 4.

At 31 December 2017, 2018 and 2019, and 30 June 2020, Huixian Shi GCL's current liabilities exceeded current assets by approximately RMB9,528,000, RMB13,756,000, RMB20,198,000 and RMB15,909,000, respectively. the ability of Huixian Shi GCL to continue as a going concern is highly dependent upon the financial support from GNE, until the completion of the disposal of Huixian Shi GCL. At 30 June 2020, GNE and its subsidiaries (collectively referred to as the "**GNE Group**") had current liabilities which exceeded its current assets by approximately RMB6,510,001,000. The directors of GNE have performed an assessment of the GNE Group's future liquidity and cash flows which included a review of assumptions about the likelihood of successful implementation of financial plans and other measures to ensure that the GNE Group will generate adequate financing and operating cash flows and are of the opinion that the GNE Group will be able to meet its commitment to provide funds to Huixian Shi GCL. The directors of GNE are satisfied that the GNE Group would have sufficient working capital to meet its financial obligations and to support Huixian Shi GCL to meet its financial obligations as and when they fall due for the coming twelve months from the end of the reporting period. Accordingly, the sole director of Huixian Shi GCL is of the opinion that the GNE Group will be able to meet its commitment to provide funds to Huixian Shi GCL.

Notwithstanding the above, a significant uncertainty exists as to the GNE Group's commitment to provide funds to Huixian Shi GCL. The sufficiency of the GNE Group's working capital is dependent on the GNE Group's ability to generate sufficient financing and operating cash flows through successful renewal if its bank borrowings upon expiry, compliance with the covenants under borrowing agreements. Should the GNE Group be unable to provide financial support to Huixian Shi GCL as committed and, in turn, Huixian Shi GCL be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the assets of Huixian Shi GCL 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 Historical Financial Information.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS STANDARDS

New and amendments to IFRS Standards that are mandatorily effective during the Relevant Periods

The IASB has issued a number of new and revised IFRS Standards which were relevant to Huixian Shi GCL and became effective during the Relevant Periods. In preparing the Historical Financial Information, Huixian Shi GCL has applied all these new and revised IFRS Standards which are effective for Huixian Shi GCL's accounting period beginning on 1 January 2017, 1 January 2018, 1 January 2019 and 1 January 2020 consistently throughout the Relevant Periods to the extent required or allowed by transitional provisions in the IFRS Standards, except that Huixian Shi GCL adopted (i) IFRS 9 *Financial Instruments* ("**IFRS 9**") and IFRS 15 *Revenue from Contracts with Customers* ("**IFRS 15**") on 1 January 2018 based on the specific transitional provision and applied IAS 39 *Financial Instruments: Recognition and Measurement* ("**IAS 39**") and IAS 18 *Revenue* ("**IAS 18**") prior to 1 January 2018; and (ii) IFRS 16 *Leases* ("**IFRS 16**") on 1 January 2019 based on the specific transitional provision and applied IAS 17 *Leases* ("**IAS 17**") prior to 1 January 2019, and amendments to IAS 23 *Borrowing Costs* (as part of the Annual Improvements to IFRS Standards 2015-2017 Cycle) ("**IAS 23**") on 1 January 2019.

3.1 IFRS 15

Huixian Shi GCL has applied IFRS 15 for the first time during the year ended 31 December 2018. IFRS 15 superseded IAS 18, IAS 11 *Construction Contracts* ("**IAS 11**") and the related interpretations.

Huixian Shi GCL has applied IFRS 15 retrospectively to all contracts with customers, including completed contracts, with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 and IAS 11.

Huixian Shi GCL recognised revenue from the sales of electricity upon electricity is generated and transmitted. Information about Huixian Shi GCL's performance obligations and the accounting policies resulting from application of IFRS 15 are disclosed in Notes 6 and 4, respectively.

3.1.1 Summary of effects arising from initial application of IFRS 15

The following adjustments were made to the amounts recognised in the statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Note	**Carrying amounts previously reported at 31 December 2017**	**Reclassification**	**Carrying amounts under IFRS 15 at 1 January 2018**
		RMB'000	*RMB'000*	*RMB'000*
Current assets				
Trade and other receivables	*(a)*	34,846	(29,899)	4,947
Contract assets	*(a)*	–	29,899	29,899

Note:

(a) At 1 January 2018, tariff adjustments related to solar power plants yet to obtain approval for registration in the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄, the "**Catalogue**"), were reclassified and presented as contract assets.

Since the solar power plant operated by Huixian Shi GCL was admitted to the Catalogue during the year ended 31 December 2018, which represented Huixian Shi GCL's right to consideration in exchange for services in connection with sales of electricity to its customer became unconditional, accordingly, there is no impact on the application of IFRS 15 in connection with the reclassification of the tariff adjustments from unbilled trade receivables to contract assets for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, and does not result in material change in the amounts of total assets, profit or loss or net cash flows for the respective years/period.

3.2 IFRS 9

During the year ended 31 December 2018, Huixian Shi GCL has applied IFRS 9 and the related consequential amendments to other IFRS Standards. IFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and financial guarantee contracts and (3) general hedge accounting.

Huixian Shi GCL has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 *Financial Instruments: Recognition and Measurement*.

Accounting policies resulting from application of IFRS 9 are disclosed in Note 4.

3.2.1 Summaries of effects arising from initial application of IFRS 9

As a result of the changes in the entity's accounting policies above, Huixian Shi GCL assessed that the application of IFRS 9 do not have a material impact on the classification and measurement in opening statement of financial position.

Impairment under ECL model

Huixian Shi GCL applied the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for its trade receivables and contract assets. The ECL on these assets are assessed individually by reference to historical default rate of debtor with relatively similar credit standing published by an external credit rating agency and are adjusted for forward-looking information that is available without undue cost or effort.

ECL for other financial assets at amortised cost, including amounts due from related companies, other receivables and bank balances are assessed on 12-month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

At 1 January 2018, there was no additional credit loss allowance being recognised against accumulated losses as the amount involved is insignificant.

For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, the application of IFRS 9 has no material impact to the total assets, profit or loss or net cash flows for respective years/period.

3.3 IFRS 16

Huixian Shi GCL has applied IFRS 16 for the first time during the year ended 31 December 2019. IFRS 16 superseded IAS 17, and the related interpretations.

Definition of a lease

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

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

As a lessee

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

At 1 January 2019, Huixian Shi GCL recognised additional lease liabilities of RMB6,564,000 and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid and accrued lease payments by applying IFRS16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

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

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

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

When recognising the lease liabilities for leases previously classified as operating leases, Huixian Shi GCL has applied incremental borrowing rate of the entity at the date of initial application. The incremental borrowing rate applied is 5.39%.

	At 1 January 2019
	RMB'000
Operating lease commitments disclosed at 31 December 2018 *(Note 26)*	10,202
Lease liabilities relating to operating leases discounted at relevant incremental borrowing rates and recognised upon application of IFRS 16 at 1 January 2019	6,564
Analysed as:	
Non-current	6,564

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

	Right-of-use assets
	RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	6,564
Reclassified from prepaid rent *(note)*	1,600
	8,164
By class:	
Leasehold lands	8,164

Note: Prepaid rent for parcels of land in the PRC in which Huixian Shi GCL leased from third parties under operating leases were classified as prepayments at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid rent for parcels of lands amounting to RMB621,000 and RMB979,000, respectively, were reclassified to right-of-use assets.

The transition to IFRS 16 has no impact to Huixian Shi GCL's retained earnings at 1 January 2019.

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

	Carrying amounts previously reported at 31 December 2018	**Adjustments**	**Carrying amounts under IFRS 16 at 1 January 2019**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Prepayment and other non-current assets	8,998	(979)	8,019
Right-of-use assets	–	8,164	8,164
Current assets			
Trade and other receivables	29,263	(621)	28,642
Non-current liabilities			
Lease liabilities	–	6,564	6,564

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

3.4 Amendments to IAS 23 Borrowing cost

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Effective on 1 January 2019, IAS 23 is adopted prospectively and there is no material impact on the Historical Financial Information upon the application of IAS 23.

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

At the date of this report, the following new and amendments to IFRS Standards and have been issued which are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018 - 2020[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 June 2020
5 Effective for annual periods beginning on or after 1 January 2021

Except as described below, the sole director of Huixian Shi GCL anticipates that the application of all these new and amendments to IFRS Standards will have no material impact on Huixian Shi GCL's financial position and performance when they become effective.

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

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

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or noncurrent only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

At 30 June 2020, Huixian Shi GCL's right to defer settlement for bank borrowing of RMB60,500,000 are subject to compliance with covenants within 12 months from the reporting date. Such bank borrowing was classified as noncurrent as Huixian Shi GCL met such covenants at 30 June 2020.

Pending clarification on the application of relevant requirements of the amendments, Huixian Shi GCL will further assess whether application of the amendments will have an impact on the classification of these borrowings.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information have been prepared in accordance with the following accounting policies which conform with IFRS Standards issued by the IASB. In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in Note 3.1)

Under IFRS 15, Huixian Shi GCL recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

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

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

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

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

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

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

Variable consideration

For the contract that contain variable consideration in relation to sale of electricity to the grid company which contain tariff adjustments related to solar power plants yet to obtain approval for registration in the Catalogue by the PRC government, Huixian Shi GCL estimates the amount of consideration to which it will be entitled using the most likely amount.

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

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

Existence of significant financing component

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

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

Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to Huixian Shi GCL and when specific criteria have been met for each of Huixian Shi GCL's activities, as described below.

Revenue from the sales of electricity, including portion relating to tariff adjustment, is recognised when electricity is generated and transmitted.

Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in Note 3.3)

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

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

Huixian Shi GCL as a lessee (upon application of IFRS 16 in accordance with transitions in Note 3.3)

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when Huixian Shi GCL reasonably expects that the effects on the Historical Financial Information would not differ materially from individual leases within the portfolio.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by Huixian Shi GCL; and

- an estimate of costs to be incurred by Huixian Shi GCL in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Huixian Shi GCL presents right-of-use assets as a separate line item on the statement of financial position.

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

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

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

Huixian Shi GCL presents lease liabilities as a separate line item on statement of financial position.

Lease modifications

Huixian Shi GCL accounts for a lease modification as a separate lease if:

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

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

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

Huixian Shi GCL as a lessee (prior to 1 January 2019)

All leases are classified as operating leases.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

Borrowing costs

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

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

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

Retirement benefit costs

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

Short-term employee benefits

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

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

Taxation

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

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

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

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

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

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

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

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

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

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

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

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, Huixian Shi GCL estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, it is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

Financial instruments

Financial assets and financial liabilities are recognised when Huixian Shi GCL becomes a party to the contractual provisions of the instruments.

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

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

Financial assets

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 January 2018)

Huixian Shi GCL's financial assets are classified into "loans and receivables", and the classification of which depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables, amount due from related companies and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses.

Interest income is recognised by applying the effective interest rate, except for short term receivables where the recognition of interest would be immaterial.

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in Note 3.2)

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

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

Amortised cost and interest income

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

Impairment of financial assets (before application of IFRS 9 on 1 January 2018)

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment directly for all financial assets. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (upon application of IFRS 9 in accordance with transitions in Note 3.2)

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

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

Huixian Shi GCL always recognises lifetime ECL for trade receivables and contract assets, including those with significant financing component. For all other instruments, Huixian Shi GCL measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, Huixian Shi GCL recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

The ECL on these assets are assessed individually for debtors by reference to historical default rates of debtors with relatively similar credit standing published by an enternal credit rating agency, adjusted for forward-looking informations that is available without undue cost or effort.

(i) Significant increase in credit risk

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

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

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

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

Huixian Shi GCL recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustments are recognised through allowance accounts.

Derecognition of financial assets

Huixian Shi GCL derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities including other payables, amounts due to related companies and bank borrowing are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

5. CRITICAL ACCOUNTING JUDGEMENTS

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

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the sole director of Huixian GCL has made in the process of applying Huixian Shi GCL's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Revenue recognition on tariff adjustments on sales of electricity

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

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

Huixian Shi GCL operates one solar power plant in the PRC and is admitted to the Catalogue during the year ended 31 December, 2018.

Accordingly, for the year ended 31 December 2017, which is prior to the application of IFRS 15, tariff adjustments of RMB12,919,000 was included in the sales of electricity as disclosed in Note 6, of which the on-grid solar power plant of Huixian Shi GCL was still pending for registration in the Catalogue, and the tariff adjustments was recognised as revenue based on the management judgement that the operating power plant of Huixian Shi GCL had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants. In making his judgement, the sole director of Huixian Shi GCL, taking into account the legal opinion of GNE's legal advisor, considered that Huixian Shi GCL's operating solar power plant had met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustments when the electricity delivered on grid. The sole director of Huixian Shi GCL is confident that Huixian Shi GCL's operating solar power plant was able to be registered in the Catalogue in due course and the accrued revenue on tariff adjustment are fully recoverable but only subject to timing of allocation of funds from the government, after considering that there are no bad debts experiences with the gird company in the past and the tariff adjustment is fully funded by the PRC government.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of electricity which is recognised at a point in time. Substantially, all of the revenue is derived from electricity sales to local grid companies in the PRC for the years ended 31 December 2017, 2018 and 2019, and six months ended 30 June 2019 and 30 June 2020.

For sales of electricity, Huixian Shi GCL generally entered into power purchase agreements with local grid company with a term of one year 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 RMB12,919,000, RMB13,325,000, RMB13,955,000, RMB7,062,000 (unaudited) and RMB7,669,000 (unaudited) tariff adjustments recognised during the years ended 31 December 2017, 2018 and 2019, and six months ended 30 June 2019 and 2020, respectively. Huixian Shi GCL generally grants credit period of approximately one month to customers from date of invoice in accordance with the power purchase agreements between Huixian Shi GCL and the local grid company. Huixian Shi GCL 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 state-owned grid companies for settlement to the solar power companies. Effective from March 2012, the application, approval and settlement of the tariff adjustment are subject to certain procedures as promulgated by Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加輔助資金管理暫行辦法). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustment.

In January 2020, the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (Caijian [2020] No. 4)* (《關於促進非水可再生能源發電健康發展的若干意見》) (財建[2020]4號) and the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (Caijian [2020] No. 5)* (《財政部國家發展改革委國家能源局關於印發〈可再生能源電價附加資金管理辦法〉的通知》) (財建[2020]5號) (the

"**2020 Measures**") were jointly announced by the Ministry of Finance, National Development and Reform Commission and National Energy Administration. In accordance with the new government policy as stipulated in the 2020 Measures, the PRC government will not announce new additions to the existing Catalogue and has simplified the application and approval process regarding the registration of tariff adjustments for non-hydro renewable energy power plant projects into the Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單, the "**List**"). The state grid companies will regularly announce the list based on the project type, time of grid connection and technical level of the solar power projects. All solar power plants already registered in the Catalogue will be enlisted in the List automatically. For those on-grid solar power projects which have already started operation but yet to register into the previous Catalogue and now, the List, these on-grid solar power projects are entitled to enlist into the List once they have met the conditions as stipulated on the Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) and completed the submission and application in the National Renewable Energy Information Management Platform (the "**Platform**").

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

For the year ended 31 December 2017, tariff adjustment is recognised at its initial fair value based on the prevailing nationwide government policies on renewable energy for the entitlement of the tariff subsidy when the electricity was delivery on grid, and are discounted to present values based on the expected timing of the receipt of trade receivables. The tariff adjustment receivables was adjusted for discounting effect based on an effective interest rate ranged from 2.65% to 3.44% per annum. As such, Huixian Shi GCL's revenue was adjusted by RMB897,000 and imputed interest on discounting effect on tariff adjustment receivables amounting to approximately RMB584,000 were recognised in 2017. Tariff adjustment receivables were included in trade receivables.

Huixian Shi GCL operates one solar power plant which is admitted to the Catalogue during the year ended 31 December 2018.

For the year ended 31 December 2018, for those tariff adjustments that are subject to approval for registration in the Catalogue by the PRC government, the relevant revenue from the tariff adjustments are considered variable consideration upon the application of IFRS 15, and are recognised only to the extent that it is highly probable that a significant reversal not occur and are included in contract assets. Management assessed that the solar power plant operated has qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plant. The contract assets of the solar power plant admitted to the Catalogue during 2018 is transferred to trade receivables upon such solar power plant obtained the approval for registration in the Catalogue in 2018.

Since certain of the tariff adjustments are yet to obtain approval for registration in the Catalogue by the PRC government, the management considers that it contains a significant financing component over the relevant portion of tariff adjustment until the end of the expected collection period. For the year ended 31 December 2018, the tariff adjustments was adjusted for this financing component based on an effective interest rate ranged from 2.65% to 3.44% per annum, and the adjustment in relation to revision of expected timing of tariff collection. As such, Huixian Shi GCL's revenue was adjusted by RMB334,000 and interest income amounting to approximately RMB1,350,000 were recognised for the years ended 31 December 2018.

The management of GNE regularly reviews the results of the solar power plant operates by Huixian Shi GCL when making decisions about allocating resources and assessing performance. No further segment information other than entity wide information was presented.

Geographical information

The operations of Huixian Shi GCL is solely located in the PRC. All revenue of Huixian Shi GCL are generated from a single external customer located in the PRC, and all its non-current assets are located in the PRC for the Relevant Periods.

7. OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest income of financial assets at amortised cost:					
– Bank interest income	52	40	40	26	25
– Interest income on amount due from an intermediate holding company	–	14	27	27	–
– Imputed interest on discounting effect on tariff adjustment receivables	584	–	–	–	–
Interest arising from contract containing significant financing component	–	1,350	377	377	–
Compensation income *(Note)*	–	2,621	–	–	–
Others	–	–	21	–	–
Total other income	636	4,025	465	430	25

Note: Amount represented the insurance compensation related to damages to property, plant and equipment incurred by a typhoon accident during the year ended 31 December 2018. Huixian Shi GCL had an insurance policy in place to cover such damages and the insurance compensation to the damages is finalised in the same year.

8. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on financial liabilities at amortised cost:					
Bank borrowing	5,148	4,678	4,215	2,149	1,924
Lease liabilities	–	–	353	174	176
Amount due from an intermediate holding company	–	1,096	219	219	–
Amount due from immediate holding company	–	80	46	25	–
Total finance costs	5,148	5,854	4,833	2,567	2,100

9. INCOME TAX EXPENSE

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
PRC Enterprise Income Tax ("**EIT**")	–	–	1,118	564	874

The basic tax rate of Huixian Shi GCL is 25% under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and implementation regulations of the EIT Law.

Huixian Shi GCL engaged in solar photovoltaic project, under the EIT Law and its relevant regulations, is entitled tax holidays of 3-year full exemption form 1 March 2016 to 28 February 2019 followed by 3-year 50% exemption from 1 March 2019 to 28 February 2022.

The tax charge for the Relevant Periods can be reconciled to the profit before taxation per for statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Profit before taxation	9,130	8,804	9,171	4,926	6,370
Tax at domestic income tax rate of 25%	2,283	2,201	2,293	1,232	1,593
Under-provision in prior year	–	–	–	–	71
Effect of tax exemptions and concessions granted	(2,361)	(1,947)	(1,258)	(582)	(797)
Others *(Note)*	78	(254)	83	(86)	7
Income tax expense for the year/period	–	–	1,118	564	874

Note: Huixian Shi GCL has deductible temporary differences arising from contract containing significant financing component of RMB1,132,000 and RMB116,000 at 31 December 2017 and 2018, respectively. No deferred tax asset has been recognised as the related deferred tax asset is considered insignificant given the preferential tax rate entitled by Huixian Shi GCL.

10. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Profit for the year/period has been arrived at after charging:					
Depreciation of:					
– Property, plant and equipment	5,109	5,790	5,994	2,994	3,002
– Right-of-use assets	–	–	378	189	185
Operating lease rental in respect of properties	621	569	–	–	–
Staff costs (including sole director's remuneration)					
– Salaries, wages and other benefits	561	353	383	178	262
– Retirement benefit scheme contributions	78	82	92	47	40

10A. DIRECTOR'S EMOLUMENTS AND EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUAL

(a) Director emoluments

The emoluments of the director of Huixian Shi GCL during the Relevant Periods are set out below:

Year ended 31 December 2017

Name of director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Meng Yonggang 孟永剛 *(Note i)*	–	–	–	–	–

Year ended 31 December 2018

Name of director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Meng Yonggang 孟永剛 *(Note i)*	–	–	–	–	–

Year ended 31 December 2019

Name of director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Meng Yonggang 孟永剛 *(Note i)*	–	–	–	–	–
Jiang Jianhua 姜建華 *(Note ii)*	–	–	–	–	–

Six months ended 30 June 2019 (unaudited)

Name of director	**Director's fee**	**Performance-related bonus**	**Salaries and other benefits**	**Retirement benefits scheme contribution**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Meng Yonggang 孟永剛 *(Note i)*	–	–	–	–	–
Jiang Jianhua 姜建華 *(Note ii)*	–	–	–	–	–

Six months ended 30 June 2020

Name of director	**Director's fee**	**Performance-related bonus**	**Salaries and other benefits**	**Retirement benefits scheme contribution**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Jiang Jianhua 姜建華 *(Note ii)*	–	–	–	–	–

Notes:

(i) Mr. Meng Yonggang resigned as the director of Huixian Shi GCL with effect from 31 July 2019.

(ii) Mr. Jianhua has been appointed as the director of Huixian Shi GCL with effect from 31 July 2019.

The emoluments, including director's fee, salaries and other benefits, bonus and retirement benefit scheme contributions, for the director of Huixian Shi GCL during the Relevant Periods were borne by a related company for his service as the director of Huixian Shi GCL.

The director did not waive any emoluments and no incentive paid on joining and compensation for the loss of office for the Relevant Periods.

There was no arrangement under which the director of Huixian Shi GCL waived or agreed to waive any remuneration for the Relevant Periods.

(b) Employees' emoluments

The five highest paid employees of Huixian Shi GCL during the Relevant Periods included 5 individuals for the years ended 31 December 2017, 2018 and 2019, and for the six months ended 30 June 2019 (unaudited) and 2020 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and other benefits	258	301	349	153	262
Performance-related bonus	151	52	34	25	–
Retirement benefits scheme contribution	62	82	92	47	40
	471	435	475	225	302

The number of highest paid employees who are not the sole director whose emoluments fell within the following band is as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	Number of employee	*Number of employee*	*Number of employee*	*Number of employee* (unaudited)	*Number of employee*
Nil to HK$1,000,000	5	5	5	5	5

11. DIVIDENDS

Dividends of RMB8,871,000, RMB8,500,000, RMB13,488,000; RMB7,008,000 (unaudited) and RMBnil were proposed and paid to ordinary shareholder of Huixian Shi GCL during the years ended 31 December 2017, 2018 and 2019, and six months ended 30 June 2019 and 2020, respectively.

12. EARNING PER SHARE

No information related to earnings per share to presented in the Historical Financial Information as such information is not meaningful for the purpose of accountants' report.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold Improvements, furnitures, fixtures & equipment	Power generators and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
At 1 January 2017	–	146	137,707	112	–	137,965
Additions	–	189	35	–	12,596	12,820
Transfer	–	–	12,596	–	(12,596)	–
At 31 December 2017 and 1 January 2018	–	335	150,338	112	–	150,785
Additions	–	12	–	–	7,448	7,460
Transfer	6,704	–	744	–	(7,448)	–
Written off	–	–	(2,730)	–	–	(2,730)
At 31 December 2018 and 1 January 2019	6,704	347	148,352	112	–	155,515
Additions	–	–	162	–	–	162
At 31 December 2019 and 1 January 2020, and 30 June 2020	6,704	347	148,514	112	–	155,677
Accumulated depreciation						
At 1 January 2017	–	4	4,521	20	–	4,545
Charge for the year	–	37	5,052	20	–	5,109
At 31 December 2017 and 1 January 2018	–	41	9,573	40	–	9,654
Charge for the year	668	57	5,044	21	–	5,790
Eliminated on written off	–	–	(109)	–	–	(109)
At 31 December 2018 and 1 January 2019	668	98	14,508	61	–	15,335
Charge for the year	252	64	5,658	20	–	5,994
At 31 December 2019 and 1 January 2020	920	162	20,166	81	–	21,329
Charge for the period	127	32	2,833	10	–	3,002
At 30 June 2020	1,047	194	22,999	91	–	24,331
Carrying values						
At 31 December 2017	–	294	140,765	72	–	141,131
At 31 December 2018	6,036	249	133,844	51	–	140,180
At 31 December 2019	5,784	185	128,348	31	–	134,348
At 30 June 2020	5,657	153	125,515	21	–	131,346

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

Buildings	2% – 4% or over the lease term, whichever is shorter
Power generators and equipment	4% per annum
Leasehold improvements, furniture, fixtures and equipment	20% – 25%
Motor vehicles	20% – 30%

The buildings are held under a lease in the PRC.

At 31 December 2018 and 2019 and 30 June 2020, Huixian Shi GCL was in the process of obtaining property ownership certificates in respect of property interests held under land use rights in the PRC with a carrying amount of approximately RMB6,036,000, RMB5,784,000 and RMB5,657,000, respectively. In the opinion of the sole director of Huixian Shi GCL, the absence of the property ownership certificates to these property interests does not impair their carrying value to Huixian Shi GCL as it has paid the full purchase consideration of these property interests and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

14. RIGHT-OF-USE ASSETS

	Leasehold lands *RMB'000*
Carrying amount	
At 1 January 2019	8,164
Depreciation charge	(378)
At 31 December 2019	7,786
Depreciation charge	(185)
At 30 June 2020	7,601
Total cash outflow for leases *(Note)*	
– for the year ended 31 December 2019	334
– for the six months ended 30 June 2020	–
– for the six months ended 30 June 2019 (unaudited)	30

Note: Amount includes payments of principal and interest portion of lease liabilities.

For the year ended 31 December 2019 and for the six months ended 30 June 2020, Huixian Shi GCL leases lands for its operations. Lease contract is entered into for fixed term of twenty years, but may have extension option as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, Huixian Shi GCL applies the definition of a contract and determines the period for which the contract is enforceable.

Huixian Shi GCL has extension option in the lease for the leasehold land. This is used to maximise operational flexibility in terms of managing the assets used in Huixian Shi GCL's operations. The extension option held is exercisable only by Huixian Shi GCL and not by the respective lessor.

Huixian Shi GCL assessed at lease commencement date/date of initial application whether it is reasonably certain to exercise the extension options. There is no extension option which Huixian Shi GCL is not reasonably certain to exercise. At 31 December 2019 and 30 June 2020, lease liabilities with the exercise of extension option of RMB6,583,000 and RMB6,759,000 are recognised, respectively.

In addition, Huixian Shi GCL reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2019 and six months ended 30 June 2020, there is no such triggering event.

Details of the lease maturity analysis of lease liabilities are set out in Note 21.

15. AMOUNTS DUE FROM/TO RELATED COMPANIES

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from:				
– intermediate holding company	–	5,940	–	–
– fellow subsidiaries	2,125	1,075	777	289
	2,125	7,015	777	289
Amounts due to:				
– immediate holding company	26,890	36,487	45,192	40,749
– intermediate holding company	4,897	–	7,741	7,741
– fellow subsidiaries	2,353	7,646	–	50
	34,140	44,133	52,933	48,540

Except for the amounts due to related companies of approximately RMB18,019,000 and RMB18,019,000 at 31 December 2018 and 2019, respectively, which have no fixed repayment terms, repayable on demand and interest bearing with interest rate of at 6.00% per annum, and ranging from 1.00% to 6.00% per annum, respectively, the remaining amounts with related companies are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

In the opinion of the sole director, it is expected that the amounts due from related companies would be settled by the related companies within 1 year from each reporting period.

16. PREPAYMENTS AND OTHER NON-CURRENT ASSETS

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for EPC contracts and constructions *(Note a)*	5,157	4,665	4,665	5,655
Refundable value-added tax *(Note b)*	7,266	3,354	969	49
Prepaid rent of parcels of land	92	979	–	–
	12,515	8,998	5,634	5,704

Notes: (a) Prepayments for the engineering, procurement and constructions represent payment in advance to contractors which will be transferred to property, plant and equipment in accordance with the percentage of completion of the constructions.

(b) Amount represents refundable value-added tax arising from purchase of property, plant and equipment and would be utilised by Huixian Shi GCL over 12 months from the end of the reporting period.

17. TRADE AND OTHER RECEIVABLES

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	31,254	24,991	39,391	40,337
Prepayments and deposits	34	711	16	22
Other receivables				
– Refundable value-added tax	3,514	3,523	2,939	3,072
– Others	44	38	1,032	–
	34,846	29,263	43,378	43,431

At 1 January 2018, trade receivables from contract with customer amounted to RMB1,355,000.

For sales of electricity in the PRC, Huixian Shi GCL generally grants credit period of approximately one month to power grid company in the PRC from the date of invoice in accordance with the electricity sales contract between Huixian Shi GCL and the grid company.

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

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unbilled *(Note)*	30,569	24,991	33,493	34,906
0 – 90 days	685	–	4,551	5,431
91 – 180 days	–	–	1,347	–
	31,254	24,991	39,391	40,337

Note: At 31 December 2017, amount represented unbilled basic tariff receivables as well as tariff adjustment for the solar power plant which is not yet registered in the Catalogue. At 31 December 2018 and 2019 and 30 June 2020, the amount represented unbilled basic tariff receivables and tariff adjustments of the solar power which is already registered in the Catalogue. The sole director of Huixian Shi GCL expect the unbilled tariff adjustments would be generally billed and settled within 1 year from the end of each reporting date. The aged analysis of the unbilled trade receivables, which is based on revenue recognition date, are as follows:

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 – 90 days	3,592	3,303	5,303	7,698
91 – 180 days	4,411	4,552	3,565	1,910
181 – 365 days	8,487	7,830	8,102	8,256
Over 365 days	14,079	9,306	16,523	17,042
	30,569	24,991	33,493	34,906

At 31 December 2017, 2018, 2019 and 30 June 2020, included in these trade receivables are debtor with aggregate carrying amount of RMBnil, RMBnil, RMB5,283,957 and RMBnil, respectively, which are past due as at the end of the reporting date. These trade receivables relate to a customer represented a local grid company in the PRC, for whom there is no recent history of default. Huixian Shi GCL does not hold any collaterals over these balances.

18. BANK BALANCES

Bank balances carry interest at floating rates range from 0.01% to 0.385% per annum or fixed rates range from 0.18% to 2.75% per annum for the Relevant Periods.

Details of impairment assessment are set out in Note 24b.

19. OTHER PAYABLES

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payables for purchase of plant and machinery and construction costs	169	3,519	3,568	3,691
Other tax payables	892	–	–	1
Other payables	1,793	448	806	265
Accruals				
– Staff costs	235	105	40	40
– Others	307	175	405	236
	3,396	4,247	4,819	4,233

Huixian Shi GCL has financial risk management policies in place to ensure settlement of payables within the credit time frame.

20. BANK BORROWING

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The carrying amount of the borrowing repayable:				
Within one year	9,000	9,000	9,000	9,000
More than one year, but not exceeding two years	9,000	9,000	9,000	9,000
More than two years, but not exceeding five years	27,000	27,000	27,000	27,000
More than five years	47,000	38,000	29,000	24,500
	92,000	83,000	74,000	69,500
Less: Amount due within one year shown under current liabilities	(9,000)	(9,000)	(9,000)	(9,000)
Amount due after one year	83,000	74,000	65,000	60,500

The variable-rate bank borrowing is guaranteed by an intermediate holding company and denominated in RMB. The effective interest rate (which is also equal to contracted interest rate) is at 108.45% of benchmark borrowing rate of the PRC per annum throughout the Relevant Periods.

21. LEASE LIABILITIES

	At 31 December 2019	At 30 June 2020
	RMB'000	*RMB'000*
Lease liabilities payable:		
Within one year	–	–
Within a period of more than one years but not more than two years	1,044	1,220
Within a period of more than two years but not more than five years	1,396	1,396
Within a period of more than five years	4,143	4,143
	6,583	6,759
Less: Amount due for settlement with 12 months shown under current liabilities	–	–
Amount due for settlement after 12 months shown under non-current liabilities	6,583	6,759

All lease liabilities are denominated in RMB.

22. PAID-UP CAPITAL

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered and paid-up capital	51,820	51,820	51,820	51,820

23. CAPITAL MANAGEMENT

Huixian Shi GCL manages its capital to ensure that entities in Huixian Shi GCL will be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balance. Huixian Shi GCL's overall strategy remains unchanged for the Relevant Periods.

The capital structure of Huixian Shi GCL consists of net debt, which mainly includes amounts due to related companies, bank borrowing and lease liabilities, net of cash and cash equivalents, and equity attributable to owners of Huixian Shi GCL, comprising paid-up capital and reserves.

The sole director of Huixian Shi GCL reviews the capital structure on a periodical basis. As part of this review, the sole director of Huixian Shi GCL consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the sole director of Huixian Shi GCL, Huixian Shi GCL will balance its overall capital structure through the payment of dividends, new capital injection and capital divestment as well as issue of new debts or the redemption of existing debt.

24. FINANCIAL INSTRUMENTS

24a. Categories of financial instruments

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Loan and receivables (including cash and cash equivalents)	33,460	–	–	–
Amortised cost	–	39,390	43,702	42,905
Financial liabilities				
Amortised cost	128,102	131,100	131,307	121,996
Lease liabilities	–	–	6,583	6,759

24b. Financial risk management objectives and policies

Huixian Shi GCL's major financial instruments include trade and other receivables, amounts due from related companies, bank balances and cash, other payables, amounts due to related companies, bank borrowing and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

Huixian Shi GCL is exposed to fair value interest rate risk in relation to amounts due to related Companies (see Note 15) and lease liabilities (see Note 21). Huixian Shi GCL is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 18), and the management has considered that the cash flow interest rate risk is limited because the current market interest rates on general deposits are relatively low and stable.

Additionally, Huixian Shi GCL's bank borrowing is issued at variable rate which expose Huixian Shi GCL to cash flow interest rate risk. Huixian Shi GCL currently does not have a hedging policy on interest rate exposure. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. Huixian Shi GCL's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rates risks. The analysis is prepared assuming the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. The following represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, Huixian Shi GCL's profit for the years ended 31 December 2017, 2018, 2019, and six months ended 30 June 2020 would have decreased/increased by approximately RMB460,000, RMB415,000, RMB324,000 and RMB304,000, respectively. This is mainly attributable to Huixian Shi GCL's exposure to interest rates on its variable-rate bank borrowing.

In the opinion of the sole director of Huixian Shi GCL, the sensitivity analysis is not representative of Huixian Shi GCL's exposure to interest rate risk for the Relevant Periods.

Credit risk (before application of IFRS 9 on 1 January 2018)

At 31 December 2017, financial assets whose carrying amounts best represent the maximum exposure to credit risk.

In order to minimum the credit risk, Huixian Shi GCL reviews recoverable amount of the trade debt periodically to ensure that adequate impairment losses has been made for irrecoverable amounts. Huixian Shi GCL has a credit control policy in place under which credit evaluations of the customer is performed on its customer requiring credit.

Credit risk on sales of electricity is concentrated on one customer. However, as the customer is a local grid company, which is a state-owned company with good repayment history. The management accordingly considers that there is no significant credit risk on the sales of electricity.

Credit risk on bank balances is limited because the counterparties are reputable banks in the PRC.

Credit risk and impairment assessment (upon application of IFRS 9 on 1 January 2018)

Credit risk refers to the risk that Huixian Shi GCL's counterparties default on their contractual obligations resulting in financial losses to Huixian Shi GCL. Huixian Shi GCL's credit risk exposures are primarily attributable to trade receivables, bank balances, amounts due from related companies and other receivables, Huixian Shi GCL does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

Trade receivables arising from contracts with customers

The credit risk on trade receivables is limited because the sole customer, a local grid company, which is also a subsidiary of the state-owned grid company in the PRC. Furthermore, the tariff adjustments is funded by the Renewable Energy Development Fund which is administrated by the Ministry of Finance and well-supported by the PRC government.

100% of Huixian Shi GCL's trade receivables is contributed by a single customer located in the PRC.

Huixian Shi GCL always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by reference to historical default rates of debtors with relatively similar credit standing published by an external credit rating agency and adjusted for financial information that available without undue cost and effort.

Based on the loss rates, the ECL on trade receivables is considered to be insignificant.

Bank balances

The credit risks on bank balances are limited because the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit-rating agencies in the PRC and Hong Kong.

Huixian Shi GCL assessed 12m ECL for bank balances by reference to information relating to average loss rate of the respective credit rating grades published by external credit rating agencies.

Based on the average loss rates, the ECL on bank balances is considered insignificant.

Other receivables and amounts due from related companies

In relation to amounts due from related companies and other receivables, the management performs impairment assessment on the balances on a periodic basis. In assessing the probability of defaults of the amounts due from related companies and other receivables, the management has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward looking information that is available without undue cost or effort. Since the counterparties are mainly engaged in solar power industry in which their major current assets are tariff receivables, the collection of which is well supported by government policies; accordingly, the management considered the credit risk is limited.

For the purpose of impairment assessment of other receivables and amounts due from related parties, the loss allowance is measured at an amount equal to 12m ECL. In determining the ECL of other receivables and amounts due from related parties, after taking into account of the aforesaid factors and the forward looking information that is available without undue cost or effort, and considering the debtors operate in the solar power industry which is well supported by the prevailing government policies, the management considered the ECL provision for amounts due from related parties and other receivables is insignificant.

Huixian Shi GCL's internal credit risk grading assessment comprises the following categories:

Internal credit rating	**Description**	**Trade receivables**	**Other financial assets/other items**
Low risk	The counterparty has a low risk of default of counterparties	Lifetime ECL - not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and Huixian Shi GCL has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of Huixian Shi GCL's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m ECL or lifetime ECL	Gross carrying amount		
					At 31 December		At 30 June
					2018	2019	2020
					RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost							
Amount due from related companies	*15*	N/A	Low risk *(Note a)*	12m ECL	7,015	777	289
Bank balances	*18*	A1 to Aa1	N/A	12m ECL	7,346	2,502	2,268
Other receivables	*17*	N/A	Low risk *(Note a)*	12m ECL	38	1,032	–
Trade receivables	*17*	N/A	Low risk *(Note b)*	life time ECL	24,991	39,391	40,337

a. For the purposes of internal credit risk management, Huixian Shi GCL uses repayment history or other relevant information to assess whether credit risk has increased significantly since initial recognition. At 31 December 2018 and 2019, and 30 June 2020, the balances of amounts due from related companies and other receivables are not past due and the internal credit rating of these balances are considered as low risk.

b. For trade receivables and contract assets, Huixian Shi GCL has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Huixian Shi GCL determines the ECL on trade receivables individually.

As part of Huixian Shi GCL's credit risk management, Huixian Shi GCL applies internal credit rating for its customer in relation its solar energy business operations. The following table provides information about the exposure to credit risk for trade receivables of Huixian Shi GCL.

At 31 December 2018

Internal credit rating	Loss rate	Trade receivables
		RMB'000
Low risk	0.04%	24,991

At 31 December 2019

Internal credit rating	Loss rate	Trade receivables
		RMB'000
Low risk	0.03%	39,391

At 30 June 2020

Internal credit rating	Loss rate	Trade receivables
		RMB'000
Low risk	0.06%	40,337

The estimated loss rates are by reference to historical default rates of debtors with relatively similar credit standing published by an external credit rating agency are adjusted for forward-looking information that is available without undue cost or effort. The sole director of Huixian Shi GCL are of the opinion that the ECL for trade receivables is insignificant during the Relevant Periods.

Liquidity risk

At 31 December 2017, 2018 and 2019, and 30 June 2020, Huixian Shi GCL current liabilities exceeded its current assets by RMB9,528,000, RMB13,756,000, RMB20,198,000 and RMB15,909,000, respectively. Huixian Shi GCL is exposed to liquidity risk if it is not able to raise fund to meet its financial obligations.

In the management of the liquidity risk, Huixian Shi GCL monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance Huixian Shi GCL's operations and mitigate the effects of fluctuation in cash flows.

Huixian Shi GCL relies on the financial support from GNE. Despite uncertainties and measures mentioned in Note 2, the sole director of Huixian Shi GCL is of the opinion that the GNE Group will be able to meet its commitment to provide funds to Huixian Shi GCL, and will have sufficient working capital to meet its cash flow requirements in the next twelve months from the end of each reporting period.

The following tables detail Huixian Shi GCL's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which Huixian Shi GCL can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the contractual repayment dates.

The tables includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

Liquidity and interest rate risk tables

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2017								
Other payables	–	1,962	–	–	–	–	1,962	1,962
Amounts due to related companies	–	34,140	–	–	–	–	34,140	34,140
Bank borrowing-variable rate	4.94%	–	13,435	12,990	36,311	53,588	116,324	92,000
Total		36,102	13,435	12,990	36,311	53,588	152,426	128,102

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018								
Other payables	–	3,968	–	–	–	–	3,968	3,968
Amounts due to related companies	2.45%	44,133	–	–	–	–	44,133	44,133
Bank borrowing-variable rate	4.94%	–	12,990	12,555	34,967	42,377	102,889	83,000
		48,101	12,990	12,555	34,967	42,377	150,990	131,101

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2019								
Other payables	–	4,374	–	–	–	–	4,374	4,374
Amounts due to related companies	2.19%	52,933	–	–	–	–	52,933	52,933
Bank borrowing-variable rate	4.94%	–	12,555	12,100	33,638	31,606	89,899	74,000
Sub-total		57,307	12,555	12,100	33,638	31,606	147,206	131,307
Lease liabilities	5.39%	–	–	1,863	1,863	7,402	11,128	6,583
Total		57,307	12,555	13,963	35,501	39,008	158,334	137,890

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 30 June 2020								
Other payables	–	3,956	–	–	–	–	3,956	3,956
Amounts due to related companies	–	48,540	–	–	–	–	48,540	48,540
Bank borrowing-variable rate	4.94%	–	12,323	11,879	32,973	26,391	83,566	69,500
Sub-total		52,496	12,323	11,879	32,973	26,391	136,062	121,996
Lease liabilities	5.39%	–	–	1,863	1,863	7,402	11,128	6,759
Total		52,496	12,323	13,742	34,836	33,793	147,190	128,785

The amounts included above for variable-rate bank borrowing are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

24c. Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The sole director of Huixian Shi GCL considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

25. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Huixian Shi GCL's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in Huixian Shi GCL's statements of cash flows as cash flows from financing activities.

	Accrued interest expense	Amounts due to related companies	Bank borrowing	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	163	28,930	101,000	–	130,093
Financing cash flows	(5,159)	(3,661)	(9,000)	–	(17,820)
Finance costs	5,148	–	–	–	5,148
Dividend declared	–	8,871	–	–	8,871
At 31 December 2017 and 1 January 2018	152	34,140	92,000	–	126,292
Financing cash flows	(4,695)	317	(9,000)	–	(13,378)
Finance costs	4,678	1,176	–	–	5,854
Dividend declared	–	8,500	–	–	8,500
At 31 December 2018	135	44,133	83,000	–	127,268
Adjustment upon application of IFRS 16	–	–	–	6,564	6,564
At 1 January 2019	135	44,133	83,000	6,564	133,832
Financing cash flows	(4,228)	(4,953)	(9,000)	(334)	(18,515)
Finance costs	4,215	265	–	353	4,833
Dividend declared	–	13,488	–	–	13,488
At 31 December 2019 and 1 January 2020	122	52,933	74,000	6,583	133,638
Financing cash flows	(1,942)	(4,393)	(4,500)	–	(10,835)
Finance costs	1,924	–	–	176	2,100
At 30 June 2020	104	48,540	69,500	6,759	124,903

26. OPERATING LEASES

Huixian Shi GCL as lessee

	Year ended 31 December	
	2017	**2018**
	RMB'000	*RMB'000*
Minimum lease payments paid under operating leases during the year:		
Land	621	621
	621	621

Huixian Shi GCL's commitments for future minimum lease payments under non-cancellable operating leases including lease payments during renewal period in which renewals are reasonably certain, which fall due as follows:

	At 31 December	
	2017	**2018**
	RMB'000	*RMB'000*
Within one year	–	–
In the second to fifth year inclusive	1,863	263
After five years	9,939	9,939
	11,802	10,202

Leases are negotiated and rentals are fixed for term of 20 years for parcel of land for the years ended 31 December 2017 and 2018. The lease agreement entered into between the landlord and Huixian Shi GCL include renewal options at the discretion of the respective group entities for further 5 years from the end of the leases with fixed rental.

27. CAPITAL COMMITMENTS

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Construction commitments in respect of solar power plant project contracted for but not provided in Historical Financial Information	2,290	–	–	–

28. PLEDGE OF ASSETS/RESTRICTIONS ON ASSETS

Huixian Shi GCL's borrowing had been secured by the pledge of its assets and the carrying amounts of the respective assets are as follow:

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	141,131	140,180	134,348	131,346
Trade receivables	31,254	24,991	39,391	40,337
	172,385	165,171	173,739	171,683

Huixian Shi GCL's secured bank borrowing was secured, individually or in combination, by (i) certain property, plant and equipment of Huixian Shi GCL; (ii) trade receivables and fee collection rights in relation to the sales of electricity and (iii) certain right-of-use assets of Huixian Shi GCL.

Restrictions on assets

In addition, lease liabilities of RMB6,583,000 and RMB6,759,000, respectively, are recognised with related right-of-use assets of RMB7,786,000 and RMB7,601,000, respectively, at 31 December 2019, and 30 June 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by lessor and the relevant leased assets may not be used as security for borrowing purposes.

29. RELATED PARTY DISCLOSURES

Except as disclosed elsewhere in the Historical Financial Information, no transactions or arrangements are entered by Huixian Shi GCL with related parties.

Details of the remuneration for the key management personnel, which represents the sole director of Huixian Shi GCL, are set out in Note 10A.

30. EVENTS AFTER THE RELEVANT PERIODS

Subsequent to 30 June 2020 and up to the date of this report, Huixian Shi GCL has no significant event occurred.

31. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Huixian Shi GCL have been prepared in respect of any period subsequent to 30 June 2020 and up to the date of this report.

The following is the text of a report set out on pages II-219 to II-274, received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, for the purpose of incorporation in this circular.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF RUYANG GCL NEW ENERGY CO., LTD. TO THE DIRECTORS OF GCL-POLY ENERGY HOLDINGS LIMITED

Introduction

We report on the historical financial information of Ruyang GCL New Energy Co., Ltd. ("**Ruyang GCL**") set out on pages II-223 to II-274, which comprises the statements of financial position of Ruyang GCL at 31 December 2017, 2018 and 2019 and 30 June 2020, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of Ruyang GCL for each of the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-223 to II-274 forms an integral part of this report, which has been prepared for inclusion in the circular of GCL-Poly Energy Holdings Limited (the "**Company**") dated 4 December 2020 (the "**Circular**") in connection with the very substantial disposal of subsidiaries and possible very substantial acquisition via the grant of put options by the Company.

Sole director's responsibility for the Historical Financial Information

The sole director of Ruyang GCL is responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the sole director of Ruyang GCL determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director of Ruyang GCL, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of Ruyang GCL's financial position at 31 December 2017, 2018 and 2019 and 30 June 2020 and of Ruyang GCL's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Material uncertainty related to going concern

We draw attention to Note 2 to the Historical Financial Information which indicates that at 31 December 2019 and 30 June 2020, the current liabilities of Ruyang GCL exceeded its current assets by approximately RMB58,070,000 and RMB24,612,000, respectively, and the ability of Ruyang GCL to continue as a going concern is highly dependent upon the financial support from GCL New Energy Holdings Limited ("**GNE**"), a non-wholly owned subsidiary of the Company and the intermediate holding company of Ruyang GCL, until the completion of the disposal of Ruyang GCL. At 30 June 2020, GNE and its subsidiaries (collectively referred to as the "**GNE Group**") had current liabilities which exceeded its current assets by approximately RMB6,510,001,000. The directors of GNE have performed an assessment of the GNE Group's future liquidity and cash flows which included a review of assumptions about the likelihood of successful implementation of financial plans and other measures to ensure that the GNE Group will generate adequate financing and operating cash flows and are of the opinion that the GNE Group will be able to meet its commitment to provide funds to Ruyang GCL. However, the GNE Group's likelihood of successful implementation of financial plans and other measures indicates a material uncertainty exists that may cast significant doubt on the GNE Group's commitment to provide funds to Ruyang GCL and, in turn, the ability of Ruyang GCL to continue as a going concern. Our opinion is not modified in respect of this matter.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of Ruyang GCL which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2019 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The sole director of Ruyang GCL is responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial

Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. As described in the Material uncertainty related to going concern section in this report, we draw attention to the fact that a material uncertainty exists that may cast significant doubt on the ability of Ruyang GCL to continue as a going concern. Our conclusion is not modified in respect of this matter.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-222 have been made.

Dividends

We refer to Note 11 to the Historical Financial Information which contains information about the dividend declared and paid by Ruyang GCL in respect of the Relevant Periods.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

4 December 2020

HISTORICAL FINANCIAL INFORMATION OF RUYANG GCL

The financial statements of Ruyang GCL for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards issued by International Accounting Standards Board and were audited by us in accordance with Hong Kong Standards on Auditing issued by HKICPA as set out in Note 2 to the Historical Financial Information ("**Underlying Financial Statements**").

The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	NOTES	**2017**	**2018**	**2019**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Revenue	*6*	58,933	81,369	90,274	45,210	49,372
Cost of sales		(22,481)	(23,869)	(26,871)	(11,921)	(12,143)
Gross profit		36,452	57,500	63,403	33,289	37,229
Other income	*7*	4,104	10,524	2,170	1,444	661
Other expense	*7*	–	(1,500)	–	–	–
Gain (loss) on disposal of property, plant and equipment		–	17	–	–	(2)
Administrative expenses		(504)	(773)	(715)	(421)	(321)
Finance costs	*8*	(14,541)	(26,416)	(26,222)	(13,207)	(12,228)
Profit before taxation		25,511	39,352	38,636	21,105	25,339
Income tax expenses	*9*	(749)	(4)	(2,679)	(1,629)	(3,108)
Profit and total comprehensive income for the year/period	*10*	24,762	39,348	35,957	19,476	22,231

STATEMENTS OF FINANCIAL POSITION

	NOTES	At 31 December 2017 RMB'000	At 31 December 2018 RMB'000	At 31 December 2019 RMB'000	At 30 June 2020 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	*14*	503,052	532,564	516,726	506,370
Right-of-use assets	*15*	–	–	12,924	12,632
Prepayment and other non-current assets	*17*	58,539	43,565	32,020	26,531
Contract assets	*18B*	–	20,839	37,666	19,014
Pledged bank deposits	*19*	23,500	23,500	23,668	23,668
		585,091	620,468	623,004	588,215
CURRENT ASSETS					
Trade and other receivables	*18A*	90,796	72,062	86,858	98,554
Contract assets	*18B*	–	–	–	28,520
Amounts due from related companies	*16*	74,261	17,510	11,518	14,492
Bank balances	*19*	28,267	52,358	22,975	14,669
		193,324	141,930	121,351	156,235
CURRENT LIABILITIES					
Other payables	*20*	11,345	14,558	7,350	6,896
Amounts due to related companies	*16*	100,919	80,836	122,143	125,032
Tax payable		749	4	428	1,969
Bank borrowings	*21*	14,500	38,500	47,475	46,950
Lease liabilities	*22*	–	–	2,025	–
		127,513	133,898	179,421	180,847
NET CURRENT ASSETS (LIABILITIES)		65,811	8,032	(58,070)	(24,612)
TOTAL ASSETS LESS CURRENT LIABILITIES		650,902	628,500	564,934	563,603
NON-CURRENT LIABILITIES					
Bank borrowings	*21*	484,500	446,000	398,525	375,050
Lease liabilities	*22*	–	–	8,438	8,351
		484,500	446,000	406,963	383,401
NET ASSETS		166,402	182,500	157,971	180,202
CAPITAL AND RESERVES					
Paid-up capital	*23*	146,000	146,000	146,000	146,000
Reserves		20,402	36,500	11,971	34,202
TOTAL EQUITY		166,402	182,500	157,971	180,202

STATEMENTS OF CHANGES IN EQUITY

	Paid-up capital *RMB'000*	Legal reserve *RMB'000* *(Note)*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2017	84,000	2,087	14,711	100,798
Capital injection *(Note 23)*	62,000	–	–	62,000
Profit and total comprehensive income for the year	–	–	24,762	24,762
Transfer to legal reserve	–	3,152	(3,152)	–
Dividend declared *(Note 11)*	–	–	(21,158)	(21,158)
At 31 December 2017 and 1 January 2018	146,000	5,239	15,163	166,402
Profit and total comprehensive income for the year	–	–	39,348	39,348
Transfer to legal reserve	–	2,980	(2,980)	–
Dividend declared *(Note 11)*	–	–	(23,250)	(23,250)
At 31 December 2018 and 1 January 2019	146,000	8,219	28,281	182,500
Profit and total comprehensive income for the year	–	–	35,957	35,957
Transfer to legal reserve	–	3,557	(3,557)	–
Dividend declared *(Note 11)*	–	–	(60,486)	(60,486)
At 31 December 2019 and 1 January 2020	146,000	11,776	195	157,971
Profit and total comprehensive income for the period	–	–	22,231	22,231
At 30 June 2020	146,000	11,776	22,426	180,202
At 1 January 2019 (audited)	146,000	8,219	28,281	182,500
Profit and total comprehensive income for the period	–	–	19,476	19,476
Transfer to legal reserve	–	5	(5)	–
Dividend declared *(Note 11)*	–	–	(29,126)	(29,126)
At 30 June 2019 (unaudited)	146,000	8,224	18,626	172,850

Note: Legal reserve represent the amounts set aside from the retained earnings and is not distributable as dividend. In accordance with the relevant regulations and the articles of association of Ruyang GCL, it is required to allocate at least 10% of its after-tax profit according to the PRC (as defined in Note 1) accounting standards and regulations to legal reserve until such reserve has reached 50% of registered capital. The reserve can only be used for specific purposes and are not distributable or transferable to the loans, advances and cash dividends.

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating activities					
Profit before taxation	25,511	39,352	38,636	21,105	25,339
Adjustments for:					
Depreciation of right-of-use assets	–	–	597	298	292
Depreciation of property, plant and equipment	13,325	19,538	21,365	10,549	10,748
Finance costs	14,541	26,416	26,222	13,207	12,228
Interest income	(1,870)	(5,324)	(1,926)	(1,200)	(644)
(Gain) loss on disposal of property, plant and equipment	–	(17)	–	–	2
Operating profit before movements in working capital	51,507	79,965	84,894	43,959	47,965
(Increase) decrease in trade and other receivables	(49,266)	46,565	(7,056)	(16,932)	(11,696)
Increase in contract assets	–	(39,503)	(15,933)	(7,789)	(9,242)
(Increase) decrease in prepayments and other non-current assets	(12,903)	5,589	1,801	4,642	6,046
Increase (decrease) in other payables	3,387	(1,868)	(262)	(398)	(604)
Cash (used in) from operations	(7,275)	90,748	63,444	23,482	32,469
Income tax paid	–	(749)	(2,255)	–	(1,567)
Net cash (used in) from operating activities	(7,275)	89,999	61,189	23,482	30,902
Investing activities					
Interest received	455	7,004	262	5	54
Payments for construction and purchase of property, plant and equipment	(242,746)	(38,918)	(13,105)	(4,472)	(751)
Proceed from disposal of property, plant and equipment	12,094	250	–	–	17
Placement of pledged bank deposits	(23,500)	–	(40,161)	(39,993)	–
Withdrawal of pledged bank deposits	–	–	39,993	–	–
Advance to an intermediate holding company	(36,560)	–	(9,117)	–	–
Advance to associates of immediate holding company	–	–	(1,712)	(1,712)	–
Repayment from associates of immediate holding company	–	–	1,680	–	–
Advance to fellow subsidiaries	(14,840)	(2,832)	(1,264)	(753)	(3,018)
Repayment from fellow subsidiaries	10,840	11,487	13,172	–	–
Repayment from an associate of immediate holding company	–	–	–	–	32
Repayment from intermediate holding companies	–	42,776	3,233	3,233	12
Net cash (used in) from investing activities	(294,257)	19,767	(7,019)	(43,692)	(3,654)

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Financing activities					
Interest paid	(15,292)	(27,842)	(26,137)	(13,300)	(12,294)
Proceeds from bank borrowings	499,000	–	–	–	–
Repayment of bank borrowings	–	(14,500)	(38,500)	(14,500)	(24,000)
Repayment of lease liabilities	–	–	–	–	(2,149)
Repayment of other borrowings	(260,000)	–	–	–	–
Capital injection	62,000	–	–	–	–
Advance from immediate holding company	22,377	–	17,249	–	2,566
Advance from intermediate holding companies	–	1,026	–	–	–
Advances from fellow subsidiaries	39,868	–	2,544	2,544	323
Repayment to an intermediate holding company	–	(34,500)	–	–	–
Repayment to fellow subsidiaries	(23,709)	(9,859)	(38,709)	–	–
Net cash from (used in) financing activities	324,244	(85,675)	(83,553)	(25,256)	(35,554)
Net increase (decrease) in cash and cash equivalents	22,712	24,091	(29,383)	(45,466)	(8,306)
Cash and cash equivalents at the beginning of the year/period	5,555	28,267	52,358	52,358	22,975
Cash and cash equivalents at the end of the year/period	28,267	52,358	22,975	6,892	14,669

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Ruyang GCL New Energy Co., Ltd. ("**Ruyang GCL**") was established in the People's Republic of China (the "**PRC**") on 29 August 2014. Its immediate holding company is Suzhou GCL New Energy Investment Co., Ltd., a company incorporated in the PRC. Its intermediate holding company is GCL New Energy Holdings Limited ("**GNE**"), an exempted company with limited liability incorporated in Bermuda. The shares of GNE are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate holding company is GCL-Poly Energy Holdings Limited, a company incorporated in the Cayman Islands and listed on the Stock Exchange. The address of the registered office and principal place of the business of Ruyang GCL is 3/F, People's Government of Chengguan, Ruyuan, Henan.

Ruyang GCL is principally engaged in the sale of electricity in the PRC.

The Historical Financial Information is presented in Renminbi ("**RMB**"), which is the same as the functional currency of Ruyang GCL.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRS Standards**") (which collective term include all applicable IFRS Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**"), except that the comparative figures for the year ended 31 December 2017 have not been presented. Further details of the significant accounting policies adopted are set out in Note 3 and 4.

At 31 December 2019 and 30 June 2020, Ruyang GCL's current liabilities exceeded its current assets by approximately RMB58,070,000 and RMB24,612,000, respectively. the ability of Ruyang GCL to continue as a going concern is highly dependent upon the financial support from GNE, until the completion of the disposal of Ruyang GCL. At 30 June 2020, GNE and its subsidiaries (collectively referred to as the "**GNE Group**") had current liabilities which exceeded its current assets by approximately RMB6,510,001,000. The directors of GNE have performed an assessment of the GNE Group's future liquidity and cash flows which included a review of assumptions about the likelihood of successful implementation of financial plans and other measures to ensure that the GNE Group will generate adequate financing and operating cash flows and are of the opinion that the GNE Group will be able to meet its commitment to provide funds to Ruyang GCL. The directors of GNE are satisfied that the GNE Group would have sufficient working capital to meet its financial obligations and to support Ruyang GCL to meet its financial obligations as and when they fall due for the coming twelve months from the end of the reporting period. Accordingly, the sole director of Ruyang GCL is of the opinion that the GNE Group will be able to meet its commitment to provide funds to Ruyang GCL.

Notwithstanding the above, a significant uncertainty exists as to the GNE Group's commitment to provide funds to Ruyang GCL. The sufficiency of the GNE Group's working capital is dependent on the GNE Group's ability to generate sufficient financing and operating cash flows through successful renewal if its bank borrowings upon expiry, compliance with the covenants under borrowing agreements. Should the GNE Group be unable to provide financial support to Ruyang GCL as committed and, in turn, Ruyang GCL be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the assets of Ruyang GCL 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 Historical Financial Information.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS STANDARDS

New and amendments to IFRS Standards that are mandatorily effective during the Relevant Periods

The IASB has issued a number of new and revised IFRS Standards which were relevant to Ruyang GCL and became effective during the Relevant Periods. In preparing the Historical Financial Information, Ruyang GCL has applied all these new and revised IFRS Standards which are effective for Ruyang GCL's accounting period beginning on 1 January 2017, 1 January 2018, 1 January 2019 and 1 January 2020 consistently throughout the Relevant Periods to the extent required or allowed by transitional provisions in the IFRS Standards, except that Ruyang GCL adopted (i) IFRS 9 *Financial Instruments* ("**IFRS 9**") and IFRS 15 *Revenue from Contracts with Customers* ("**IFRS 15**") on 1 January 2018 based on the specific transitional provision and applied IAS 39 *Financial Instruments: Recognition and Measurement* ("**IAS 39**") and IAS 18 *Revenue* ("**IAS 18**") prior to 1 January 2018; and (ii) IFRS 16 *Leases* ("**IFRS 16**") on 1 January 2019 based on the specific transitional provision and applied IAS 17 *Leases* ("**IAS 17**") prior to 1 January 2019, and amendments to IAS 23 *Borrowing Costs* (as part of the Annual Improvements to IFRS Standards 2015-2017 Cycle) ("**IAS 23**") on 1 January 2019.

3.1 IFRS 15

Ruyang GCL has applied IFRS 15 for the first time in the current year. IFRS 15 superseded IAS 18, IAS 11 *Construction Contracts* ("**IAS 11**") and the related interpretations.

Ruyang GCL has applied IFRS 15 retrospectively to all contracts with customers, including completed contracts, with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 and IAS 11.

Ruyang GCL recognised revenue from the sales of electricity upon electricity is generated and transmitted. Information about Ruyang GCL's performance obligations and the accounting policies resulting from application of IFRS 15 are disclosed in Notes 6 and 4, respectively.

3.1.1 Summary of effects arising from initial application of IFRS 15

The following adjustments were made to the amounts recognised in the statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Note	**Carrying amounts previously reported at 31 December 2017**	**Reclassification**	**Carrying amounts under IFRS 15 at 1 January 2018**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Prepayments and other non-current assets	*(a)*	58,539	(5,308)	53,231
Contract assets	*(a)*	–	5,308	5,308

	Note	Carrying amounts previously reported at 31 December 2017	Reclassification	Carrying amounts under IFRS 15 at 1 January 2018
		RMB'000	*RMB'000*	*RMB'000*
Current assets				
Trade and other receivables	*(a)*	90,796	(69,835)	20,961
Contract assets	*(a)*	–	69,835	69,835

Note:

(a) At 1 January 2018, tariff adjustments related to solar power plants yet to obtain approval for registration in the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄, the "**Catalogue**"), were reclassified and presented as contract assets.

The application of IFRS 15 resulted in the reclassification of the tariff adjustments from unbilled trade receivables to contract assets since the tariff adjustments related to a solar power plant was not yet obtained approval for registration into the Catalogue for the years ended 31 December 2018 and 2019, but does not result in material change in the amounts of total assets, profit or loss or net cash flows for the respective years.

3.2 IFRS 9

During the year ended 31 December 2018, Ruyang GCL has applied IFRS 9 and the related consequential amendments to other IFRS Standards. IFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and financial guarantee contracts and (3) general hedge accounting.

Ruyang GCL has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised at 1 January 2018. The difference between carrying amounts at 31 December 2017 and the carrying amounts at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39.

Accounting policies resulting from application of IFRS 9 are disclosed in Note 4.

3.2.1 Summy of effects arising from initial application of IFRS 9

As a result of the changes in the entity's accounting policies above, Ruyang GCL assessed that the application of IFRS 9 do not have a material impact on the classification and measurement in opening statement of financial position.

Impairment under ECL model

Ruyang GCL applied the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for its trade receivables and contract assets. The ECL on these assets are assessed individually by reference to historical default rate of debtor with relatively similar credit standing published by an external credit rating agency and are adjusted for forward-looking information that is available without undue cost or effort.

ECL for other financial assets at amortised cost, including amounts due from related companies, other receivables, pledged bank deposits and bank balances are assessed on 12-month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

At 1 January 2018, there was no additional credit loss allowance being recognised against retained earnings as the amount involved is insignificant.

For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, the application of IFRS 9 has no material impact to the total assets, profit or loss or net cash flows for respective years/period.

3.3 IFRS 16

Ruyang GCL has applied IFRS 16 for the first time during the year ended 31 December 2019. IFRS 16 superseded IAS 17, and the related interpretations.

Definition of a lease

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

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

As a lessee

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

At 1 January 2019, Ruyang GCL recognised additional lease liabilities of RMB9,930,000 and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid and accrued lease payments by applying IFRS16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

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

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

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

When recognising the lease liabilities for leases previously classified as operating leases, Ruyang GCL has applied incremental borrowing rates of the entity at the date of initial application. The average incremental borrowing rate applied is 5.39%.

	At 1 January 2019
	RMB'000
Operating lease commitments disclosed at 31 December 2018 *(Note 28)*	19,323
Lease liabilities relating to operating leases discounted at relevant incremental borrowing rates upon application of IFRS 16	9,930
Analysed as:	
Current	–
Non-current	9,930
	9,930

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

	Right-of-use assets
	RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	9,930
Reclassified from prepaid rent *(note)*	3,591
By class:	
Leasehold lands	13,521

Note: Prepaid rent for parcels of land in the PRC in which Ruyang GCL leased from third parties under operating leases were classified as prepayments at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid rent for parcels of lands amounting to RMB1,217,000 and RMB2,374,000, respectively, were reclassified to right-of-use assets.

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

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

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under IFRS 16 at 1 January 2019
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Prepayments and other non-current assets	43,565	(2,374)	41,191
Right-of-use assets	–	13,521	13,521
Current assets			
Trade and other receivables	72,062	(1,217)	70,845
Current liabilities			
Lease liabilities	–	1,973	1,973
Non-current liabilities			
Lease liabilities	–	7,957	7,957

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

3.4 Amendments to IAS 23

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Effective on 1 January 2019, IAS 23 is adopted prospectively and there is no material impact on the Historical Financial Information upon the application of IAS 23.

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

At the date of this report, the following new and amendments to IFRS Standards and have been issued which are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018 – 2020[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 June 2020
5 Effective for annual periods beginning on or after 1 January 2021

Except as described below, the sole director of Ruyang GCL anticipates that the application of all these new and amendments to IFRS Standards will have no material impact on Ruyang GCL's financial position and performance when they become effective.

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

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

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date.

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or noncurrent only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

At 30 June 2020, Ruyang GCL's right to defer settlement for bank borrowings of RMB375,050,000 are subject to compliance with covenants within 12 months from the reporting date. Such bank borrowings were classified as non-current as Ruyang GCL met such covenants at 30 June 2020.

Pending clarification on the application of relevant requirements of the amendments, Ruyang GCL will further assess whether application of the amendments will have an impact on the classification of these borrowings.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information have been prepared in accordance with the following accounting policies which confirm with IFRS Standards issued by the IASB. In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in Note 3.1)

Under IFRS 15, Ruyang GCL recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

- the customer simultaneously receives and consumes the benefits provided by Ruyang GCL's performance as Ruyang GCL performs;

- Ruyang GCL's performance creates or enhances an asset that the customer controls as Ruyang GCL performs; or

- Ruyang GCL's performance does not create an asset with an alternative use to Ruyang GCL and Ruyang GCL has an enforceable right to payment for performance completed to date.

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

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

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

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

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

Variable consideration

For the contracts that contain variable consideration in relation to sale of electricity to the grid company which contain tariff adjustments related to solar power plants yet to obtain approval for registration in Catalogue (prior to January 2020) or the Listing (as defined in Note 6) (after January 2020) by the PRC government, Ruyang GCL estimates the amount of consideration to which it will be entitled using the most likely amount.

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

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

Existence of significant financing component

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

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

Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to Ruyang GCL and when specific criteria have been met for each of Ruyang GCL's activities, as described below.

Revenue from the sales of electricity, including portion relating to tariff adjustment, is recognised when electricity is generated and transmitted.

Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in Note 3.3)

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

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

Ruyang GCL as a lessee (upon application of IFRS 16 in accordance with transitions in Note 3.3)

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when Ruyang GCL reasonably expects that the effects on the Historical Financial Information would not differ materially from individual leases within the portfolio.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;

- any lease payments made at or before the commencement date, less any lease incentives received;

- any initial direct costs incurred by Ruyang GCL; and

- an estimate of costs to be incurred by Ruyang GCL in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Ruyang GCL presents right-of-use assets as a separate line item on the statement of financial position.

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable by Ruyang GCL under residual value guarantees;

- the exercise price of a purchase option if Ruyang GCL is reasonably certain to exercise the option; and

- payments of penalties for terminating a lease, if the lease term reflects Ruyang GCL exercising an option to terminate the lease.

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Ruyang GCL presents lease liabilities as a separate line item on statement of financial position.

Lease modifications

Ruyang GCL accounts for a lease modification as a separate lease if:

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

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

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

Ruyang GCL as a lessee (prior to 1 January 2019)

All other leases are classified as operating leases.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

Borrowing costs

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

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

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

Retirement benefit costs

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

Short-term employee benefits

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

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

Taxation

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

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

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

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

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

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

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

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

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

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

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

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

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, it is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

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

Financial instruments

Financial assets and financial liabilities are recognised when Ruyang GCL becomes a party to the contractual provisions of the instruments.

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

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

Financial assets

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 January 2018)

Ruyang GCL's financial assets are classified into "loans and receivables", and the classification of which depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>*Loans and receivables*</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from an intermediate holding company, amounts due from fellow subsidiaries, pledged deposits and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses.

Interest income is recognised by applying the effective interest rate, except for short term receivables where the recognition of interest would be immaterial.

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in Note 3.2)

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

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

Impairment of financial assets (before application of IFRS 9 on 1 January 2018)

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment directly for all financial assets. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (upon application of IFRS 9 in accordance with transitions in Note 3.2)

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

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

Ruyang GCL always recognises lifetime ECL for trade receivables and contract assets, including those with significant financing component. For all other instruments, Ruyang GCL measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, Ruyang GCL recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

The ECL on these assets are assessed individually for debtor by reference to historical default rates of debtor with relatively similar credit standing published by an external credit rating agency, adjusted for forward-looking information that is available without undue cost or effort.

(i) Significant increase in credit risk

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

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

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

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

Ruyang GCL recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustments are recognised through allowance accounts.

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Derecognition of financial liabilities

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

5. CRITICAL ACCOUNTING JUDGEMENTS

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

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the sole director of Ruyang GCL has made in the process of applying Ruyang GCL's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Revenue recognition on tariff adjustments on sales of electricity

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

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

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

Ruyang GCL operates two solar power plants and one of the solar power plants was admitted to the Catalogue during the year ended 31 December 2018, while the remaining solar power plant is not yet registered and pending to admit to the Catalogue/List during the Relevant Periods.

Accordingly, for the year ended 31 December 2017, which is prior to the application of IFRS 15, tariff adjustments of RMB34,008,000 was included in the sales of electricity as disclosed in Note 6, of which solar power plant of Ruyang GCL was still pending for registration in the Catalogue, and the tariff adjustments is recognised as revenue based on the management judgement that all of the operating power plant of Ruyang GCL had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plant. In making his judgement, the sole director of Ruyang GCL, taking into account the legal opinion of GNE's legal advisor, considered that Ruyang GCL's operating solar power plant had met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustments when the electricity delivered on grid. The sole director of Ruyang GCL is confident that all of Ruyang GCL's operating solar power plant was able to be registered in the Catalogue in due course and the accrued revenue on tariff adjustment are fully recoverable but only subject to timing of allocation of funds from the government, after considering that there are no bad debts experiences with the gird company in the past and the tariff adjustment is fully funded by the PRC government.

For the years ended 31 December 2018 and 2019, and six months ended 30 June 2019 and 2020, which is upon the application of IFRS 15, tariff adjustments of RMB43,425,000, RMB48,144,000 and RMB24,029,000 (unaudited) and RMB26,575,000, respectively, were included in the sales of electricity as disclosed in Note 6, of which on-grid solar power plant of Ruyang GCL was still pending for registration in the Catalogue/List. Accordingly, for the solar power plant that is operated by Ruyang GCL which was pending for registration to the Catalogue/List, the relevant tariff adjustments were recognised only to the extent that it is highly probable that such inclusion would not result in a significant revenue reversal in the future on the basis that the solar power plant operated by Ruyang GCL had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plant, and taking into account the legal opinion as advised by GNE's legal advisor, who considered that the solar power plant operated by Ruyang GCL had met the requirements and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff subsidy when the electricity was delivery on grid, and also the requirements and conditions for the entitlement of the tariff subsidy under the 2020 Measures. Hence, the solar power plants of Ruyang GCL are able to be enlisted on the List subsequent to the period end 30 June 2020 and the accrued revenue on tariff are fully recoverable.

During the years ended 31 December 2017, 2018, 2019, and for the six months ended 30 June 2019 and 2020, Ruyang GCL recognised revenue of RMB34,008,000, RMB43,425,000, RMB48,144,000, RMB24,029,000 (unaudited) and RMB26,575,000, respectively, in respect of tariff adjustments recognised as revenue to solar power plant not yet registered in the Catalogue/List.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of electricity which is recognised at a point in time. Substantially, all of the revenue is derived from electricity sales to local grid companies in the PRC for the years ended 31 December 2017, 2018 and 2019, and six months ended 30 June 2019 and 30 June 2020.

For sales of electricity, Ruyang GCL generally entered into power purchase agreements with a local grid company with a term of one year 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 RMB34,008,000, RMB43,425,000, RMB48,144,000, RMB24,029,000 (unaudited) and RMB26,575,000 tariff adjustments recognised during the years ended 31 December 2017, 2018 and 2019 and six months ended 30 June 2019 and 2020, respectively. Ruyang GCL generally grants credit period of approximately one month to customer from date of invoice in accordance with the relevant power purchase agreements between Ruyang GCL and the local grid company. Ruyang GCL 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 state-owned grid companies for settlement to the solar power companies. Effective from March 2012, the application, approval and settlement of the tariff adjustment are subject to certain procedures as promulgated by Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加輔助資金管理暫行辦法). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustment.

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

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

Ruyang GCL operates 2 solar power plants and one of them are admitted to the Catalogue during the year ended 31 December 2018, while the remaining solar power plant is yet to admit to the Catalogue/List throughout the Relevant Periods.

For the year ended 31 December 2017, tariff adjustment is recognised at its initial fair value based on the prevailing nationwide government policies on renewable energy for the entitlement of the tariff subsidy when the electricity was delivery on grid, and are discounted to present values based on the expected timing of the receipt of trade receivables. The tariff adjustment receivables was adjusted for discounting effect based on an effective interest rate ranged from 2.65% to 3.50% per annum. As such, Ruyang GCL's revenue was adjusted by RMB2,445,000, and imputed interest on discounting effect on tariff adjustment receivables amounting to approximately RMB1,415,000 were recognised in 2017. The tariff adjustment receivables were included in trade receivables.

For the years ended 31 December 2018 and 2019, and six months ended 30 June 2019 and 2020, for those tariff adjustments that are subject to approval for registration in the Catalogue (for the period prior to January 2020); or the List (for the period after January 2020) by the PRC government at the end of the reporting period, the relevant revenue from the tariff adjustments are considered variable consideration upon the application of IFRS 15, 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 operating solar power plants operated by Ruyang GCL 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 of the relevant solar power plant admitted to the Catalogue in 2018 is transferred to trade receivables upon such solar power plant obtained the approval for registration in the Catalogue in 2018, for the remaining solar power plant which is yet to admitted to the Catalogue/List during the Relevant Periods, the contact asset would be transferred to trade receivables when it is enlisted in the List in accordance with the 2020 Measures.

Since certain of the tariff adjustments are yet to obtain approval for registration in the List since operation up to 30 June 2020 by the PRC government, the management considers that it contains a significant financing component over the relevant portion of tariff adjustment until the end of the expected collection period. For the years ended 31 December 2018, and 2019, and six months ended 30 June 2019 and 2020, the respective tariff adjustments was adjusted for this financing component based on an effective interest rate ranged from 2.60% to 3.50% per annum, 2.48% to 3.50% per annum, 2.48% to 3.50% per annum (unaudited) and 2.20% to 3.50% per annum, respectively, and the adjustment in relation to revision of expected timing of tariff collection. As such, interest income amounting to approximately RMB3,640,000, RMB1,664,000, RMB1,195,000 (unaudited) and RMB590,000 were recognised for the year ended 31 December 2018 and 2019, and six months ended 30 June 2019 and 2020, respectively.

The management of GNE regularly reviews the results of the solar power plants operate by Ruyang GCL when making decisions about allocating resources and assessing performance. No further segment information other than entity wide information was presented.

Geographical information

The operations solely located in the PRC. All revenue of Ruyang GCL are generated from a single external customer located in the PRC, and all its non-current assets are located in the PRC for the Relevant Periods.

7. OTHER INCOME AND EXPENSE

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other income					
Interest income of financial assets at amortised cost:					
– Bank interest income	58	52	215	5	31
– Interest income on amount due from an intermediate holding company	397	1,632	47	–	23
– Imputed interest on discounting effect on tariff adjustment receivables	1,415	–	–	–	–
Interest arising from contract containing significant financing component	–	3,640	1,664	1,195	590
Repair and maintenance income	1,887	–	–	–	–
Compensation income *(Note)*	–	4,805	–	–	–
Others	347	395	244	244	17
Total other income	4,104	10,524	2,170	1,444	661

Note: Amount represented the insurance compensation related to damages to property, plant and equipment incurred by a typhoon accident during the year ended 31 December 2015. Ruyang GCL had an insurance policy in place to cover such damages and the insurance compensation to the damages is finalised in 2018.

OTHER EXPENSE

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Donation	–	(1,500)	–	–	–

8. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on financial liabilities at amortised cost:					
Bank and other borrowings	14,278	27,717	25,803	12,940	11,948
Lease liabilities	–	–	533	264	280
Amount due to an intermediate holding company	263	80	8	3	–
Total finance costs	14,541	27,797	26,344	13,207	12,228
Less: amounts capitalised in cost of qualifying assets	–	(1,381)	(122)	–	–
	14,541	26,416	26,222	13,207	12,228

9. INCOME TAX EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
PRC Enterprise Income Tax ("**EIT**")	749	4	2,679	1,629	3,108

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

Ruyang GCL engaged in solar photovoltaic projects, under the EIT Law and its relevant regulations, is entitled to tax holidays of 3-year full exemption from 2016 to 2018 followed by 3-year 50% exemption from 2019 to 2021 for the first solar power plant and entitled to tax holidays of 3-year full exemption from 2017 to 2019 followed by 3-year 50% exemption from 2020 to 2022 for the second solar power plant.

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

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation	25,511	39,352	38,636	21,105	25,339
Tax at domestic income tax rate of 25%	6,378	9,838	9,659	5,276	6,335
Over-provision in prior years	–	–	(374)	–	–
Effect of tax exemptions and concessons granted	(5,886)	(8,088)	(6,525)	(3,590)	(3,120)
Others *(Note)*	257	(1,746)	(81)	(57)	(107)
Income tax expense for the year/period	749	4	2,679	1,629	3,108

Note: Ruyang GCL has deductible temporary differences arising from contract containing significant financing component of RMB2,977,000, RMB797,000, RMB471,000, RMB569,000 (unaudited) and RMB42,000 at 31 December 2017, 2018 and 2019, and 30 June 2019 and 2020, respectively. No deferred tax asset has been recognised as the related deferred tax asset is considered insignificant given the preferential tax rate entitled by Ruyang GCL.

10. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit for the year/period has been arrived at after charging:					
Depreciation of:					
– Property, plant and equipment	13,325	19,538	21,365	10,549	10,748
– Right-of-use assets	–	–	597	298	292
Staff costs (including sole director's remuneration)					
– Salaries, wages and other benefits	777	1,285	814	471	468
– Retirement benefit scheme contributions	335	180	159	79	61

11. DIVIDENDS

Dividends of RMB21,158,000, RMB23,250,000, RMB60,486,000, RMB29,126,000 (unaudited) and RMBnil were proposed and paid for shareholder of Ruyang GCL during the years ended 31 December 2017, 2018 and 2019, and six months ended 30 June 2019 and 2020, respectively.

12. DIRECTOR'S EMOLUMENTS AND EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUAL

(a) Director emoluments

The emoluments of the director of Ruyang GCL during the Relevant Periods are set out below:

Year ended 31 December 2017

Name of director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Xu Yang 徐陽 *(Note ii)*	–	–	–	–	–

Year ended 31 December 2018

Name of director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Jiang Jianhua 姜建華*(Note i)*	–	–	–	–	–
Xu Yang 徐陽 *(Note ii)*	–	–	–	–	–

Year ended 31 December 2019

Name of director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Jiang Jianhua 姜建華*(Note i)*	–	–	–	–	–

Six months ended 30 June 2019 (unaudited)

Name of director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Jiang Jianhua 姜建華*(Note i)*	–	–	–	–	–

Six months ended 30 June 2020

Name of director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Jiang Jianhua 姜建華*(Note i)*	–	–	–	–	–

Notes:

(i) Mr. Jiang Jianhua has been appointed as the director of Ruyang GCL with effect form 7 December 2018.

(ii) Mr. Xu Yang resigned as the director of Ruyang GCL with effect from 7 December 2018.

The emoluments, including director's fee, salaries and other benefits, bonus and retirement benefit scheme contributions, for the director of Ruyang GCL during the Relevant Periods were borne by a related company for his service as the director of Ruyang GCL.

The director did not waive any emoluments and no incentive paid on joining and compensation for the loss of office for the Relevant Periods.

There was no arrangement under which the director of Ruyang GCL waived or agreed to waive any remuneration for the Relevant Periods.

(b) Employees' emoluments

The five highest paid employees of Ruyang GCL during the Relevant Periods included 5 individuals for the years ended 31 December 2017, 2018 and 2019, and for the six months ended 30 June 2019 (unaudited) and 2020 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and other benefits	434	469	488	241	313
Performance-related bonus	85	133	92	92	38
Retirement benefits scheme contribution	125	123	120	61	61
	645	725	700	394	412

The number of highest paid employees who are not the sole director whose emoluments fell within the following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	Number of employee	*Number of employee*	*Number of employee*	*Number of employee* (unaudited)	*Number of employee*
Nil to HK$1,000,000	5	5	5	5	5

13. EARNINGS PER SHARE

No information related to earnings per share is presented in the Historical Financial Information as such information is not meaningful for the purpose of the accountants' report.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Leasehold Improvements, furniture, fixtures & equipment *RMB'000*	Power generators and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost						
At 1 January 2017	6,670	439	288,320	993	13,441	309,863
Additions	–	204	36	–	232,483	232,723
Disposals	–	–	–	–	(12,094)	(12,094)
Transfer	–	–	198,050	–	(198,050)	–
At 31 December 2017 and 1 January 2018	6,670	643	486,406	993	35,780	530,492
Additions	–	23	–	–	49,226	49,249
Disposals	–	–	–	(418)	–	(418)
Transfer	3,621	–	72,493	–	(76,114)	–
At 31 December 2018 and 1 January 2019	10,291	666	558,899	575	8,892	579,323
Additions	–	–	164	–	5,363	5,527
Transfer	2,139	–	11,536	–	(13,675)	–
At 31 December 2019 and 1 January 2020	12,430	666	570,599	575	580	584,850
Additions	–	–	–	–	411	411
Disposals	–	(8)	–	–	(17)	(25)
Transfer	–	–	411	–	(411)	–
At 30 June 2020	12,430	658	571,010	575	563	585,236

	Buildings	Leasehold Improvements, furniture, fixtures & equipment	Power generators and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation						
At 1 January 2017	150	58	13,744	163	–	14,115
Charge for the year	200	88	12,858	179	–	13,325
At 31 December 2017 and 1 January 2018	350	146	26,602	342	–	27,440
Charge for the year	610	121	18,635	172	–	19,538
Disposals	–	–	–	(219)	–	(219)
At 31 December 2018 and 1 January 2019	960	267	45,237	295	–	46,759
Charge for the year	452	122	20,687	104	–	21,365
At 31 December 2019 and 1 January 2020	1,412	389	65,924	399	–	68,124
Charge for the period	250	59	10,387	52	–	10,748
Disposals	–	(6)	–	–	–	(6)
At 30 June 2020	1,662	442	76,311	451	–	78,866
Carrying values						
At 31 December 2017	6,320	497	459,804	651	35,780	503,052
At 31 December 2018	9,331	399	513,662	280	8,892	532,564
At 31 December 2019	11,018	277	504,675	176	580	516,726
At 30 June 2020	10,768	216	494,699	124	563	506,370

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

Buildings	2% - 4% or over the lease term, whichever is shorter
Power generators and equipment	4% per annum
Leasehold improvements, furniture, fixtures and equipment	20% - 25%
Motor vehicles	20% - 30%

The buildings are held under leases in the PRC.

At 31 December 2017, 2018 and 2019 and 30 June 2020, Ruyang GCL was in the process of obtaining property ownership certificates in respect of property interests held under land use rights in the PRC with a carrying amount of approximately RMB6,320,000, RMB9,331,000, RMB11,018,000 and RMB10,768,000, respectively. In the opinion of the sole director of Ruyang GCL, the absence of the property ownership certificates to these property interests does not impair their carrying value to Ruyang GCL as it has paid the full purchase consideration of these property interests and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

15. RIGHT-OF-USE ASSETS

	Leasehold lands
	RMB'000
At 1 January 2019	13,521
Depreciation charge	(597)
At 31 December 2019	12,924
Depreciation charge	(292)
At 30 June 2020	12,632
Total cash outflow for leases *(Note)*	
– for the year ended 31 December 2019	–
– for the six months ended 30 June 2020	2,392
– for the six months ended 30 June 2019 (unaudited)	–

Note: Amount includes payments of principal and interest portion of lease liabilities.

For the year ended 31 December 2019 and six months ended 30 June 2020, Ruyang GCL leases lands for its operations. Lease contracts are entered into for fixed terms of twenty years, but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, Ruyang GCL applies the definition of a contract and determines the period for which the contract is enforceable.

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

Ruyang GCL assessed at lease commencement date/date of initial application whether it is reasonably certain to exercise the extension options. There is no extension option which Ruyang GCL is not reasonably certain to exercise. At 31 December 2019 and 30 June 2020, lease liabilities with the exercise of extension options of RMB10,463,000 and RMB8,351,000 are recognised, respectively.

In addition, Ruyang GCL reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2019 and six months ended 30 June 2020, there is no such triggering event.

Details of the lease maturity analysis of lease liabilities are set out in Note 22.

16. AMOUNTS DUE FROM/TO RELATED COMPANIES

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from *(Note a)*:				
– intermediate holding company	52,695	4,599	10,483	10,472
– fellow subsidiaries	21,566	12,911	1,003	4,020
– an associate of intermediate holding company	–	–	32	–
	74,261	17,510	11,518	14,492
Amounts due to *(Note b)*:				
– immediate holding company	55,921	44,671	122,143	124,709
– fellow subsidiaries	44,998	36,165	–	323
	100,919	80,836	122,143	125,032

Notes: (a) Except for amounts of approximately RMB52,695,000, RMB4,599,000, RMB10,483,000 and RMB10,472,000 at 31 December 2017, 2018, 2019 and 30 June 2020, respectively which have no fixed repayment terms, repayable on demand and interest bearing with interest rate of 1.32% per annum, the remaining amounts due from related companies are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

(b) Except for amounts of approximately RMB34,500,000, RMB122,143,000 and RMB124,709,000 at 31 December 2017, 2019 and 30 June 2020, respectively, which have no fixed repayment terms, repayable on demand and interest bearing with interest rate of 1.32% to 6.0% per annum, the remaining amounts due to related companies are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

In the opinion of the sole director, it is expected that the balance of the amounts due from related companies would be settled by the related companies within 1 year from each reporting period.

17. PREPAYMENTS AND OTHER NON-CURRENT ASSETS

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for EPC contracts and constructions *(Note a)*	12,946	9,088	9,905	10,498
Refundable value-added tax *(Note b)*	37,555	32,103	22,115	16,033
Prepaid rent of parcels of land	2,730	2,374	–	–
Trade receivables *(Note 18A)*	5,308	–	–	–
	58,539	43,565	32,020	26,531

Notes: (a) Prepayments for the engineering, procurement and constructions represent payment in advance to contractors which will be transferred to property, plant and equipment in accordance with the percentage of completion of the constructions.

(b) Amount represents refundable value-added tax arising from purchase of property, plant and equipment and would be utilized by Ruyang GCL over 12 months from the end of the reporting period.

18A. TRADE AND OTHER RECEIVABLES

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	81,182	57,141	74,450	85,845
Prepayments and deposits	973	1,269	146	89
Other receivables				
– Refundable value-added tax	13,830	13,371	12,052	12,449
– Others	119	281	210	171
	96,104	72,062	86,858	98,554
Analysed as:				
– Current	90,796	72,062	86,858	98,554
– Non-current trade receivables *(Note 17)*	5,308	–	–	–
	96,104	72,062	86,858	98,554

At 1 January 2018, trade receivables from contracts from customers amounted to RMB6,039,000.

For sales of electricity in the PRC, Ruyang GCL generally grants credit period of approximately one month to power grid company in the PRC from the date of invoice in accordance with the electricity sales contracts between Ruyang GCL and the grid company.

Trade receivables include bills received amounting to RMB1,915,000, RMB3,000,000 and RMB3,000,000 at 31 December 2018, 2019 and 30 June 2020, respectively, held by Ruyang GCL for future settlement of trade receivables. All bills received by Ruyang GCL are with a maturity period of less than 1 year.

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

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unbilled *(Note)*	78,777	53,600	71,169	82,745
0 - 90 days	2,405	1,626	281	100
	81,182	55,226	71,450	82,845

Note: At 31 December 2017, amount represented unbilled basic tariff receivables as well as unbilled tariff adjustments for solar power plants which are not yet registered in the Catalogue. At 31 December 2018, 2019 and 30 June 2020, the amount represented unbilled basic tariff receivables and unbilled tariff adjustments of a solar power plant which is already registered in the Catalogue. The sole director of Ruyang GCL expects 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:

		At 31 December		At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 - 90 days	11,252	11,015	14,943	15,793
91 – 180 days	7,872	10,222	7,760	9,133
181 – 365 days	24,890	17,150	19,792	20,067
Over 365 days	34,763	15,213	28,674	37,752
	78,777	53,600	71,169	82,745

No trade receivables are past due at 31 December 2017, 2018 and 2019, and 30 June 2020. Ruyang GCL does not hold any collaterals over its trade receivables.

18B. CONTRACT ASSETS

	At 31 December		At 30 June
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Tariff adjustments:			
– Non current	20,839	37,666	19,014
– Current	–	–	28,520
	20,839	37,666	47,534

At 1 January 2018, contract assets amounted to RMB75,143,000.

The contract assets primarily relate to the portion of tariff adjustments for the electricity sold to the grid company in the PRC in which the relevant on-grid solar power plants are still pending for registration to the Catalogue at the end of the reporting date, and tariff adjustment is recognised as revenue upon electricity is generated as disclosed in Note 6. Pursuant to the 2020 Measures, for those on-grid solar power plants yet to be registered on the Catalogue, they are required to meet the relevant requirements and conditions for tariff subsidy as stipulated and to complete the submission and application on the Platform. Local grid company will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plant that is enlisted in the List. The contract assets are transferred to trade receivables when Ruyang GCL's respective on-grid solar power plant is enlisted in the List. Ruyang GCL considers the settlement terms contain significant financing component, and has adjusted the respective tariff adjustment for the financing component based on estimated timing of collection. Accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant counterparties. The revenue of Ruyang GCL was adjusted by approximately RMB2,445,000, RMB1,460,000, RMB1,338,000, RMB967,000 (unaudited) and RMB162,000 for the years ended 31 December 2017, 2018, 2019, and six months ended 30 June 2019 and 2020 for this financing component, and in relation to revision of expected timing of tariff adjustment in the contract assets during the year ended 31 December 2019 and six months ended 30 June 2020.

Contract assets are reclassified to trade receivables at the point the respective on-grid solar power plant projects are enlisted on the Catalogue/List. The balances at 31 December 2017, 2018, 2019 and 30 June 2020 are classified as non-current as they are expected to be received after twelve months from each reporting date.

The management of Ruyang GCL expects the remaining solar power plant that is not yet enlisted on the List would be admitted to the List during 2020, and the management expected that partial of the contract assets held by Ruyang GCL at 30 June 2020 amounting to RMB28,520,000 would be settled within 12 months from 30 June 2020, and accordingly, such amount is considered as current assets at 30 June 2020.

Details of impairment assessment are set out in Note 25b.

19. PLEDGED BANK DEPOSITS/BANK BALANCES

Non-interest bearing deposits amounting to RMB23,500,000, RMB23,500,000, RMB23,668,000 and RMB23,668,000 have been pledged to secure long-term bank borrowings and are therefore classified as non-current assets at 31 December 2017, 2018, 2019 and 30 June 2020, respectively. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Bank balances

Bank balances carry interest at floating rates range from 0.30% to 0.35% per annum for the Relevant Periods.

Details of impairment assessment of pledged bank deposits and bank balances are set out in Note 25b.

20. OTHER PAYABLES

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payables for purchase of plant and machinery and construction costs	6,506	11,597	4,714	4,967
Other tax payables	7	1	2	3
Other payables	163	1,316	1,445	1,031
Accruals				
- Staff costs	419	417	88	88
- Others	4,250	1,227	1,101	807
	11,345	14,558	7,350	6,896

Ruyang GCL has financial risk management policies in place to ensure settlement of payables within the credit time frame.

21. BANK BORROWINGS

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The carrying amounts of the borrowings are repayable:				
Within one year	14,500	38,500	47,475	46,950
More than one year, but not exceeding two years	38,500	47,475	47,700	48,450
More than two years, but not exceeding five years	144,400	142,825	135,300	130,350
More than five years	301,600	255,700	215,525	196,250
	499,000	484,500	446,000	422,000
Less: Accounts due within one year shown under current liabilities	(14,500)	(38,500)	(47,475)	(46,950)
Amounts due after one year	484,500	446,000	398,525	375,050

The variable-rate bank borrowings are secured and denominated in RMB. The effective interest rate (which is also equal to contracted interest rate) is ranging from 110% to 117% of benchmark borrowing rate of the PRC per annum for the Relevant Periods.

22. LEASE LIABILITIES

	At 31 December 2019	At 30 June 2020
	RMB'000	*RMB'000*
Lease liabilities payable:		
Within one year	2,025	–
Within a period of more than one years but not more than two years	–	–
Within a period of more than two years but not more than five years	1,770	1,733
Within a period of more than five years	6,668	6,618
	10,463	8,351
Less: Amount due for settlement with 12 months shown under current liabilities	(2,025)	–
Amount due for settlement after 12 months shown under non-current liabilities	8,438	8,351

All lease obligations are denominated in RMB.

23. PAID-UP CAPITAL

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Register and paid-up capital	146,000	146,000	146,000	146,000

On 23 February 2017, the registered capital increased to RMB146,000,000 from RMB84,000,000 and paid up by the shareholder during the year ended 31 December 2017.

24. CAPITAL MANAGEMENT

Ruyang GCL manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balance. Ruyang GCL's overall strategy remains unchanged for the Relevant Periods.

The capital structure of Ruyang GCL consists of net debt, which mainly includes amounts due to related companies, bank borrowings and lease liabilities, net of cash and cash equivalents, and equity attributable to owner of Ruyang GCL, comprising issued paid-up capital and reserves.

The sole director of Ruyang GCL reviews the capital structure on a periodical basis. As part of this review, the directors of Ruyang GCL consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the sole director of Ruyang GCL, Ruyang GCL will balance its overall capital structure through the payment of dividends, new capital injection and capital divestment as well as the issue of new debts or the redemption of existing debt.

25. FINANCIAL INSTRUMENTS

25a. Categories of financial instruments

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Loan and receivables (including cash and cash equivalents)	207,329	–	–	–
Amortised cost	–	150,790	132,821	138,845
Financial liabilities				
Amortised cost	607,431	579,047	575,037	553,662
Lease liabilities	–	–	10,463	8,351

25b. Financial risk management objectives and policies

Ruyang GCL's major financial instruments include trade and other receivables, amounts due from related companies, bank balances and cash, pledged bank deposits, other payables, amounts due to related companies, bank borrowings and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

Ruyang GCL is exposed to fair value interest rate risk in relation to amounts with related companies (Note 16), lease liabilities (see Note 22). Ruyang GCL is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 19), and the management has considered that the cash flow interest rate risk is limited because the current market interest rates on general deposits are relatively low and stable.

Additionally, Ruyang GCL's borrowings are issued at variable rates which expose to cash flow interest rate risk. It is Ruyang GCL's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk. Ruyang GCL currently does not have a hedging policy on interest rate exposure. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. Ruyang GCL's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rates risks. The analysis is prepared assuming the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. The following represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, Ruyang GCL's profit for the years ended 31 December 2017, 2018, 2019, and six months ended 30 June 2020 would have decreased/increased by approximately RMB2,495,000, RMB2,423,000, RMB1,951,000 and RMB1,846,000, respectively. This is mainly attributable to Ruyang GCL's exposure to interest rates on its variable-rate borrowings.

In the opinion of the sole director of Ruyang GCL, the sensitivity analysis is not representative of Ruyang GCL's exposure to interest rate risk for the Relevant Periods.

Credit risk (before application of IFRS 9 on 1 January 2018)

At 31 December 2017, financial assets whose carrying amounts best represent the maximum exposure to credit risk.

In order to minimum the credit risk, Ruyang GCL reviews recoverable amount of the trade debt periodically to ensure that adequate impairment losses has been made for irrecoverable amounts. Ruyang GCL has a credit control policy in place under which credit evaluations of the customer is performed on its customer requiring credit.

Credit risk on sales of electricity is concentrated on one customer. However, as the customer is a local grid company, which is a state-owned company with good repayment history. The management accordingly considers that there is no significant credit risk on the sales of electricity.

Credit risk on bank balances is limited because the counterparties are reputable banks in the PRC.

Credit risk and impairment assessment (upon application of IFRS 9 on 1 January 2018)

Credit risk refers to the risk that Ruyang GCL's counterparties default on their contractual obligations resulting in financial losses to Ruyang GCL. Ruyang GCL's credit risk exposures are primarily attributable to trade receivables, contract assets, pledged bank deposits, bank balances, amounts due from related companies, other receivables, other loan receivables, and the financial loss to Ruyang GCL arising from the amount of financial guarantees provided by Ruyang GCL. Ruyang GCL does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

Trade receivables and contract assets arising from contracts with customers

The credit risk on trade receivables and contract assets is limited because the sole customer, a local grid company, which is also a subsidiary of the state-owned grid company in the PRC. Furthermore, the tariff adjustments is funded by the Renewable Energy Development Fund which is administrated by the Ministry of Finance and well-supported by the PRC government.

100% of Ruyang GCL's trade receivables and contract assets is contributed by a single customer located in the PRC.

Furthermore, in relation to contract assets of tariff adjustment receivables, the management performs impairment assessment on a periodic basis. Based on the assessment, the management is of the opinion that the probability of defaults of the counterparty is insignificant since the solar power industry is well supported by the PRC government. In addition, as detailed in Note 6, the management are confident that the remaining Ruyang GCL's operating power plant is able to be enlisted in the List in due course and the accrued revenue on tariff subsidy are fully recoverable but only subject to timing of allocation of funds. Accordingly, the credit risk regarding contract assets of tariff adjustment receivables is limited.

Ruyang GCL always measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime ECL. The ECL on trade receivables and contract assets are estimated individually by reference to historical default rates of debtors with relatively similar credit standing published by an external credit rating agency and adjusted for forward-looking information that is available without undue cost or effort.

Based on the loss rates, the ECL on trade receivables and contract assets is considered to be insignificant.

Bank balances and pledged bank and other deposits

The credit risks on bank balances and pledged bank deposits are limited because the counterparties are reputable banks with high credit ratings assigned by international credit-rating agencies in the PRC.

Ruyang GCL assessed 12m ECL for bank balances and pledged bank deposits by reference to information relating to average loss rate of the respective credit rating grades published by external credit rating agencies.

Based on the average loss rates, the ECL on bank balances and pledged bank deposits is considered insignificant.

Other receivables and amounts due from related companies

In relation to amounts due from related companies and other receivables, the management performs impairment assessment on the balances on a periodic basis. In assessing the probability of defaults of the amounts due from related companies and other receivables, the management has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward looking information that is available without undue cost or effort. Since the counterparties are mainly engaged in solar power industry in which their major current assets are tariff receivables, the collection of which is well supported by government policies; accordingly, the management considered the credit risk is limited.

For the purpose of impairment assessment of other receivables and amounts due from related companies, the loss allowance is measured at an amount equal to 12m ECL. In determining the ECL of other receivables and amounts due from related companies, after taking into account of the aforesaid factors and the forward looking information that is available without undue cost or effort, and considering the debtors operate in the solar power industry which is well supported by the prevailing government policies, the management considered the ECL provision for amounts due from related companies and other receivables is insignificant.

Ruyang GCL's internal credit risk grading assessment comprises the following categories:

Internal credit rating	**Description**	**Trade receivables/ contract assets**	**Other financial assets/other items**
Low risk	The counterparty has a low risk of default of counterparties	Lifetime ECL - not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and Ruyang GCL has no realistic prospect of recovery	Amount is written off	Amount is written off

	Notes	**External credit rating**	**Internal credit rating**	**12m ECL or lifetime ECL**	**Gross carrying amount At 31 December 2018**	**At 31 December 2019**	**At 30 June 2020**
					RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost							
Amounts due from related companies	*16*	N/A	Low risk *(Note a)*	12m ECL	17,510	11,518	14,492
Pledged bank deposits	*19*	A1	N/A	12m ECL	23,500	23,668	23,668
Bank balances	*19*	A1 to Aa1	N/A	12m ECL	52,358	22,975	14,669
Other receivables	*18A*	N/A	Low risk *(Note a)*	12m ECL	552	210	171
Trade receivables	*18A*	N/A	Low risk *(Note b)*	Lifetime ECL	57,141	74,450	85,845
Other item							
Contract assets	*18B*	N/A	Low risk *(Note b)*	Lifetime ECL	20,839	37,666	47,534

Notes:

a. For the purposes of internal credit risk management, Ruyang GCL uses repayment history or other relevant information to assess whether credit risk has increased significantly since initial recognition. At 31 December 2018 and 2019, and 30 June 2020, the balances of amounts due from related companies and other receivables are not past due and the internal credit rating of these balances are considered as low risk.

b. For trade receivables and contract assets, Ruyang GCL has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Ruyang GCL determines the ECL on these items individually.

As part of Ruyang GCL's credit risk management, Ruyang GCL applies internal credit rating for its customer in relation to its solar energy business operations. The following table provides information about the exposure to credit risk for trade receivables and contract assets of Ruyang GCL.

At 31 December 2018 Internal credit rating	**Loss rate**	**Trade receivables** *RMB'000*	**Loss rate**	**Contract assets** *RMB'000*
Low risk	0.03%	57,141	0.15%	20,839

At 31 December 2019 Internal credit rating	**Loss rate**	**Trade receivables** *RMB'000*	**Loss rate**	**Contract assets** *RMB'000*
Low risk	0.03%	74,450	0.15%	37,666

At 30 June 2020 Internal credit rating	**Loss rate**	**Trade receivables** *RMB'000*	**Loss rate**	**Contract assets** *RMB'000*
Low risk	0.03%	82,845	0.15%	47,534

The estimated loss rates are by reference to historical default rates of debtors with relatively similar credit standing published by an external credit rating agency and are adjusted for forward-looking information that is available without undue cost or effort. The sole director of Ruyang GCL is of the opinion that the ECL for trade receivables and contract assets is insignificant for the years ended 31 December 2018 and 2019 and six months ended 30 June 2020.

Liquidity risk

At 31 December 2019 and 30 June 2020, Ruyang GCL's current liabilities exceeded its current assets by RMB58,070,000 and RMB26,588,000, respectively. Ruyang GCL is exposed to liquidity risk if it is not able to raise fund to meet its financial obligations.

In the management of the liquidity risk, Ruyang GCL monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance Ruyang GCL's operations and mitigate the effects of fluctuation in cash flows.

Ruyang GCL relies on the financial support from GNE. Despite uncertainties and measures mentioned in Note 2, the sole director of Ruyang GCL is of the opinion that the GNE Group will be able to meet its commitment to provide funds to Ruyang GCL, and will have sufficient working capital to meet its cash flow requirements in the next twelve months from the end of each reporting date.

The following tables detail Ruyang GCL's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which Ruyang GCL can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the contractual repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest rate risk tables

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2017								
Other payables	–	7,512	–	–	–	–	7,512	7,512
Amounts due to related companies	2.05%	100,919	–	–	–	–	100,919	100,919
Bank borrowings – variable-rate	5.53%	–	29,865	76,155	208,688	367,672	682,380	499,000
Total		108,431	29,865	76,155	208,688	367,672	790,811	607,431

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018								
Other payables	–	13,711	–	–	–	–	13,711	13,711
Amounts due to related companies	–	80,836	–	–	–	–	80,836	80,836
Bank borrowings – variable-rate	5.53%	–	76,155	71,572	199,046	305,742	652,515	484,500
Total		94,547	76,155	71,572	199,046	305,742	747,062	579,047

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2019								
Other payables	–	6,894	–	–	–	–	6,894	6,894
Amounts due to related companies	1.32%	122,143	–	–	–	–	122,143	122,143
Bank borrowings – variable-rate	5.53%	14,460	57,112	69,123	183,744	251,921	576,360	446,000
Subtotal		143,497	57,112	69,123	183,744	251,921	705,397	575,037
Lease liabilities	5.39%	2,191	–	–	2,241	12,332	16,764	10,463
Total		145,688	57,112	69,123	185,985	264,253	722,161	585,500

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 30 June 2020								
Other payables	–	6,630	–	–	–	–	6,630	6,630
Amounts due to related companies	1.32%	125,032	–	–	–	–	125,032	125,032
Bank borrowings – variable-rate	5.53%	14,235	55,440	68,562	175,077	226,695	540,009	422,000
Subtotal		145,897	55,440	68,562	175,077	226,695	671,671	553,662
Lease liabilities	5.39%	–	–	–	2,241	12,332	14,573	8,351
Total		145,897	55,440	68,562	177,318	239,027	686,244	562,013

The amounts included above for variable-rate borrowings are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of each reporting period.

25c. Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The sole director of Ruyang GCL considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Ruyang GCL's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in Ruyang GCL's statements of cash flows as cash flows from financing activities.

	Accrued interest expense	Amounts due to related companies	Bank borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	–	41,042	261,777	–	302,819
Financing cash flows	(1,881)	38,456	225,669	–	262,244
Finance costs	2,724	263	11,554	–	14,541
Dividend declared	–	21,158	–	–	21,158
At 31 December 2017 and 1 January 2018	843	100,919	499,000	–	600,762
Financing cash flows	(27,762)	(43,413)	(14,500)	–	(85,675)
Finance costs	26,343	73	–	–	26,416
Interest capitalisation	1,374	7	–	–	1,381
Dividend declared	–	23,250	–	–	23,250
At 31 December 2018	798	80,836	484,500	–	566,134
Adjustment upon application of IFRS 16	–	–	–	9,930	9,930
At 1 January 2019	798	80,836	484,500	9,930	576,064
Financing cash flows	(25,866)	(19,187)	(38,500)	–	(83,553)
Finance costs	25,681	8	–	533	26,222
Dividend declared	–	60,486	–	–	60,486
Interest capitalisation	122	–	–	–	122
At 31 December 2019 and 1 January 2020	735	122,143	446,000	10,463	579,341
Financing cash flows	(12,051)	2,889	(24,000)	(2,392)	(35,554)
Finance costs	11,948	–	–	280	12,228
At 30 June 2020	632	125,032	422,000	8,351	556,015

27. CAPITAL COMMITMENTS

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Construction commitments in respect of solar power plant projects contracted for but not provided in the Historical Financial Information	55,549	–	–	–

28. OPERATING LEASES

Ruyang GCL as lessee

	At 31 December	
	2017	**2018**
	RMB'000	*RMB'000*
Minimum lease payments paid under operating leases during the year/period:		
Lands	1,097	1,091

Ruyang GCL's commitments for future minimum lease payments under non-cancellable operating leases including lease payments during renewal period in which renewals are reasonably certain, which fall due as follows:

	At 31 December	
	2017	**2018**
	RMB'000	*RMB'000*
Within one year	–	–
In the second to fifth year inclusive	3,285	3,685
After five years	19,494	15,638
	22,779	19,323

Leases are negotiated and rentals are fixed for term of 20 years for parcels of lands for the years ended 31 December 2017 and 2018 for both years. The lease agreements entered into between the landlords and Ruyang GCL include renewal options at the discretion of the respective group entities for further 5 years from the end of the leases with fixed rental.

29. PLEDGE OF ASSETS/RESTRICTIONS ON ASSETS

Ruyang GCL's borrowings had been secured by the pledge of its assets and the carrying amounts of the respective assets are as follow:

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	503,052	532,564	516,726	506,370
Pledged bank and other deposits	23,500	23,500	23,668	23,668
Trade receivables and contract assets	81,182	77,980	112,116	133,379
	607,734	634,044	652,510	663,417

Ruyang GCL's secured bank borrowings were secured, individually or in combination, by (i) certain property, plant and equipment of Ruyang GCL; (ii) certain pledged bank deposits of Ruyang GCL; (iii) Ruyang GCL's trade receivables, contract assets and fee collection rights in relation to the sales of electricity and (iv) certain right-of-use assets of Ruyang GCL.

Restrictions on assets

In addition, lease liabilities of RMB10,463,000 and RMB8,351,000, respectively, are recognised with related right-of-use assets of RMB12,924,000 and RMB12,632,000, respectively, at 31 December 2019, and six months ended 30 June 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by lessor and the relevant leased assets may not be used as security for borrowing purposes.

30. RELATED PARTY DISCLOSURES

Except as disclosed elsewhere in the Historical Financial Statements, Ruyang GCL also entered into the following material transactions or arrangements with related parties:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Repair and maintenance fee income from a fellow subsidiary	1,887	–	–	–	–

Details of the remuneration for the key management personnel, which represents the sole director of Ruyang GCL, are set out in Note 12.

31. EVENTS AFTER THE RELEVANT PERIODS

Subsequent to 30 June 2020, the application for admission to the List for the remaining solar power plant is approved by the PRC government.

32. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Ruyang GCL have been prepared in respect of any period subsequent to 30 June 2020 and up to the date of this report.

The following is the text of a report set out on pages II-275 to II-326, received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, for the purpose of incorporation in this circular.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF HUBEI MACHENG JINFU SOLAR ENERGY CO., LTD. TO THE DIRECTORS OF GCL-POLY ENERGY HOLDINGS LIMITED

Introduction

We report on the historical financial information of Hubei Macheng Jinfu Solar Energy Co., Ltd. ("**Hubei Macheng Jinfu**") set out on pages II-279 to II-326, which comprises the statements of financial position of Hubei Macheng Jinfu at 31 December 2017, 2018 and 2019 and 30 June 2020, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of Hubei Macheng Jinfu for each of the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-279 to II-326 forms an integral part of this report, which has been prepared for inclusion in the circular of GCL-Poly Energy Holdings Limited (the "**Company**") dated 4 December 2020 (the **"Circular**") in connection with the very substantial disposal of subsidiaries and possible very substantial acquisition via the grant of put options of the Company.

Sole director's responsibility for the Historical Financial Information

The director of Hubei Macheng Jinfu is responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the Sole director of Hubei Macheng Jinfu determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether

due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director of Hubei Macheng Jinfu, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of Hubei Macheng Jinfu's financial position at 31 December 2017, 2018 and 2019 and 30 June 2020 and of Hubei Macheng Jinfu's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Material uncertainty related to going concern

We draw attention to Note 2 to the Historical Financial Information which indicates that at 31 December 2017 and 2019, and 30 June 2020, the current liabilities of Hubei Macheng Jinfu exceeded its current assets by approximately RMB12,606,000, RMB35,041,000 and RMB10,853,000, respectively, and the ability of Hubei Macheng Jinfu to continue as a going concern is highly dependent upon the financial support from GCL New Energy Holdings Limited ("**GNE**"), a non-wholly owned subsidiary of the Company and the intermediate holding company of Hubei Macheng Jinfu, until the completion of the disposal of Hubei Macheng Jinfu. At 30 June 2020, GNE and its subsidiaries (collectively referred to as the "**GNE Group**") had current liabilities which exceeded its current assets by approximately RMB6,510,001,000. The directors of GNE have performed an assessment of the GNE Group's future liquidity and cash flows which included a review of assumptions about the likelihood of successful implementation of financial plans and other measures to ensure that the GNE Group will generate adequate financing and operating cash flows and are of the opinion that the GNE Group will be able to meet its commitment to provide funds to Hubei Macheng Jinfu. However, the GNE Group's likelihood of successful implementation of financial plans and other measures indicates a material uncertainty exists that may cast significant doubt on the GNE Group's commitment to provide funds to Hubei Macheng Jinfu and, in turn, the ability of Hubei Macheng Jinfu to continue as a going concern. Our opinion is not modified in respect of this matter.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of Hubei Macheng Jinfu which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2019 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The sole director of Hubei Macheng Jinfu is responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. As described in the Material uncertainty related to going concern section in this report, we draw attention to the fact that a material uncertainty exists that may cast significant doubt on the ability of Hubei Macheng Jinfu to continue as a going concern. Our conclusion is not modified in respect of this matter.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Historical Financial Statements as defined on page II-278 have been made.

Dividends

We refer to Note 11 to the Historical Financial Information which contains information about the dividend declared and paid by Hubei Macheng Jinfu in respect of the Relevant Periods.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

4 December 2020

HISTORICAL FINANCIAL INFORMATION OF HUBEI MACHENG JINFU

The financial statements of Hubei Macheng Jinfu for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards issued by International Accounting Standards Board and were audited by us in accordance with Hong Kong Standards on Auditing issued by HKICPA as set out in Note 2 to the Historical Financial Information ("**Underlying Financial Statements**").

The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	NOTES	**2017**	**2018**	**2019**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Revenue	*6*	121,551	124,893	127,077	56,164	59,641
Cost of sales		(35,675)	(43,160)	(37,754)	(17,446)	(17,409)
Gross profit		85,876	81,733	89,323	38,718	42,232
Other income	*7*	3,640	7,698	2,151	2,052	47
Administrative expenses		(2,586)	(3,867)	(1,891)	(936)	(864)
Loss on disposal of property, plant and equipment		–	(6)	–	–	–
Finance costs	*8*	(35,933)	(35,200)	(32,140)	(16,510)	(14,681)
Profit before taxation		50,997	50,358	57,443	23,324	26,734
Income tax expenses	*9*	–	–	(6,891)	(2,654)	(3,535)
Profit and total comprehensive income for the year/ period	*10*	50,997	50,358	50,552	20,670	23,199

STATEMENTS OF FINANCIAL POSITION

	NOTES	At 31 December 2017 RMB'000	2018 RMB'000	2019 RMB'000	At 30 June 2020 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	791,479	760,566	728,979	712,565
Right-of-use assets	*14*	–	–	23,578	23,114
Prepaid lease payment	*15*	769	753	–	–
Prepayment and other non-current assets	*17*	47,995	23,672	10,515	3,159
		840,243	784,991	763,072	738,838
CURRENT ASSETS					
Trade and other receivables	*18*	191,356	184,024	192,643	235,362
Amounts due from related companies	*16*	–	100	–	208
Prepaid lease payment	*15*	17	16	–	–
Pledged bank deposits	*19*	–	20,000	–	–
Bank balances	*19*	24,816	33,783	30,044	5,969
		216,189	237,923	222,687	241,539
CURRENT LIABILITIES					
Other payables	*20*	44,568	10,636	10,269	9,487
Amounts due to related companies	*16*	175,727	159,747	198,895	194,224
Tax payable		–	–	2,502	2,533
Bank borrowings	*21*	8,500	63,000	45,000	45,000
Lease liabilities	*22*	–	–	1,062	1,148
		228,795	233,383	257,728	252,392
NET CURRENT (LIABILITIES) ASSETS		(12,606)	4,540	(35,041)	(10,853)
TOTAL ASSETS LESS CURRENT LIABILITIES		827,637	789,531	728,031	727,985
NON-CURRENT LIABILITIES					
Bank borrowing	*21*	585,300	540,300	495,300	472,800
Lease liabilities	*22*	–	–	21,076	20,331
		585,300	540,300	516,376	493,131
NET ASSETS		242,337	249,231	211,655	234,854
CAPITAL AND RESERVES					
Paid-up capital	*23*	191,000	191,000	191,000	191,000
Reserves		51,337	58,231	20,655	43,854
TOTAL EQUITY		242,337	249,231	211,655	234,854

STATEMENTS OF CHANGES IN EQUITY

	Paid-up capital	Legal reserve	Retained earnings	Total
	RMB'000	*RMB'000* *(Note)*	*RMB'000*	*RMB'000*
At 1 January 2017	191,000	4,080	32,983	228,063
Profit and total comprehensive income for the year	–	–	50,997	50,997
Transfer to legal reserve	–	5,266	(5,266)	–
Dividend declared *(Note 11)*	–	–	(36,723)	(36,723)
At 31 December 2017 and 1 January 2018	191,000	9,346	41,991	242,337
Profit and total comprehensive income for the year	–	–	50,358	50,358
Transfer to legal reserve	–	4,558	(4,558)	–
Dividend declared *(Note 11)*	–	–	(43,464)	(43,464)
At 31 December 2018 and 1 January 2019	191,000	13,904	44,327	249,231
Profit and total comprehensive income for the year	–	–	50,552	50,552
Transfer to legal reserve	–	4,868	(4,868)	–
Dividend declared *(Note 11)*	–	–	(88,128)	(88,128)
At 31 December 2019 and 1 January 2020	191,000	18,772	1,883	211,655
Profit and total comprehensive income for the period	–	–	23,199	23,199
At 30 June 2020	191,000	18,772	25,082	234,854
At 1 January 2019 (audited)	191,000	13,904	44,327	249,231
Profit and total comprehensive income for the period	–	–	20,670	20,670
Dividend declared *(Note 11)*	–	–	(44,498)	(44,498)
At 30 June 2019 (unaudited)	191,000	13,904	20,499	225,403

Note: Legal reserve represent the amounts set aside from the retained earnings and is not distributable as dividend. In accordance with the relevant regulations and the articles of association Hubei Macheng Jinfu, it is required to allocate at least 10% of its after-tax profit according to the PRC (as defined in note 1) accounting standards and regulations to legal reserve until such reserve has reached 50% of registered capital. The reserve can only be used for specific purposes and are not distributable or transferable to the loans, advances and cash dividends.

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation	50,997	50,358	57,443	23,324	26,734
Adjustments for:					
Release of prepaid lease payment	33	17	–	–	–
Depreciation of property, plant and equipment	30,779	30,820	31,901	15,896	16,554
Depreciation of right-of-use assets	–	–	946	473	464
Loss on disposal of property, plant and equipment	–	6	–	–	–
Finance costs	35,933	35,200	32,140	16,510	14,681
Interest income	(3,640)	(6,706)	(2,091)	(2,052)	(32)
Operating profit before movements in working capital	114,102	109,695	120,339	54,151	58,401
(Increase) decrease in trade and other receivables	(101,680)	72,742	(8,162)	(7,188)	(42,719)
Decrease in prepayment and other non-current assets	33,441	21,703	13,077	3,365	7,356
Increase in contract assets	–	(58,596)	–	–	–
Decrease in other payables	(6,643)	(2,024)	(89)	(168)	(645)
Cash generated from operations	39,220	143,520	125,165	50,160	22,393
Income tax paid	–	–	(4,389)	(72)	(3,504)
Net cash from operating activities	39,220	143,520	120,776	50,088	18,889
Investing activities					
Interest received	892	278	215	176	32
Payments for construction and purchase of property, plant and equipment	(159,328)	(29,732)	(553)	(331)	(164)
Withdrawal of pledged bank deposits	40,000	–	20,000	20,000	–
Placement of pledged bank deposits	–	(20,000)	–	–	–
Proceed from disposal of property, plant and equipment	–	160	–	–	–
Advances to fellow subsidiaries	–	(100)	–	–	(208)
Repayment from fellow subsidiaries	20,237	–	100	100	–
Net cash (used in) from investing activities	(98,199)	(49,394)	19,762	19,945	(340)
Financing activities					
Interest paid	(30,535)	(30,827)	(31,443)	(15,143)	(14,125)
Repayment of bank borrowings	(9,700)	(9,700)	(64,200)	(41,100)	(23,100)
Proceed from bank borrowing	–	18,000	–	–	–
Repayment of lease liabilities	–	–	(1,162)	(1,162)	(659)
Repayment to intermediate holding company	–	–	(44,056)	(29,239)	(702)
Repayment to immediate holding company	(1,549)	(6,679)	(2,016)	(792)	(5,295)
Advances from intermediate holding company	55,950	17,597	–	–	–
Advances from fellow subsidiaries	70,420	1,400	–	–	1,257
Repayment to fellow subsidiaries	(950)	(74,950)	(1,400)	(1,400)	–
Net cash from (used in) financing activities	83,636	(85,159)	(144,277)	(88,836)	(42,624)
Net increase (decrease) in cash and cash equivalents	24,657	8,967	(3,739)	(18,803)	(24,075)
Cash and cash equivalents at the beginning of the year/period	159	24,816	33,783	33,783	30,044
Cash and cash equivalents at the end of the year/period	24,816	33,783	30,044	14,980	5,969

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Hubei Macheng Jinfu Solar Energy Co., Ltd. ("**Hubei Macheng Jinfu**") was established in the People's Republic of China (the "**PRC**") on 2 September 2014. Its immediate holding company is Suzhou GCL New Energy Investment Co., Ltd., a company established in PRC. Its intermediate holding company is GCL New Energy Holdings Limited ("**GNE**"), an exempted company with limited liability incorporated in Bermuda. The shares of GNE are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate holding company is GCL-Poly Energy Holdings Limited, a company incorporated in the Cayman Islands and listed on the Stock Exchange. The address of the registered office and principal place of the business of Hubei Macheng Jinfu is Zhongguanyi Town, Macheng, Hubei.

Hubei Macheng Jinfu is principally engaged in the sale of electricity in the PRC.

The Historical Financial Information is presented in Renminbi ("**RMB**"), which is the same as the functional currency of Hubei Macheng Jinfu.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRS Standards**") (which collective term include all applicable IFRS Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**"), except that the comparative figures for the year ended 31 December 2017 have not been presented. Further details of the significant accounting policies adopted are set out in Notes 3 and 4.

At 31 December 2017 and 2019, and 30 June 2020, Hubei Macheng Jinfu's current liabilities exceeded its current assets by approximately RMB12,606,000, RMB35,041,000 and RMB10,853,000, respectively. The ability of Hubei Macheng Jinfu to continue as a going concern is highly dependent upon the financial support from GNE, until the completion of the disposal of Hubei Macheng Jinfu. At 30 June 2020, GNE and its subsidiaries (collectively referred to as the "**GNE Group**") had current liabilities which exceeded its current assets by approximately RMB6,510,001,000. The directors of GNE have performed an assessment of the GNE Group's future liquidity and cash flows which included a review of assumptions about the likelihood of successful implementation of financial plans and other measures to ensure that the GNE Group will generate adequate financing and operating cash flows and are of the opinion that the GNE Group will be able to meet its commitment to provide funds to Hubei Macheng Jinfu. The directors of GNE are satisfied that the GNE Group would have sufficient working capital to meet its financial obligations and to support Hubei Macheng Jinfu to meet its financial obligations as and when they fall due for the coming twelve months from the end of each reporting period. Accordingly, the sole director of Hubei Macheng Jinfu is of the opinion that the GNE Group will be able to meet its commitment to provide funds to Hubei Macheng Jinfu.

Notwithstanding the above, a significant uncertainty exists as to the GNE Group's commitment to provide funds to Hubei Macheng Jinfu. The sufficiency of the GNE Group's working capital is dependent on the GNE Group's ability to generate sufficient financing and operating cash flows through successful renewal if its bank borrowings upon expiry, compliance with the covenants under borrowing agreements. Should the GNE Group be unable to provide financial support to Hubei Macheng Jinfu as committed and, in turn, Hubei Macheng Jinfu be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the assets of Hubei Macheng Jinfu 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 Historical Financial Information.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS STANDARDS

New and amendments to IFRS Standards that are mandatorily effective during the Relevant Periods

The IASB has issued a number of new and revised IFRS Standards which were relevant to Hubei Macheng Jinfu and became effective during the Relevant Periods. In preparing the Historical Financial Information, Hubei Macheng Jinfu has applied all these new and revised IFRS Standards which are effective for Hubei Macheng Jinfu's accounting period beginning on 1 January 2017, 1 January 2018, 1 January 2019 and 1 January 2020 consistently throughout the Relevant Periods to the extent required or allowed by transitional provisions in the IFRS Standards, except that Hubei Hacheng Jinfu adopted (i) IFRS 9 *Financial Instruments ("***IFRS 9***")* and IFRS 15 *Revenue from Contracts with Customers* ("**IFRS 15**") on 1 January 2018 based on the specific transitional provision and applied IAS 39 *Financial Instruments: Recognition and Measurement* ("**IAS 39**") and IAS 18 *Revenue* ("**IAS 18**") prior to 1 January 2018; and (ii) IFRS 16 *Leases* ("**IFRS 16**") on 1 January 2019 based on the specific transitional provision and applied IAS 17 *Leases ("***IAS 17***")* prior to 1 January 2019 and amendments to IAS 23 *Borrowing Costs* (as part of the Annual Improvements to IFRS Standards 2015-2017 Cycle) ("**IAS 23**") on 1 January 2019.

3.1 IFRS 15

Hubei Macheng Jinfu has applied IFRS 15 for the first time during the year ended 31 December 2018. IFRS 15 superseded IAS 18, IAS 11 *Construction Contracts* ("**IAS 11**") and the related interpretations.

Hubei Macheng Jinfu has applied IFRS 15 retrospectively to all contracts with customers, including completed contracts, with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 and IAS 11.

Hubei Macheng Jinfu recognised revenue from the sales of electricity upon electricity is generated and transmitted. Information about Hubei Macheng Jinfu's performance obligations and the accounting policies resulting from application of IFRS 15 are disclosed in Notes 6 and 4, respectively.

3.1.1 Summary of effects arising from initial application of IFRS 15

The following adjustments were made to the amounts recognised in the statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Note	**Carrying amounts previously reported at 31 December 2017**	**Reclassification**	**Carrying amounts under IFRS 15 at 1 January 2018**
		RMB'000	*RMB'000*	*RMB'000*
Current assets				
Trade and other receivables	*(a)*	191,356	(142,029)	49,327
Contract assets	*(a)*	-	142,029	142,029

Note:

(a) At 1 January 2018, tariff adjustments related to solar power plant yet to obtain approval for registration in the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄, the "**Catalogue**"), were reclassified and presented as contract assets.

Since the solar power plants operated by Hubei Macheng Jinfu were admitted to the Catalogue during the year ended 31 December 2018, which represented Hubei Macheng Jinfu's right to consideration in exchange for services in connection with sales of electricity to its customer became unconditional, accordingly, there is no impact on the application of IFRS 15 in connection with the reclassification of the tariff adjustments from unbilled trade receivables to contract assets for the years ended 31 December 2018, 2019 and the six months ended 30 June 2020, and does not result in material change in the amounts of total assets, profit or loss or net cash flows for the respective years/period.

3.2 IFRS 9

During the year ended 31 December 2018, Hubei Macheng Jinfu has applied IFRS 9 and the related consequential amendments to other IFRS Standards. IFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and financial guarantee contracts and (3) general hedge accounting.

Hubei Macheng Jinfu has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised at 1 January 2018. The difference between carrying amounts at 31 December 2017 and the carrying amounts at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39.

Accounting policies resulting from application of IFRS 9 are disclosed in Note 4.

3.2.1 Summaries of effects arising from initial application of IFRS 9

As a result of the changes in the entity's accounting policies above, Hubei Macheng Jinfu assessed that the application of IFRS 9 do not have a material impact on the classification and measurement in opening statement of financial position.

Impairment under ECL model

Hubei Macheng Jinfu applied the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for its trade receivables and contract assets. The ECL on these assets are assessed individually by reference to historical default rate of debtor with relatively similar credit standing published by an external credit rating agency and are adjusted for forward-looking information that is available without undue cost or effort.

ECL for other financial assets at amortised cost, including amounts due from related companies, other receivables, pledged bank deposits and bank balances are assessed on 12-month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

At 1 January 2018, there was no additional credit loss allowance being recognised against retained earnings as the amount involved is insignificant.

For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, the application of IFRS 9 has no material impact to the total assets, profit or loss or net cash flows for respective years/period.

3.3 IFRS 16

Hubei Macheng Jinfu has applied IFRS 16 for the first time during the year ended 31 December 2019. IFRS 16 superseded IAS 17 and the related interpretations.

Definition of a lease

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

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

As a lessee

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

At 1 January 2019, Hubei Macheng Jinfu recognised additional lease liabilities of RMB22,223,000 and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid and accrued lease payments by applying IFRS16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

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

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

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

When recognising the lease liabilities for leases previously classified as operating leases, Hubei Macheng Jinfu has applied incremental borrowing rates of the entity at the date of initial application. The incremental borrowing rate applied is 5.15%.

	At 1 January 2019
	RMB'000
Operating lease commitments disclosed at 31 December 2018 *(Note 27)*	41,104
Lease liabilities relating to operating leases discounted at relevant incremental borrowing rates and recognised upon application of IFRS 16 at 1 January 2019	22,223
Analysed as:	
Current	1,512
Non-current	20,711
	22,223

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

	Right-of-use assets
	RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	22,223
Reclassified from prepaid rent *(Note a)*	1,532
Reclassified from prepaid lease payments *(Note b)*	769
By class:	
Leasehold lands	24,524

Notes:

(a) Prepaid rent for parcels of land in the PRC in which Hubei Macheng Jinfu leased from third parties under operating leases were classified as prepayments at 31 December 2018. Upon application of IFRS 16, prepaid rent for parcels of lands amounting to RMB1,532,000 under trade and other receivable in current assets were reclassified to right-of-use assets.

(b) Upfront payments for leasehold lands in the PRC in which Hubei Macheng Jinfu obtained relevant land use right certificate were classified as prepaid lease payments at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB16,000 and RMB753,000, respectively, were reclassified to right-of-use assets.

The transition to IFRS 16 has no impact to Hubei Macheng Jinfu's retained earnings at 1 January 2019.

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

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under IFRS 16 at 1 January 2019
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Prepaid lease payments	753	(753)	–
Right-of-use assets	–	24,524	24,524
Current assets			
Prepaid lease payments	16	(16)	–
Trade and other receivables	184,024	(1,532)	182,492
Current liabilities			
Lease liabilities	–	1,512	1,512
Non-current liabilities			
Lease liabilities	–	20,711	20,711

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

3.4 Amendments to IAS 23

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Effective on 1 January 2019, IAS 23 is adopted prospectively and there is no material impact on the Historical Financial Information upon the application of IAS 23.

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

At the date of this report, the following new and amendments to IFRS Standards and have been issued which are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract[2]

Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[2]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 June 2020
[5] Effective for annual periods beginning on or after 1 January 2021

Except as described below, the sole director of Hubei Macheng Jinfu anticipates that the application of all these new and amendments to IFRS Standards will have no material impact on Hubei Macheng Jinfu's financial position and performance when they become effective.

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

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

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

    (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

    (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or noncurrent only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

At 30 June 2020, Hubei Macheng Jinfu's right to defer settlement for bank borrowing of RMB472,800,000 are subject to compliance with covenants within 12 months from the reporting date. Such bank borrowing was classified as noncurrent as Hubei Macheng Jinfu met such covenants at 30 June 2020.

Pending clarification on the application of relevant requirements of the amendments, Hubei Macheng Jinfu will further assess whether application of the amendments will have an impact on the classification of these borrowings.

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in Note 3.1)

Under IFRS 15, Hubei Macheng Jinfu recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

- the customer simultaneously receives and consumes the benefits provided by Hubei Macheng Jinfu's performance as Hubei Macheng Jinfu performs;

- Hubei Macheng Jinfu's performance creates or enhances an asset that the customer controls as Hubei Macheng Jinfu performs; or

- Hubei Macheng Jinfu's performance does not create an asset with an alternative use to Hubei Macheng Jinfu and Hubei Macheng Jinfu has an enforceable right to payment for performance completed to date.

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

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

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

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

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

Variable consideration

For the contract that contain variable consideration in relation to sale of electricity to the grid company which contain tariff adjustments related to solar power plants yet to obtain approval for registration in the Catalogue by the PRC government, Hubei Macheng Jinfu estimates the amount of consideration to which it will be entitled using the most likely amount.

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

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

Existence of significant financing component

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

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

Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to Hubei Macheng Jinfu and when specific criteria have been met for each of Hubei Macheng Jinfu's activities, as described below.

Revenue from the sales of electricity, including portion relating to tariff adjustment, is recognised when electricity is generated and transmitted.

Consultancy fees income and management fee income are recognised when the services are provided.

Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in note 3.3)

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

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

Hubei Macheng Jinfu as a lessee (upon application of IFRS 16 in accordance with transitions in note 3.3)

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when Hubei Macheng Jinfu reasonably expects that the effects on the Historical Financial Information would not differ materially from individual leases within the portfolio.

Right-of-use assets

The cost of right-of-use assets includes:

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

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Hubei Macheng Jinfu presents right-of-use assets as a separate line item on the statement of financial position.

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

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

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

Hubei Macheng Jinfu presents lease liabilities as a separate line item on statement of financial position.

Lease modifications

Hubei Macheng Jinfu accounts for a lease modification as a separate lease if:

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

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

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

Hubei Macheng Jinfu as a lessee (prior to 1 January 2019)

All other leases are classified as operating leases.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

Borrowing costs

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

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

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

Retirement benefit costs

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

Short-term employee benefits

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

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

Taxation

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

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

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

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

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

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

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

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

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

Prepaid lease payments (before application of IFRS 16)

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

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

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

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, Hubei Macheng Jinfu estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, it is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

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

Financial instruments

Financial assets and financial liabilities are recognised when Hubei Macheng Jinfu becomes a party to the contractual provisions of the instruments.

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

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

Financial assets

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 January 2018)

Hubei Macheng Jinfu's financial assets are classified into "loans and receivables", and the classification of which depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related companies, pledged bank and other deposits and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses.

Interest income is recognised by applying the effective interest rate, except for short term receivables where the recognition of interest would be immaterial.

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 3.2)

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

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

Amortised cost and interest income

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

Impairment of financial assets (before application of IFRS 9 on 1 January 2018)

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment directly for all financial assets. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (upon application of IFRS 9 in accordance with transitions in Note 3.2)

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

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

Hubei Macheng Jinfu always recognises lifetime ECL for trade receivables and contract assets, including those with significant financing component. For all other instruments, Hubei Macheng Jinfu measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, Hubei Macheng Jinfu recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

The ECL on these assets are assessed individually for debtor by reference to historical default rates of debtor with relatively similar credit standing published by an external credit rating agency, adjusted for forward-looking information that is available without undue cost or effort.

(i) Significant increase in credit risk

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

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

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

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

Hubei Macheng Jinfu recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustments are recognised through allowance accounts.

Derecognition of financial assets

Hubei Macheng Jinfu derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities including other payables, amounts due to related companies and bank borrowing are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

5. CRITICAL ACCOUNTING JUDGEMENTS

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

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the sole director of Hubei Macheng Jinfu has made in the process of applying Hubei Macheng Jinfu's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Revenue recognition on tariff adjustments on sales of electricity

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

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

Hubei Macheng Jinfu operates two solar power plants in the PRC and are admitted to the Catalogue during the year ended 31 December 2018.

Accordingly, for the year ended 31 December 2017, which is prior to the application of IFRS 15, tariff adjustments of RMB74,950,000 was included in the sales of electricity as disclosed in Note 6, of which the on-grid solar power plants of Hubei Macheng Jinfu were still pending for registration in the Catalogue, and the tariff adjustments was recognised as revenue based on the management judgement that the operating power plants of Hubei Macheng Jinfu had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants. In making his judgement, the sole director of Hubei Macheng Jinfu, taking into account the legal opinion of GNE's legal advisor, considered that Hubei Macheng Jinfu's operating solar power plants had met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustments when the electricity delivered on grid. The sole director of Hubei Macheng Jinfu is confident that Hubei Macheng Jinfu's operating solar power plants were able to be registered in the Catalogue in due course and the accrued revenue on tariff adjustment are fully recoverable but only subject to timing of allocation of funds from the government, after considering that there are no bad debts experiences with the gird company in the past and the tariff adjustment is fully funded by the PRC government.

The solar power plants operated by Hubei Macheng Jinfu were admitted to the Catalogue during the year ended 31 December 2018.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of electricity which is recognised at a point in time. Substantially, all of the revenue is derived from electricity sales to local grid companies in the PRC for the years ended 31 December 2017, 2018 and 2019, and six months ended 30 June 2019 and 30 June 2020.

For sales of electricity, Hubei Macheng Jinfu generally entered into power purchase agreements with a local grid company with a term of 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 RMB74,950,000, RMB77,026,000, RMB78,939,000, RMB34,852,000 (unaudited) and RMB37,080,000 tariff adjustments recognised during the years ended 31 December 2017, 2018, 2019 and six months ended 30 June 2019 and 2020. Hubei Macheng Jinfu generally grants credit period of approximately one month to customers from date of invoice in accordance with the relevant power purchase agreements between Hubei Macheng Jinfu and the respective local grid companies. Hubei Macheng Jinfu 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 state-owned grid companies for settlement to the solar power companies. Effective from March 2012, the application, approval and settlement of the tariff adjustment are subject to certain procedures as promulgated by Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加輔助資金管理暫行辦法). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustment.

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

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

Hubei Macheng Jinfu operates 2 solar power plants and both of them are admitted to the Catalogue during the year ended 31 December 2018.

For the year ended 31 December 2017, tariff adjustment is recognised at its initial fair value based on the prevailing nationwide government policies on renewable energy for the entitlement of the tariff subsidy when the electricity was delivery on grid, and are discounted to present values based on the expected timing of the receipt of trade receivables. The tariff adjustment receivables was adjusted for discounting effect based on an effective interest rate ranged from 2.65% to 3.44% per annum. As such, Hubei Macheng Jinfu's revenue was adjusted by RMB4,409,000 and imputed interest on discounting effect on tariff adjustment receivables amounting to approximately RMB2,748,000 were recognised in 2017. Tariff adjustment receivables were included in trade receivables.

For the year ended 31 December 2018, for those tariff adjustments that are subject to approval for registration in the Catalogue by the PRC government, the relevant revenue from the tariff adjustments are considered variable consideration upon the application of IFRS 15, and are recognised only to the extent that it is highly probable that a significant reversal not occur and are included in contract assets. Management assessed that the solar power plants operated have qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plant. The contract assets of the solar power plants admitted to the Catalogue during 2018 is transferred to trade receivables upon such solar power plants obtained the approval for registration in the Catalogue in 2018.

Since certain of the tariff adjustments are yet to obtain approval for registration in the Catalogue by the PRC government, the management considers that it contains a significant financing component over the relevant portion of tariff adjustment until the end of the expected collection period. For the year ended 31 December 2018, the tariff adjustments was adjusted for this financing component based on an effective interest rate ranged from 2.65% to 3.44% per annum, and the adjustment in relation to revision of expected timing of tariff collection. As such, Hubei Macheng Jinfu's revenue was adjusted by RMB1,647,000 and interest income amounting to approximately RMB6,428,000 were recognised for the years ended 31 December 2018.

The management of GNE regularly reviews the results of the solar power plant operates by Hubei Macheng Jinfu when making decisions about allocating resources and assessing performance. No further segment information other than entity wide information was presented.

Geographical information

The operations of Hubei Macheng Jinfu is solely located in the PRC. All revenue of Hubei Macheng Jinfu are generated from a single external customer located in the PRC, and all its non-current assets are located in the PRC during the Relevant Periods.

7. OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest income of financial assets at amortised cost:					
– Interest income on discounting effect on tariff adjustment receivables	2,748	–	–	–	–
– Bank interest income	892	278	215	176	32
Interest arising from contract containing significant financing component	–	6,428	1,876	1,876	–
Others	–	992	60	–	15
Total other income	3,640	7,698	2,151	2,052	47

8. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on financial liabilities at amortised cost:					
Bank borrowings	31,719	31,221	30,361	15,561	14,047
Lease liabilities	–	–	1,140	564	565
Amounts due to related companies	4,214	3,979	639	385	69
Total finance costs	35,933	35,200	32,140	16,510	14,681

9. INCOME TAX EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
PRC Enterprise Income Tax ("**EIT**")	–	–	6,891	2,654	3,535

The basic tax rate of Hubei Macheng Jinfu is 25% under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and implementation regulations of the EIT Law.

Hubei Macheng Jinfu engaged in solar photovoltaic projects, under the EIT Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption from 2016 to 2018 followed by 3-year 50% exemption from 2019 to 2021.

The tax charge for the Relevant Periods can be reconciled to the profit before taxation per for statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation	50,997	50,358	57,443	23,324	26,734
Tax at domestic income tax rate of 25%	12,749	12,590	14,361	5,831	6,684
Under-provision in prior years	–	–	–	–	165
Effect of tax exemptions and concessions granted	(13,165)	(11,395)	(7,045)	(2,752)	(3,314)
Others *(Note)*	416	(1,195)	(425)	(425)	–
Income tax expense for the year/period	–	–	6,891	2,654	3,535

Note: Hubei Macheng Jinfu has deductible temporary differences arising form contract containing significant financing component of RMB5,401,000 and RMB620,000 at 31 December 2017 and 2018, respectively. No deferred tax asset has been recognised as the related deferred tax asset is considered insignificant given the preferential tax rate entitled by Hubei Macheng Jinfu.

10. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Profit for the year/period has been arrived at after charging:					
Release of prepaid lease payments	33	17	–	–	–
Depreciation of:					
– Property, plant and equipment	30,779	30,820	31,901	15,896	16,554
– Right-of-use assets	–	–	946	473	464
Staff costs (including sole director's remuneration)					
– Salaries, wages and other benefits	2,045	3,970	916	510	489
– Retirement benefit scheme contributions	230	802	205	105	72

11. DIVIDEND

Dividends of RMB36,723,000, RMB43,464,000, RMB88,128,000, RMB44,498,000 (unaudited) and RMBnil were proposed and paid to ordinary shareholder of Hubei Macheng Jinfu during the years ended 31 December 2017, 2018 and 2019, and six months ended 30 June 2019 and 2020, respectively.

11A. DIRECTOR'S EMOLUMENTS AND EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUAL

(a) Sole director emoluments

The emoluments of the sole director of Hubei Macheng Jinfu during the Relevant Periods are set out below:

Year ended 31 December 2017

Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Wang Hongwei 王洪偉	–	–	–	–	–

Year ended 31 December 2018

Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Wang Hongwei 王洪偉	–	–	–	–	–

Year ended 31 December 2019

Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Wang Hongwei 王洪偉	–	–	–	–	–

Six months ended 30 June 2019 (unaudited)

Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Wang Hongwei 王洪偉	–	–	–	–	–

Six months ended 30 June 2020

Name of sole director	Director's fee	Performance-related bonus	Salaries and other benefits	Retirement benefits scheme contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Wang Hongwei 王洪偉	–	–	–	–	–

The emoluments, including director's fee, salaries and other benefits, bonus and retirement benefit scheme contributions, for the sole director of Hubei Macheng Jinfu during the Relevant Periods were borne by a related company for his service as the sole director of Hubei Macheng Jinfu.

The sole director did not waive any emoluments and no incentive paid on joining and compensation for the loss of office for the Relevant Periods.

There was no arrangement under which the sole director of Hubei Macheng Jinfu waived or agreed to waive any remuneration for the Relevant Periods.

(b) Employees' emoluments

The five highest paid employees of Hubei Macheng Jinfu during the Relevant Periods included 5 individuals for the years ended 31 December 2017, 2018 and 2019, and for the six months ended 30 June 2019 (unaudited) and 2020 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and other benefits	361	391	437	219	245
Performance-related bonus	39	4	31	–	–
Retirement benefits scheme contribution	86	92	105	50	35
	486	487	573	269	280

The number of highest paid employees who are not the sole director whose emoluments fell within the following band is as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	Number of employee	*Number of employee*	*Number of employee*	*Number of employee* (unaudited)	*Number of employee*
Nil to HK$1,000,000	5	5	5	5	5

12. EARNINGS PER SHARE

No information related to earnings per share to presented in the Historical Financial Information as such information is not meaningful for the purpose of accountant's report.

13. PROPERTY, PLANT AND EQUIPMENT

	Building	Leasehold Improvements, furnitures, fixtures & equipment	Power generators and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
At 1 January 2017	19,014	362	829,898	105	–	849,379
Additions	–	85	103	–	–	188
At 31 December 2017 and 1 January 2018	19,014	447	830,001	105	–	849,567
Additions	–	–	73	–	–	73
Disposals	–	–	(173)	–	–	(173)
At 31 December 2018 and 1 January 2019	19,014	447	829,901	105	–	849,467
Additions	–	–	106	–	208	314
At 31 December 2019 and 1 January 2020	19,014	447	830,007	105	208	849,781
Additions	–	–	57	–	83	140
As at 30 June 2020	19,014	447	830,064	105	291	849,921

	Building	Leasehold Improvements, furnitures, fixtures & equipment	Power generators and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation						
At 1 January 2017	858	39	26,405	7	–	27,309
Charge for the year	41	78	30,641	19	–	30,779
At 31 December 2017 and 1 January 2018	899	117	57,046	26	–	58,088
Charge for the year	41	81	30,679	19	–	30,820
Disposals	–	–	(7)	–	–	(7)
At 31 December 2018 and 1 January 2019	940	198	87,718	45	–	88,901
Charge for the year	788	80	31,015	18	–	31,901
At 31 December 2019 and 1 January 2020	1,728	278	118,733	63	–	120,802
Charge for the year	428	40	16,077	9	–	16,554
At 30 June 2020	2,156	318	134,810	72	–	137,356
Carrying values						
At 31 December 2017	18,115	330	772,955	79	–	791,479
At 31 December 2018	18,074	249	742,183	60	–	760,566
At 31 December 2019	17,286	169	711,274	42	208	728,979
At 30 June 2020	16,858	129	695,254	33	291	712,565

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

Building	2% – 4% or over the lease term, whichever is shorter
Power generators and equipment	4% per annum
Leasehold improvements, furniture, fixtures and equipment	20% – 25%
Motor vehicles	20% – 30%

The building is held under a lease in the PRC.

14. RIGHT-OF-USE ASSETS

	Leasehold Land
	RMB'000
Carrying amount	
As at 1 January 2019	24,524
Depreciation charge	(946)
As at 31 December 2019	23,578
Depreciation charge	(464)
As at 30 June 2020	23,114

	RMB'000
Total cash outflow *(Note)*	
– for the year ended 31 December 2019	(1,225)
– for the six months ended 30 June 2020	(1,224)
– for the six months ended 30 June 2019 (unaudited)	(1,225)

Note: Amount includes payments of principal and interest portion of lease liabilities.

For the year ended 31 December 2019 and six months ended 30 June 2020, Hubei Macheng Jinfu leases lands for its operations. Lease contracts are entered into for fixed terms of twenty to fifty years, but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, Hubei Macheng Jinfu applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, Hubei Macheng Jinfu owns a piece of leasehold land where its solar power plants and office buildings are primarily located. Hubei Macheng Jinfu is the registered owner of these property interests. Hubei Macheng Jinfu has obtained the land use right certificates for all leasehold lands.

Hubei Macheng Jinfu has extension option in the leases for the leasehold land. This is used to maximise operational flexibility in terms of managing the assets used in Hubei Macheng Jinfu's operations. The majority of extension options held are exercisable only by Hubei Macheng Jinfu and not by the respective lessors.

Hubei Macheng Jinfu assessed at lease commencement date/date of initial application whether it is reasonably certain to exercise the extension options. There is no extension option which Hubei Macheng Jinfu is not reasonably certain to exercise. At 31 December 2019 and 30 June 2020, lease liabilities with the exercise of extension options of RMB22,138,000 and RMB21,479,000 are recognised, respectively.

In addition, Hubei Macheng Jinfu reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2019 and six months ended 30 June 2020, there is no such triggering event.

Details of the lease maturity analysis of lease liabilities are set out in Note 22.

15. PREPAID LEASE PAYMENT

	At 31 December	
	2017	**2018**
	RMB'000	*RMB'000*
Analysed for reporting purpose as:		
Current assets	17	16
Non-current assets	769	753
	786	769

16. AMOUNTS DUE FROM/TO RELATED COMPANIES

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related companies				
– fellow subsidiaries	–	100	–	208
Amounts due to related companies				
– immediate holding company	44,686	80,978	167,090	161,795
– intermediate holding company	56,091	75,861	31,805	31,172
– fellow subsidiaries	74,950	2,908	–	1,257
	175,727	159,747	198,895	194,224

Except for amounts due to related companies of approximately RMB63,561,000, RMB78,160,000, RMB31,804,000 and RMB31,172,000 at 31 December 2017, 2018, 2019 and 30 June 2020, respectively, which have no fixed repayment term, repayable on demand and interest bearing with interest rate ranging from 1.32% to 6% per annum, ranging from 1.32% to 6% per annum, at 1.32% per annum and at 1.32% per annum, respectively, the remaining amounts with related companies are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

In the opinion of the sole director, it is expected that the amounts due from related companies would be settled by the related companies within 1 year from each reporting period.

17. PREPAYMENTS AND OTHER NON-CURRENT ASSETS

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for EPC contracts and constructions *(Note a)*	2,234	–	33	33
Refundable value-added tax *(Note b)*	44,229	23,672	10,482	3,126
Prepaid rent of parcels of land	1,532	–	–	–
	47,995	23,672	10,515	3,159

Notes: (a) Prepayments for the engineering, procurement and constructions represent payment in advance to contractors which will be transferred to property, plant and equipment in accordance with the percentage of completion of the constructions.

(b) Amount represents refundable value-added tax arising from purchase of property, plant and equipment and would be utilized by Hubei Macheng Jinfu over 12 months from the end of the reporting period.

18. TRADE AND OTHER RECEIVABLES

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	170,580	161,982	175,825	218,529
Prepayments and deposits	249	1,544	6	8
Other receivables				
– Refundable value-added tax	20,327	20,298	16,611	16,306
– Others	200	200	201	519
	191,356	184,024	192,643	235,362

At 1 January 2018, trade receivables from contract with customer amounted to RMB28,551,000.

For sales of electricity in the PRC, Hubei Macheng Jinfu generally grants credit period of approximately one month to power grid company in the PRC from the date of invoice in accordance with the electricity sales contract between Hubei Macheng Jinfu and the grid company.

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

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unbilled *(Note)*	170,580	161,982	175,825	218,529

Note: At 31 December 2017, amount represented unbilled basic tariff receivables as well as unbilled tariff adjustment for the solar power plants which were not yet registered in the Catalogue. At 31 December 2018 and 2019 and 30 June 2020, the amount represented unbilled basic tariff receivables and the unbilled tariff adjustments of the solar power plants which were already registered in the Catalogue. The sole director of Hubei Macheng Jinfu expects the unbilled tariff adjustments would be generally billed and settled within 1 year from the end of each reporting date. The aged analysis of the unbilled trade receivables, which is based on revenue recognition date, are as follows:

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 – 90 days	40,657	41,462	31,436	36,781
91 – 180 days	43,626	56,863	30,191	9,176
181 – 365 days	45,923	52,422	34,366	58,374
Over 365 days	40,374	11,235	79,832	114,198
	170,580	161,982	175,825	218,529

No trade receivables are past due at 31 December 2017, 2018 and 2019, and 30 June 2020. Hubei Macheng Jinfu does not hold any collaterals over its trade receivables.

19. PLEDGED BANK DEPOSITS/BANK BALANCES

Pledged bank deposits carry fixed interest rates at 0.35% per annum at 31 December 2018.

Bank balances

Bank balances carry interest at floating rates range from 0.3% to 0.35% per annum for the Relevant Periods.

Details of impairment assessment are set out in Note 25b.

20. OTHER PAYABLES

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payables for purchase of plant and machinery and construction costs *(Note)*	40,690	8,797	8,591	8,567
Other tax payables	2	1	2	2
Other payables	1,258	1	4	–
Accruals				
– Staff costs	1,077	348	79	79
– Others	1,541	1,489	1,593	839
	44,568	10,636	10,269	9,487

Hubei Macheng Jinfu has financial risk management policies in place to ensure settlement of payables within the credit time frame.

Note: Included in payables for purchase of plant and machinery and construction costs are RMB19,400,000 in which Hubei Macheng Jinfu presented bills to relevant creditors for settlement and remained outstanding at 31 December 2017.

21. BANK BORROWINGS

The details of bank borrowings are as follow:

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The carrying amounts of the borrowings are repayable:				
Within one year	8,500	63,000	45,000	45,000
More than one year, but not exceeding two years	45,000	45,000	45,000	45,000
More than two years, but not exceeding five years	135,000	135,000	135,000	135,000
More than five years	405,300	360,300	315,300	292,800
	593,800	603,300	540,300	517,800
Less: Accounts due within one year shown under current liabilities	(8,500)	(63,000)	(45,000)	(45,000)
Amounts due after one year	585,300	540,300	495,300	472,800

The variable-rate bank borrowings are secured and denominated in RMB. The effective interest rate (which is also equal to contracted interest rate) is at 105% of benchmark borrowing rate of the PRC per annum throughout the Relevant Periods.

22. LEASE LIABILITIES

	At 31 December 2019	At 30 June 2020
	RMB'000	*RMB'000*
Lease liabilities payable:		
Within one year	1,062	1,148
Within a period of more than one years but not more than two years	1,050	1,136
Within a period of more than two years but not more than five years	2,935	3,137
Within a period of more than five years	17,091	16,058
	22,138	21,479
Less: Amount due for settlement within 12 months shown under current liabilities	(1,062)	(1,148)
Amount due for settlement after 12 months shown under non-current liabilities	21,076	(20,331)

All lease obligations are denominated in RMB.

23. PAID-UP CAPITAL

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered and paid-up capital	191,000	191,000	191,000	191,000

24. CAPITAL MANAGEMENT

Hubei Macheng Jinfu manages its capital to ensure that entities in Hubei Macheng Jinfu will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Hubei Macheng Jinfu's overall strategy remains unchanged for the Relevant Periods.

The capital structure of Hubei Macheng Jinfu consists of net debt, which mainly includes amounts due to related companies, bank borrowing and lease liabilities, net of cash and cash equivalents, and equity attributable to owners of Hubei Macheng Jinfu, comprising issued share capital and reserves.

The sole director of Hubei Macheng Jinfu reviews the capital structure on a periodical basis. As part of this review, the sole director of Hubei Macheng Jinfu considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the sole director of Hubei Macheng Jinfu, Hubei Macheng Jinfu will balance its overall capital structure through the payment of dividends, new capital injection and capital divestment as well as the issue of new debts or the redemption of existing debt.

25. FINANCIAL INSTRUMENTS

25a. Categories of financial instruments

	At 31 December			At 30 June
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Loans and receivables (including cash and cash equivalents)	195,596	–	–	–
Amortised cost	–	216,065	206,070	225,225
Financial liability				
Amortised cost	812,434	772,789	748,662	721,350
Lease liabilities	–	–	22,138	21,479

25b. Financial risk management objectives and policies

Hubei Macheng Jinfu's major financial instruments include trade and other receivables, amounts due from related companies, bank balances, pledged bank deposits, other payables, amounts due to related companies, bank borrowing and lease liabilities. Details of the financial instruments are disclosed in respective notes.The risks associated with those financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

Hubei Macheng Jinfu is exposed to fair value interest rate risk in relation to amounts due to related companies (see Note 16) lease liabilities (see Note 22). Hubei Macheng Jinfu is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 19), and the management has considered that the cash flow interest rate risk is limited because the current market interest rates on general deposits are relatively low and stable.

Additionally, certain of Hubei Macheng Jinfu's borrowings are issued at variable rates which expose Hubei Macheng Jinfu to cash flow interest rate risk. It is Hubei Macheng Jinfu's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk. Hubei Macheng Jinfu currently does not have a hedging policy on interest rate exposure. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. Hubei Macheng Jinfu's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rates risks. The analysis is prepared assuming the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. The following represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, Hubei Macheng Jinfu's profit for the years ended 31 December 2017, 2018, 2019, and six months ended 30 June 2020 would have decreased/increased by approximately RMB2,969,000, RMB3,017,000, RMB2,364,000 and RMB2,265,000, respectively. This is mainly attributable to Hubei Macheng Jinfu's exposure to interest rates on its variable-rate borrowings.

In the opinion of the sole director of Hubei Macheng Jinfu, the sensitivity analysis is not representative of Hubei Macheng Jinfu's exposure to interest rate risk for the Relevant Periods.

Credit risk (before application of IFRS 9 on 1 January 2018)

At 31 December 2017, financial assets whose carrying amounts best represent the maximum exposure to credit risk.

In order to minimum the credit risk, Hubei Macheng Jinfu reviews recoverable amount of the trade debt periodically to ensure that adequate impairment losses has been made for irrecoverable amounts. Hubei Macheng Jinfu has a credit control policy in place under which credit evaluations of the customer is performed on its customer requiring credit.

Credit risk on sales of electricity is concentrated on one customer. However, as the customer is a local grid company, which is a state-owned company with good repayment history. The management accordingly considers that there is no significant credit risk on the sales of electricity.

Credit risk on bank balances is limited because the counterparties are reputable banks in the PRC.

Credit risk and impairment assessment (upon application of IFRS 9 on 1 January 2018)

Credit risk refers to the risk that Hubei Macheng Jinfu's counterparties default on their contractual obligations resulting in financial losses to Hubei Macheng Jinfu. Hubei Macheng Jinfu's credit risk exposures are primarily attributable to trade and receivables, pledged bank deposits, bank balances and amounts due from related companies. Hubei Macheng Jinfu does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets and financial guarantee contracts.

Trade receivables arising from contracts with customers

The credit risk on trade receivables is limited because the sole customer, a local grid company, which is also a subsidiary of the state-owned grid company in the PRC. Furthermore, the tariff adjustments is funded by the Renewable Energy Development Fund which is administrated by the Ministry of Finance and well-supported by the PRC government.

100% of Hubei Macheng Jinfu's trade receivables is contributed by a single customer located in the PRC.

Hubei Macheng Jinfu always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by reference to historical default rates of debtors with relatively similar credit standing published by an external credit rating agency and adjusted for forward-looking information that is available without undue forward-looking information cost or effort.

Based on the loss rates, the ECL on trade receivables is considered to be insignificant.

Bank balances and pledged bank deposit

The credit risks on bank balances and pledged bank deposit are limited because the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit-rating agencies in the PRC.

Hubei Macheng Jinfu assessed 12m ECL for bank balances and pledged bank deposit by reference to information relating to average loss rate of the respective credit rating grades published by external credit rating agencies.

Based on the average loss rates, the ECL on bank balances and pledged bank deposit is considered insignificant.

Other receivables and amounts due from related companies

In relation to amounts due from related companies and other receivables, the management performs impairment assessment on the balances on a periodic basis. In assessing the probability of defaults of the amounts due from related companies and other receivables, the management has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward looking information that is available without undue cost or effort. Since the counterparties are mainly engaged in solar power industry in which their major current assets are tariff receivables, the collection of which is well supported by government policies; accordingly, the management considered the credit risk is limited.

For the purpose of impairment assessment of other receivables and amounts due from related parties, the loss allowance is measured at an amount equal to 12m ECL. In determining the ECL of other receivables and amounts due from related parties, after taking into account of the aforesaid factors and the forward looking information that is available without undue cost or effort, and considering the debtors operate in the solar power industry which is well supported by the prevailing government policies, the management considered the ECL provision for amounts due from related parties and other receivables is insignificant.

Hubei Macheng Jinfu's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/ other items
Low risk	The counterparty has a low risk of default of counterparties	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and Hubei Macheng Jinfu has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of Hubei Macheng Jinfu's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m ECL or lifetime ECL	Gross carrying amount		
					At 31 December		At 30 June
					2018	2019	2020
					RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost							
Amount due from fellow subsidiaries	*16*	N/A	Low risk *(Note a)*	12m ECL	100	–	208
Pledged bank deposits	*19*	Aa1	N/A	12m ECL	20,000	–	–
Bank balances	*19*	A1 to Aa1	N/A	12m ECL	33,783	30,044	5,969
Other receivables	*18*	N/A	Low risk *(Note a)*	12m ECL	200	201	519
Trade receivables	*18*	N/A	Low risk *(Note b)*	Lifetime ECL	161,982	175,825	218,529

Notes:

a. For the purposes of internal credit risk management, Hubei Macheng Jinfu uses repayment history or other relevant information to assess whether credit risk has increased significantly since initial recognition. At 31 December 2018 and 2019, and 30 June 2020, the balances of amounts due from related companies and other receivables are not past due and the internal credit rating of these balances are considered as low risk.

b. For trade receivables, Hubei Macheng Jinfu has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Hubei Macheng Jinfu determines the ECL on trade receivables individually.

As part of Hubei Macheng Jinfu's credit risk management, Hubei Macheng Jinfu applies internal credit rating for its customer in relation to its solar energy business operations. The following table provides information about the exposure to credit risk for trade receivables of Hubei Macheng Jinfu.

At 31 December 2018

Internal credit rating	**Loss rate**	**Trade receivables**
		RMB'000
Low risk	0.03%	161,982

At 31 December 2019

Internal credit rating	**Loss rate**	**Trade receivables**
		RMB'000
Low risk	0.03%	175,825

At 30 June 2020

Internal credit rating	**Loss rate**	**Trade receivables**
		RMB'000
Low risk	0.03%	218,529

The estimated loss rates are by reference to historical default rates of debtors with relatively similar credit standing published by an external credit rating agency and are adjusted for forward-looking information that is available without undue cost or effort. The sole director of Hubei Macheng Jinfu is of the opinion that the ECL for trade receivables is insignificant during the Relevant Periods.

Liquidity risk

At 31 December 2017 and 2019, and 30 June 2020, Hubei Macheng Jinfu's current liabilities exceeded its current assets by RMB12,606,000, RMB35,041,000 and RMB10,853,000, respectively. Hubei Macheng Jinfu is exposed to liquidity risk if it is not able to raise fund to meet its financial obligations.

In the management of the liquidity risk, Hubei Macheng Jinfu monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance Hubei Macheng Jinfu's operations and mitigate the effects of fluctuation in cash flows.

Hubei Macheng Jinfu relies on the financial support from GNE. Despite uncertainties and measures mentioned in Note 2, the sole director of Hubei Macheng Jinfu is of the opinion that the GNE Group will be able to meet its commitment to provide funds to Hubei Macheng Jinfu, and will have sufficient working capital to meet its cash flow requirements in the next twelve months from the end of each reporting period.

The following tables detail Hubei Macheng Jinfu remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which Hubei Macheng Jinfu can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the contractual repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest rate risk tables

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2017								
Other payables	–	23,507	19,400	–	–	–	42,907	42,907
Amounts due to related companies	0.68%	175,727	–	–	–	–	175,727	175,727
Bank borrowings	5.13%	–	40,175	75,759	213,505	514,805	844,244	593,800
Total		199,234	59,575	75,759	213,505	514,805	1,062,878	812,434

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018								
Other payables	–	9,742	–	–	–	–	9,742	9,742
Amounts due to related companies	0.71%	159,747	–	–	–	–	159,747	159,747
Bank borrowings	5.13%	–	93,936	73,518	206,416	448,377	822,247	603,300
Total		169,489	93,936	73,518	206,416	448,377	991,736	772,789

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2019								
Other payables	–	9,467	–	–	–	–	9,467	9,467
Amounts due to related companies	0.21%	198,895	–	–	–	–	198,895	198,895
Bank borrowing	5.13%	–	73,518	71,057	199,581	384,155	728,311	540,300
Subtotal		208,362	73,518	71,057	199,581	384,155	936,673	748,662
Lease liabilities	5.15%	1,224	–	1,224	3,672	24,568	30,688	22,138
Total		209,586	73,518	72,281	203,253	408,723	967,361	770,800

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 30 June 2020								
Other payables	–	9,326	–	–	–	–	9,326	9,326
Amounts due to related companies	0.21%	194,224	–	–	–	–	194,224	194,224
Bank borrowing	5.13%	–	72,292	69,971	196,070	352,002	690,335	517,800
Subtotal		203,550	72,292	69,971	196,070	352,002	893,885	721,350
Lease liabilities	5.15%	–	1,224	1,224	3,672	23,344	29,464	21,479
Total		203,550	73,516	71,195	199,742	375,346	923,349	742,829

The amount included above for variable-rate borrowings are subject to change if changes in variable interest rate differ from those estimates of interest rates determined at the end of each reporting period.

25c. Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The sole director of Hubei Macheng Jinfu considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Hubei Macheng Jinfu's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in Hubei Macheng Jinfu's statements of cash flows as cash flows from financing activities.

	Accrued interest expense	Amounts due to related companies	Bank and other borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	975	10,919	602,300	–	614,194
Financing cash flows	(30,535)	123,871	(9,700)	–	83,636
Finance costs	30,519	4,214	1,200	–	35,933
Dividend declared	–	36,723	–	–	36,723
At 31 December 2017 and 1 January 2018	959	175,727	593,800	–	770,486
Financing cash flows	(30,036)	(63,423)	8,300	–	(85,159)
Finance costs	30,021	3,979	1,200	–	35,200
Dividend declared	–	43,464	–	–	43,464
At 31 December 2018	944	159,747	603,300	–	763,991
Adjustment upon application of IFRS 16	–	–	–	22,223	22,223
As at 1 January 2019	944	159,747	603,300	22,223	786,214
Financing cash flows	(29,233)	(49,619)	(64,200)	(1,225)	(144,277)
Finance costs	29,161	639	1,200	1,140	32,140
Dividend declared	–	88,128	–	–	88,128
At 31 December 2019 and 1 January 2020	872	198,895	540,300	22,138	762,205
Financing cash flows	(13,560)	(4,740)	(23,100)	(1,224)	(42,624)
Finance costs	13,447	69	600	565	14,681
At 30 June 2020	759	194,224	517,800	21,479	734,262

27. OPERATING LEASES

Hubei Macheng Jinfu as lessee

	Year ended 31 December	
	2017	**2018**
	RMB'000	*RMB'000*
Minimum lease payments paid under operating leases during the year:		
Offices	–	126
Land	1,840	1,671
Motor vehicles	63	43
	1,903	1,840

Hubei Macheng Jinfu's commitments for future minimum lease payments under non-cancellable operating leases including lease payments during renewal period in which renewals are reasonably certain, which fall due as follows:

	At 31 December	
	2017	**2018**
	RMB'000	*RMB'000*
Within one year	1,885	140
In the second to fifth year inclusive	7,361	6,688
After five years	21,162	34,276
	30,408	41,104

Leases are negotiated and rentals are fixed for term of 25 years for parcels of land and fixed for term of 1 year for motor vehicles for the year ended 31 December 2018 and ranging from 1 to 2 years for the office premises and staff quarters for both years. The lease agreement entered into between the landlord and Hubei Macheng Jinfu include renewal options at the discretion of the respective group entities for further 10 years from the end of the leases with fixed rental.

28. PLEDGE OF ASSETS/RESTRICTIONS ON ASSETS

Hubei Macheng Jinfu's borrowings had been secured by the pledge of its assets and the carrying amounts of the respective assets are as follow:

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	791,479	760,566	728,979	712,565
Pledged bank and other deposits	–	20,000	–	–
Trade receivables and contract assets	170,580	161,982	175,825	218,529
	962,059	942,548	904,804	931,094

Hubei Macheng Jinfu's secured bank borrowing was secured, individually or in combination, by (i) certain property, plant and equipment of Hubei Macheng Jinfu; (ii) certain trade receivables and fee collection rights in relation to the sales of electricity and (iii) certain right-of-use assets of Hubei Macheng Jinfu.

Restrictions on assets

In addition, lease liabilities of RMB22,138,000 and RMB21,479,000, respectively, are recognised with related right-of-use assets of RMB23,578,000 and RMB23,114,000, respectively, as at 31 December 2019 and 30 June 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by lessor and the relevant leased assets may not be used as security for borrowing purposes.

29. RELATED PARTY DISCLOSURES

Except as disclosed elsewhere in the Historical Financial Information, Hubei Macheng Jinfu also entered into the following material transactions or arrangements with related parties:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2020**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Interest expense to:					
– an intermediate holding company	141	2,173	639	385	69
– a fellow subsidiary	3,580	1,508	–	–	–
– an immediate holding company	493	298	–	–	–
	4,214	3,979	639	385	69

Details of the remuneration for the key management personnel, which represents the sole director of Hubei Macheng Jinfu, are set out in Note 11A.

30. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 June 2020 and up to the date of this report, Hubei Macheng Jinfu has no significant event occurred.

31. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Hubei Macheng Jinfu GCL have been prepared in respect of any period subsequent to 30 June 2020 and up to the date of this report.

The Targets Companies under the Second Phase Share Purchase Agreements consist of Baotou Shi Zhong Li, Qi County GCL, Ningxia Zhongwei GCL, Huixian Shi GCL, Ruyang GCL and Hubei Macheng Jinfu.

BAOTAO SHI ZHONG LI

Baotou Shi Zhong Li is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Baotou Shi Zhong Li is wholly owned by Changzhou Zhonghui and is an indirect subsidiary of the Company.

Set out below is the management discussion and analysis of Baotou Shi Zhong Li's business and performance for the Reporting Periods.

Business and Financial Review

During the six months ended 30 June 2020, Baotou Shi Zhong Li was in full operation and generating electricity during the period. Baotou Shi Zhong Li recorded a revenue and gross profits of RMB40 million and approximately RMB28 million, respectively. Finance costs amounted to approximately RMB8 million. Profit for the period amounted to approximately RMB19 million.

During the year ended 31 December 2019, Baotou Shi Zhong Li was in full operation and generating electricity during the year. Baotou Shi Zhong Li recorded a revenue and gross profits of RMB83 million and approximately RMB59 million, respectively. Finance costs amounted to approximately RMB14 million. Profit for the year amounted to approximately RMB43 million.

During the year ended 31 December 2018, Baotou Shi Zhong Li was in full operation and generating electricity during the year. Baotou Shi Zhong Li recorded a revenue and gross profits of RMB82 million and approximately RMB60 million, respectively. Finance costs amounted to approximately RMB17 million. Profit for the year amounted to approximately RMB42 million.

During the year ended 31 December 2017, Baotou Shi Zhong Li had been connected to the grid and commenced operations since 2016. Baotou Shi Zhong Li recorded a revenue and gross profits of RMB80 million and approximately RMB53 million, respectively. Finance costs amounted to approximately RMB23 million. Profit for the year amounted to approximately RMB31 million.

Capital Structure, Liquidity and Financial Resources

For the six months ended 30 June 2020

During the six months ended 30 June 2020, Baotou Shi Zhong Li funded its operations mainly by its internal resources and bank borrowing.

As at 30 June 2020, Baotou Shi Zhong Li had bank balances and cash of approximately RMB3 million, all of which are denominated in RMB. As at 30 June 2020, Baotou Shi Zhong Li had bank borrowing of approximately RMB198 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB427 million, which were non-current in nature, while the majority of its liabilities was amount due to related companies of approximately RMB176 million. Therefore, Baotou Shi Zhong Li recorded net current liabilities of approximately RMB102 million as at 30 June 2020.

During the six months ended 30 June 2020, Baotou Shi Zhong Li did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 30 June 2020, Baotou Shi Zhong Li's current ratio (represented by current assets as a percentage of current liabilities) and gearing ratio (represented by total liabilities as a percentage of total assets) were approximately 0.59 and approximately 74% respectively.

For the year ended 31 December 2019

During the year ended 31 December 2019, Baotou Shi Zhong Li funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2019, Baotou Shi Zhong Li had bank balances and cash of approximately RMB1 million, all of which are denominated in RMB. As at 31 December 2019, Baotou Shi Zhong Li had bank borrowing of approximately RMB206 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB436 million, which were non-current in nature, while the majority of its liabilities was amounts due to related companies of approximately RMB176 million. Therefore, Baotou Shi Zhong Li recorded net current liabilities of approximately RMB178 million as at 31 December 2019.

During the year ended 31 December 2019, Baotou Shi Zhong Li did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2019, Baotou Shi Zhong Li's current ratio and gearing ratio were approximately 0.38 and approximately 77% respectively.

For the year ended 31 December 2018

During the year ended 31 December 2018, Baotou Shi Zhong Li funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2018, Baotou Shi Zhong Li had bank balances and cash of approximately RMB3 million, all of which are denominated in RMB. As at 31 December 2018, Baotou Shi Zhong Li had bank borrowing of approximately RMB239 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB454 million, which were non-current in nature, while the majority of its liabilities was amounts due to related companies of approximately RMB127 million. Therefore, Baotou Shi Zhong Li recorded net current liabilities of approximately RMB134 million as at 31 December 2018.

During the year ended 31 December 2018, Baotou Shi Zhong Li did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2018, Baotou Shi Zhong Li's current ratio and gearing ratio were approximately 0.43 and approximately 75% respectively.

For the year ended 31 December 2017

During the year ended 31 December 2017, Baotou Shi Zhong Li funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2017, Baotou Shi Zhong Li had bank balances and cash of approximately RMB8 million, all of which are denominated in RMB. As at 31 December 2017, Baotou Shi Zhong Li had bank borrowing of approximately RMB270 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB473 million, which were non-current in nature, while the majority of its liabilities was amounts due to related companies of approximately RMB178 million, which mainly represented the construction cost and solar plant equipment payables for the construction of solar power plants. Therefore, Baotou Shi Zhong Li recorded net current liabilities of approximately RMB217 million as at 31 December 2017.

During the year ended 31 December 2017, Baotou Shi Zhong Li did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2017, Baotou Shi Zhong Li's current ratio and gearing ratio were approximately 0.29 and approximately 91% respectively.

Employment and Remuneration Policy

During the Reporting Periods, Baotou Shi Zhong Li's remuneration policies were primarily based on the prevailing market rates and the performance of individual employees. As of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, the average number of employees of Baotou Shi Zhong Li were 6, 7, 7 and 8 respectively. The total employee benefit expenses including wages, salaries and allowances amounted to approximately RMB0.4 million, RMB1 million, RMB2 million and RMB1 million as of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017.

Significant Investment Held

During the Reporting Periods, Baotou Shi Zhong Li did not hold any significant investment.

Future Plans for Material Investments or Capital Assets

During the Reporting Periods, Baotou Shi Zhong Li's major capital assets were the solar power stations in Inner Mongolia and Baotou Shi Zhong Li intends to continue the operation of such solar power stations. Save as disclosed above, Baotou Shi Zhong Li had no future plans for any material investments or capital assets during the Reporting Periods.

Acquisition or Disposal of Subsidiary or Associated Company

During the Reporting Periods, Baotou Shi Zhong Li had no significant acquisition or disposal of any subsidiary or associated company.

Charges on Assets

As at 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, Baotou Shi Zhong Li pledged its property, plant and equipment of approximately RMB338 million, RMB345 million, RMB360 million and RMB375 million respectively to secure its bank borrowings. Besides, as at 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, Baotou Shi Zhong Li pledged its trade receivables and contract assets of approximately RMB87 million, RMB101 million, RMB81 million and RMB57 million respectively.

Contingent liabilities

During the Reporting Periods, Baotou Shi Zhong Li had no material contingent liabilities.

Segment Information

During the Reporting Periods, the principal activities of Baotou Shi Zhong Li was the operation of solar power plant in the PRC.

Foreign Exchange Exposure

During the Reporting Periods, Baotou Shi Zhong Li was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in RMB.

QI COUNTY GCL

Qi County GCL is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Qi County GCL is wholly owned by Suzhou GCL New Energy and is an indirect subsidiary of the Company.

Set out below is the management discussion and analysis of Qi County GCL's business and performance for the Reporting Periods.

Business and Financial Review

During the six months ended 30 June 2020, Qi Country GCL was in full operation and generating electricity during the period. Qi Country GCL recorded a revenue and gross profits of approximately RMB31 million and approximately RMB23 million, respectively. Finance costs amounted to approximately RMB7 million. Profit for the period amounted to approximately RMB16 million.

During the year ended 31 December 2019, Qi Country GCL was in full operation and generating electricity during the year. Qi Country GCL recorded a revenue and gross profits of approximately RMB53 million and approximately RMB36 million, respectively. Finance costs amounted to approximately RMB15 million. Profit for the year amounted to approximately RMB21 million.

During the year ended 31 December 2018, Qi Country GCL was in full operation and generating electricity during the year. Qi Country GCL recorded a revenue and gross profits of approximately RMB55 million and approximately RMB39 million, respectively. Finance costs amounted to approximately RMB18 million. Profit for the year amounted to approximately RMB23 million.

During the year ended 31 December 2017, Qi Country GCL had been connected to the grid and commenced operations since 2016. Qi Country GCL recorded a revenue and gross profits of approximately RMB50 million and approximately RMB34 million, respectively. Finance costs amounted to approximately RMB18 million. Profit for the year amounted to approximately RMB18 million.

Capital Structure, Liquidity and Financial Resources

For the six months ended 30 June 2020

During the six months ended 30 June 2020, Qi Country GCL funded its operations mainly by its internal resources and bank borrowing.

As at 30 June 2020, Qi Country GCL had bank balances and cash of approximately RMB0.3 million, all of which are denominated in RMB. As at 31 December 2019, Qi Country GCL had bank borrowing of approximately RMB203 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB307 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB167 million. Therefore, Qi Country GCL recorded net current liabilities of approximately RMB101 million as at 30 June 2020.

During the six months ended 30 June 2020, Qi Country GCL did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 30 June 2020, Qi Country GCL's current ratio (represented by current assets as a percentage of current liabilities) and gearing ratio (represented by total liabilities as a percentage of total assets) were approximately 0.53 and approximately 79% respectively.

For the year ended 31 December 2019

During the year ended 31 December 2019, Qi Country GCL funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2019, Qi Country GCL had bank balances and cash of approximately RMB9 million, all of which are denominated in RMB. As at 31 December 2019, Qi Country GCL had bank borrowing of approximately RMB219 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB314 million, which were non-current in nature, while the majority of its liabilities were amounts due to fellow subsidiaries of approximately RMB161 million. Therefore, Qi Country GCL recorded net current liabilities of approximately RMB188 million as at 31 December 2019.

During the year ended 31 December 2019, Qi Country GCL did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2019, Qi Country GCL's current ratio and gearing ratio were approximately 0.09 and approximately 82% respectively.

For the year ended 31 December 2018

During the year ended 31 December 2018, Qi Country GCL funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2018, Qi Country GCL had bank balances and cash of approximately RMB2 million, all of which are denominated in RMB. As at 31 December 2019, Qi Country GCL had bank borrowing of approximately RMB252 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB327 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB89 million. Therefore, Qi Country GCL recorded net current liabilities of approximately RMB80 million as at 31 December 2018.

During the year ended 31 December 2018, Qi Country GCL did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2018, Qi Country GCL's current ratio and gearing ratio were approximately 0.39 and approximately 71% respectively.

For the year ended 31 December 2017

During the year ended 31 December 2017, Qi Country GCL funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2017, Qi Country GCL had bank balances and cash of approximately RMB4 million, all of which are denominated in RMB. As at 31 December 2017, Qi Country GCL had bank borrowing of approximately RMB300 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB330 million, which were non-current in nature, while the majority of its liabilities was amount due to related companies of approximately RMB53 million. Therefore, Qi Country GCL recorded net current liabilities of approximately RMB44 million as at 31 December 2017.

During the year ended 31 December 2017, Qi Country GCL did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2017, Qi Country GCL's current ratio and gearing ratio were approximately 0.58 and approximately 75% respectively.

Employment and Remuneration Policy

During the Reporting Periods, Qi County GCL's remuneration policies were primarily based on the prevailing market rates and the performance of individual employees. As of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, the average number of employees of Qi County GCL were 7, 9, 10 and 10 respectively. The total employee benefit expenses including wages, salaries and allowances amounted to approximately RMB0.4 million, RMB1 million, RMB1 million and RMB1 million as of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017.

Significant Investment Held

During the Reporting Periods, Qi County GCL did not hold any significant investment.

Future Plans for Material Investments or Capital Assets

During the Reporting Periods, Qi County GCL's major capital assets were the solar power stations in Henan and Qi County GCL intends to continue the operation of such solar power stations. Save as disclosed above, Qi County GCL had no future plans for any material investments or capital assets during the Reporting Periods.

Acquisition or Disposal of Subsidiary or Associated Company

During the Reporting Periods, Qi County GCL had no significant acquisition or disposal of any subsidiary or associated company.

Charges on Assets

As at 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, Qi County GCL pledged its property, plant and equipment of approximately RMB307 million, RMB314 million, RMB327 million and RMB330 million respectively to secure its bank borrowings. Besides, as at 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, Qi County GCL pledged its trade receivables and contract assets of approximately RMB169 million, RMB144 million, RMB104 million and RMB63 million respectively.

Contingent liabilities

During the Reporting Periods, Qi County GCL had no material contingent liabilities.

Segment Information

During the Reporting Periods, the principal activities of Qi County GCL was the operation of solar power in the PRC.

Foreign Exchange Exposure

During the Reporting Periods, Qi County GCL was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in RMB.

NINGXIA ZHONGWEI GCL

Ningxia Zhongwei GCL is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Ningxia Zhongwei GCL is wholly owned by Ningxia GCL New Energy and is an indirect subsidiary of the Company.

Set out below is the management discussion and analysis of Ningxia Zhongwei GCL's business and performance for the Reporting Periods.

Business and Financial Review

During the six months ended 30 June 2020, Ningxia Zhongwei GCL was in full operation and generating electricity during the period. Ningxia Zhongwei GCL recorded a revenue and gross profits of approximately RMB25 million and approximately RMB18 million, respectively. Finance costs amounted to approximately RMB6 million. Profit for the period amounted to approximately RMB13 million.

During the year ended 31 December 2019, Ningxia Zhongwei GCL was in full operation and generating electricity during the year. Ningxia Zhongwei GCL recorded a revenue and gross profits of approximately RMB48 million and approximately RMB34 million, respectively. Finance costs amounted to approximately RMB13 million. Profit for the year amounted to approximately RMB22 million.

During the year ended 31 December 2018, Ningxia Zhongwei GCL was in full operation and generating electricity during the year. Ningxia Zhongwei GCL recorded a revenue and gross profits of approximately RMB49 million and approximately RMB37 million, respectively. Finance costs amounted to approximately RMB16 million. Profit for the year amounted to approximately RMB21 million.

During the year ended 31 December 2017, Ningxia Zhongwei GCL had been connected to the grid and commenced operations since 2017. Ningxia Zhongwei GCL recorded a revenue and gross profits of approximately RMB19 million and approximately RMB14 million, respectively. Finance costs amounted to approximately RMB5 million. Profit for the year amounted to approximately RMB8 million.

Capital Structure, Liquidity and Financial Resources

For the six months ended 30 June 2020

During the six months ended 30 June 2020, Ningxia Zhongwei GCL funded its operations mainly by its internal resources and bank borrowing.

As at 30 June 2020, Ningxia Zhongwei GCL had bank balances and cash of approximately RMB2 million, all of which are denominated in RMB. As at 30 June 2020, Ningxia Zhongwei GCL had bank borrowing of approximately RMB220 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB282 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB146 million. Therefore, Ningxia Zhongwei GCL recorded net current liabilities of approximately RMB60 million as at 30 June 2020.

During the six months ended 30 June 2020, Ningxia Zhongwei GCL did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 30 June 2020, Ningxia Zhongwei GCL's current ratio (represented by current assets as a percentage of current liabilities) and gearing ratio (represented by total liabilities as a percentage of total assets) were approximately 0.69 and approximately 83% respectively.

For the year ended 31 December 2019

During the year ended 31 December 2019, Ningxia Zhongwei GCL funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2019, Ningxia Zhongwei GCL had bank balances and cash of approximately RMB1 million, all of which are denominated in RMB. As at 31 December 2019, Ningxia Zhongwei GCL had bank borrowing of approximately RMB240 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB292 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB125 million. Therefore, Ningxia Zhongwei GCL recorded net current liabilities of approximately RMB155 million as at 31 December 2019.

During the year ended 31 December 2019, Ningxia Zhongwei GCL did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2019, Ningxia Zhongwei GCL's current ratio and gearing ratio were approximately 0.09 and approximately 85% respectively.

For the year ended 31 December 2018

During the year ended 31 December 2018, Ningxia Zhongwei GCL funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2018, Ningxia Zhongwei GCL had bank balances and cash of approximately RMB2 million, all of which are denominated in RMB. As at 31 December 2018, Ningxia Zhongwei GCL had bank borrowing of approximately RMB240 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB298 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB66 million, which mainly represented the construction cost and solar plant equipment payables for the construction of solar power plants. Therefore, Ningxia Zhongwei GCL recorded net current liabilities of approximately RMB70 million as at 31 December 2018.

During the year ended 31 December 2018, Ningxia Zhongwei GCL did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2018, Ningxia Zhongwei GCL's current ratio and gearing ratio were approximately 0.19 and approximately 78% respectively.

For the year ended 31 December 2017

During the year ended 31 December 2017, Ningxia Zhongwei GCL funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2017, Ningxia Zhongwei GCL had bank balances and cash of approximately RMB71 million, all of which are denominated in RMB. As at 31 December 2017, Ningxia Zhongwei GCL had bank borrowing of approximately RMB240 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB292 million, which were non-current in nature, while the majority of its liabilities amount due to related companies of approximately RMB71 million. Therefore, Ningxia Zhongwei GCL recorded net current liabilities of approximately RMB5 million as at 31 December 2017.

During the year ended 31 December 2017, Ningxia Zhongwei GCL did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2017, Ningxia Zhongwei GCL's current ratio and gearing ratio were approximately 0.96 and approximately 83% respectively.

Employment and Remuneration Policy

During the Reporting Periods, Ningxia Zhongwei GCL's remuneration policies were primarily based on the prevailing market rates and the performance of individual employees. As of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, the average number of employees of Ningxia Zhongwei GCL were 5, 5, 5 and 5 respectively. The total employee benefit expenses including wages, salaries and allowances amounted to approximately RMB0.3 million, RMB1 million, RMB1 million and RMB1 million as of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017.

Significant Investment Held

During the year ended 31 December 2017, Ningxia Zhongwei GCL was connected to the power grid and in full operation since then. Save for the power grid mentioned above, Ningxia Zhongwei GCL did not hold any other significant investment during the Reporting Periods.

Future Plans for Material Investments or Capital Assets

During the Reporting Periods, Ningxia Zhongwei GCL's major capital assets were the solar power stations in Ningxia and Ningxia Zhongwei GCL intends to continue the operation of such solar power stations. Save as disclosed above, Ningxia Zhongwei GCL had no future plans for any material investments or capital assets during the Reporting Periods.

Acquisition or Disposal of Subsidiary or Associated Company

During the Reporting Periods, Ningxia Zhongwei GCL had no significant acquisition or disposal of any subsidiary or associated company.

Charges on Assets

As at 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, Ningxia Zhongwei GCL pledged the following assets to secure its bank borrowings respectively:

– property, plant and equipment of approximately RMB282 million, RMB292 million, RMB298 million and RMB292 million;

– pledged bank and other deposits of approximately RMB21 million, RMB21 million, RMB20 million and nil;

– trade receivables and contract assets of RMB115 million, RMB94 million, RMB55 million and RMB21 million.

Contingent liabilities

During the Reporting Periods, Ningxia Zhongwei GCL had no material contingent liabilities.

Segment Information

During the Reporting Periods, the principal activities of Ningxia Zhongwei GCL was the operation of solar power in the PRC.

Foreign Exchange Exposure

During the Reporting Periods, Ningxia Zhongwei GCL was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in RMB.

HUIXIAN SHI GCL

Huixian Shi GCL is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Huixian Shi GCL is wholly owned by Suzhou GCL New Energy and is an indirect subsidiary of the Company.

Set out below is the management discussion and analysis of Huixian Shi GCL's business and performance for the Reporting Periods.

Business and Financial Review

During the six months ended 30 June 2020, Huixian Shi GCL was in full operation and generating electricity during the period. Huixian Shi GCL recorded a revenue and gross profits of approximately RMB12 million and approximately RMB9 million, respectively. Finance costs amounted to approximately RMB2 million. Profit for the period amounted to approximately RMB5 million.

During the year ended 31 December 2019, Huixian Shi GCL was in full operation and generating electricity during the year. Huixian Shi GCL recorded a revenue and gross profits of approximately RMB22 million and approximately RMB14 million, respectively. Finance costs amounted to approximately RMB5 million. Profit for the year amounted to approximately RMB8 million.

During the year ended 31 December 2018, Huixian Shi GCL was in full operation and generating electricity during the year. Huixian Shi GCL recorded a revenue and gross profits of approximately RMB22 million and approximately RMB14 million, respectively. Finance costs amounted to approximately RMB6 million. Profit for the year amounted to approximately RMB9 million.

During the year ended 31 December 2017, Huixian Shi GCL had been connected to the grid and commenced operations since 2016. Huixian Shi GCL recorded a revenue and gross profits of approximately RMB21 million and approximately RMB14 million, respectively. Finance costs amounted to approximately RMB5 million. Profit for the year amounted to approximately RMB9 million.

Capital Structure, Liquidity and Financial Resources

For the six months ended 30 June 2020

During the six months ended 30 June 2020, Huixian Shi GCL funded its operations mainly by its internal resources and bank borrowing.

As at 30 June 2020, Huixian Shi GCL had bank balances and cash of approximately RMB2 million, all of which are denominated in RMB. As at 30 June 2020, Huixian Shi GCL had bank borrowing of approximately RMB70 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB131 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB49 million. Therefore, Huixian Shi GCL recorded net current liabilities of approximately RMB16 million as at 30 June 2020.

During the six months ended 30 June 2020, Huixian Shi GCL did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 30 June 2020, Huixian Shi GCL's current ratio (represented by current assets as a percentage of current liabilities) and gearing ratio (represented by total liabilities as a percentage of total assets) were approximately 0.74 and approximately 68% respectively.

For the year ended 31 December 2019

During the year ended 31 December 2019, Huixian Shi GCL funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2019, Huixian Shi GCL had bank balances and cash of approximately RMB3 million, all of which are denominated in RMB. As at 31 December 2019, Huixian Shi GCL had bank borrowing of approximately RMB74 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB134 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB53 million. Therefore, Huixian Shi GCL recorded net current liabilities of approximately RMB20 million as at 31 December 2019.

During the year ended 31 December 2019, Huixian Shi GCL did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2019, Huixian Shi GCL's current ratio and gearing ratio were approximately 0.70 and approximately 71% respectively.

For the year ended 31 December 2018

During the year ended 31 December 2018, Huixian Shi GCL funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2018, Huixian Shi GCL had bank balances and cash of approximately RMB7 million, all of which are denominated in RMB. As at 31 December 2018, Huixian Shi GCL had bank borrowing of approximately RMB83 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB140 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB44 million. Therefore, Huixian Shi GCL recorded net current liabilities of approximately RMB14 million as at 31 December 2018.

During the year ended 31 December 2018, Huixian Shi GCL did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2018, Huixian Shi GCL's current ratio and gearing ratio were approximately 0.76 and approximately 68% respectively.

For the year ended 31 December 2017

During the year ended 31 December 2017, Huixian Shi GCL funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2017, Huixian Shi GCL had bank balances and cash of approximately RMB0.04 million, all of which are denominated in RMB. As at 31 December 2017, Huixian Shi GCL had bank borrowing of approximately RMB92 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB141 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB34 million. Therefore, Huixian Shi GCL recorded net current liabilities of approximately RMB10 million as at 31 December 2017.

During the year ended 31 December 2017, Huixian Shi GCL did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2017, Huixian Shi GCL's current ratio and gearing ratio were approximately 0.80 and approximately 68% respectively.

Employment and Remuneration Policy

During the Reporting Periods, Huixian Shi GCL's remuneration policies were primarily based on the prevailing market rates and the performance of individual employees. As of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, the average number of employees of Huixian Shi GCL were 6, 7, 8 and 7 respectively. The total employee benefit expenses including wages, salaries and allowances amounted to approximately RMB0.3 million, RMB1 million, RMB0.4 million and RMB1 million as of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017.

Significant Investment Held

During the Reporting Periods, Huixian Shi GCL did not hold any significant investment.

Future Plans for Material Investments or Capital Assets

During the Reporting Periods, Huixian Shi GCL's major capital assets were the solar power stations in Henan and Huixian Shi GCL intends to continue the operation of such solar power stations. Save as disclosed above, Huixian Shi GCL had no future plans for any material investments or capital assets during the Reporting Periods.

Acquisition or Disposal of Subsidiary or Associated Company

During the Reporting Periods, Huixian Shi GCL had no significant acquisition or disposal of any subsidiary or associated company.

Charges on Assets

As at 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, Huixian Shi GCL pledged its property, plant and equipment of approximately RMB131 million, RMB134 million, RMB140 million and RMB141 million respectively to secure its bank borrowings. Besides, as at 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, Huixian Shi GCL pledged its trade receivables of approximately RMB40 million, RMB39 million, RMB25 million and RMB31 million respectively.

Contingent liabilities

During the Reporting Periods, Huixian Shi GCL had no material contingent liabilities.

Segment Information

During the Reporting Periods, the principal activities of Huixian Shi GCL was the operation of solar power in the PRC

Foreign Exchange Exposure

During the Reporting Periods, Huixian Shi GCL was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in RMB.

RUYANG GCL

Ruyang GCL is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Ruyang GCL is wholly owned by Suzhou GCL New Energy and is an indirect subsidiary of the Company.

Set out below is the management discussion and analysis of Ruyang GCL's business and performance for the Reporting Periods.

Business and Financial Review

During the six months ended 30 June 2020, Ruyang GCL was in full operation and generating electricity during the period. Ruyang GCL recorded a revenue and gross profits of approximately RMB49 million and approximately RMB37 million, respectively. Finance costs amounted to approximately RMB12 million. Profit for the period amounted to approximately RMB22 million.

During the year ended 31 December 2019, Ruyang GCL was in full operation and generating electricity during the year. Ruyang GCL recorded a revenue and gross profits of approximately RMB90 million and approximately RMB63 million, respectively. Finance costs amounted to approximately RMB26 million. Profit for the year amounted to approximately RMB36 million.

During the year ended 31 December 2018, Ruyang GCL was in full operation and generating electricity during the year. Ruyang GCL recorded a revenue and gross profits of approximately RMB81 million and approximately RMB58 million, respectively. Finance costs amounted to approximately RMB26 million. Profit for the year amounted to approximately RMB39 million.

During the year ended 31 December 2017, Ruyang GCL had been connected to the grid and commenced operations since 2016. Ruyang GCL recorded a revenue and gross profits of approximately RMB59 million and approximately RMB36 million, respectively. Finance costs amounted to approximately RMB15 million. Profit for the year amounted to approximately RMB25 million.

Capital Structure, Liquidity and Financial Resources

For the six months ended 30 June 2020

During the six months ended 30 June 2020, Ruyang GCL funded its operations mainly by its internal resources and bank borrowing.

As at 30 June 2020, Ruyang GCL had bank balances and cash of approximately RMB15 million, all of which are denominated in RMB. As at 30 June 2020, Ruyang GCL had bank borrowing of approximately RMB422 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB506 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB125 million. Therefore, Ruyang GCL recorded net current liabilities of approximately RMB25 million as at 30 June 2020.

During the six months ended 30 June 2020, Ruyang GCL did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 30 June 2020, Ruyang GCL's current ratio (represented by current assets as a percentage of current liabilities) and gearing ratio (represented by total liabilities as a percentage of total assets) were approximately 0.86 and approximately 76% respectively.

For the year ended 31 December 2019

During the year ended 31 December 2019, Ruyang GCL funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2019, Ruyang GCL had bank balances and cash of approximately RMB23 million, all of which are denominated in RMB. As at 31 December 2019, Ruyang GCL had bank borrowing of approximately RMB446 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB517 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB122 million. Therefore, Ruyang GCL recorded net current liabilities of approximately RMB58 million as at 31 December 2019.

During the year ended 31 December 2019, Ruyang GCL did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2019, Ruyang GCL's current ratio and gearing ratio were approximately 0.68 and approximately 79% respectively.

For the year ended 31 December 2018

During the year ended 31 December 2018, Ruyang GCL funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2018, Ruyang GCL had bank balances and cash of approximately RMB52 million, all of which are denominated in RMB. As at 31 December 2018, Ruyang GCL had bank borrowing of approximately RMB485 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB533 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB81 million. Therefore, Ruyang GCL recorded net current assets of approximately RMB8 million as at 31 December 2018.

During the year ended 31 December 2018, Ruyang GCL did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2018, Ruyang GCL's current ratio and gearing ratio were approximately 1.06 and approximately 76% respectively.

For the year ended 31 December 2017

During the year ended 31 December 2017, Ruyang GCL funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2017, Ruyang GCL had bank balances and cash of approximately RMB28 million, all of which are denominated in RMB. As at 31 December 2017, Ruyang GCL had bank borrowing of approximately RMB499 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB503 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB101 million. Therefore, Ruyang GCL recorded net current assets of approximately RMB66 million as at 31 December 2017.

During the year ended 31 December 2017, Ruyang GCL did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2017, Ruyang GCL's current ratio and gearing ratio were approximately 1.52 and approximately 79% respectively.

Employment and Remuneration Policy

During the Reporting Periods, Ruyang GCL's remuneration policies were primarily based on the prevailing market rates and the performance of individual employees. As of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, the average number of employees of Ruyang GCL were 9, 10, 10 and 11 respectively. The total employee benefit expenses including wages, salaries and allowances amounted to approximately RMB0.5 million, RMB1 million, RMB1 million and RMB1 million as of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017.

Significant Investment Held

During the Reporting Periods, Ruyang GCL did not hold any significant investment.

Future Plans for Material Investments or Capital Assets

During the Reporting Periods, Ruyang GCL's major capital assets were the solar power stations in Henan and Ruyang GCL intends to continue the operation of such solar power stations. Save as disclosed above, Ruyang GCL had no future plans for any material investments or capital assets during the Reporting Periods.

Acquisition or Disposal of Subsidiary or Associated Company

During the Reporting Periods, Ruyang GCL had no significant acquisition or disposal of any subsidiary or associated company.

Charges on Assets

As at 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, Ruyang GCL pledged the following assets to secure its bank borrowings respectively:

– property, plant and equipment of approximately RMB506 million, RMB517 million, RMB533 million and RMB503 million;

– pledged bank and other deposits of approximately RMB24 million, RMB24 million, RMB24 million and RMB24 million;

– trade receivables and contract assets of RMB133 million, RMB112 million, RMB78 million and RMB81 million.

Contingent liabilities

During the Reporting Periods, Ruyang GCL had no material contingent liabilities.

Segment Information

During the Reporting Periods, the principal activities of Ruyang GCL was the operation of solar power in the PRC.

Foreign Exchange Exposure

During the Reporting Periods, Ruyang GCL was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in RMB.

HUBEI MACHENG JINFU

Hubei Macheng Jinfu is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Hubei Macheng Jinfu is wholly owned by Suzhou GCL New Energy and is an indirect subsidiary of the Company.

Set out below is the management discussion and analysis of Hubei Macheng Jinfu's business and performance for the Reporting Periods.

Business and Financial Review

During the six months ended 30 June 2020, Hubei Macheng Jinfu was in full operation and generating electricity during the period. Hubei Macheng Jinfu recorded a revenue and gross profits of approximately RMB60 million and approximately RMB42 million, respectively. Finance costs amounted to approximately RMB15 million. Profit for the period amounted to approximately RMB23 million.

During the year ended 31 December 2019, Hubei Macheng Jinfu was in full operation and generating electricity during the year. Hubei Macheng Jinfu recorded a revenue and gross profits of approximately RMB127 million and approximately RMB89 million, respectively. Finance costs amounted to approximately RMB32 million. Profit for the year amounted to approximately RMB51 million.

During the year ended 31 December 2018, Hubei Macheng Jinfu was in full operation and generating electricity during the year. Hubei Macheng Jinfu recorded a revenue and gross profits of approximately RMB125 million and approximately RMB82 million, respectively. Finance costs amounted to approximately RMB35 million. Profit for the year amounted to approximately RMB50 million.

During the year ended 31 December 2017, Hubei Macheng Jinfu had been connected to the grid and commenced operations since 2015. Hubei Macheng Jinfu recorded a revenue and gross profits of approximately RMB122 million and approximately RMB86 million, respectively. Finance costs amounted to approximately RMB36 million. Profit for the year amounted to approximately RMB51 million.

Capital Structure, Liquidity and Financial Resources

For the six months ended 30 June 2020

During the six months ended 30 June 2020, Hubei Macheng Jinfu funded its operations mainly by its internal resources and bank borrowing.

As at 30 June 2020, Hubei Macheng Jinfu had bank balances and cash of approximately RMB6 million, all of which are denominated in RMB. As at 30 June 2020, Hubei Macheng Jinfu had bank borrowing of approximately RMB518 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB713 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB194 million. Therefore, Hubei Macheng Jinfu recorded net current liabilities of approximately RMB11 million as at 30 June 2020.

During the six months ended 30 June 2020, Hubei Macheng Jinfu did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 30 June 2020, Hubei Macheng Jinfu's current ratio (represented by current assets as a percentage of current liabilities) and gearing ratio (represented by total liabilities as a percentage of total assets) were approximately 0.96 and approximately 76% respectively.

For the year ended 31 December 2019

During the year ended 31 December 2019, Hubei Macheng Jinfu funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2019, Hubei Macheng Jinfu had bank balances and cash of approximately RMB30 million, all of which are denominated in RMB. As at 31 December 2019, Hubei Macheng Jinfu had bank borrowing of approximately RMB540 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB729 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB199 million. Therefore, Hubei Macheng Jinfu recorded net current liabilities of approximately RMB35 million as at 31 December 2019.

During the year ended 31 December 2019, Hubei Macheng Jinfu did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2019, Hubei Macheng Jinfu's current ratio and gearing ratio were approximately 0.86 and approximately 79% respectively.

For the year ended 31 December 2018

During the year ended 31 December 2018, Hubei Macheng Jinfu funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2018, Hubei Macheng Jinfu had bank balances and cash of approximately RMB34 million, all of which are denominated in RMB. As at 31 December 2018, Hubei Macheng Jinfu had bank borrowing of approximately RMB603 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB761 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB160 million. Therefore, Hubei Macheng Jinfu recorded net current assets of approximately RMB5 million as at 31 December 2018.

During the year ended 31 December 2018, Hubei Macheng Jinfu did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2018, Hubei Macheng Jinfu's current ratio and gearing ratio were approximately 1.02 and approximately 76% respectively.

For the year ended 31 December 2017

During the year ended 31 December 2017, Hubei Macheng Jinfu funded its operations mainly by its internal resources and bank borrowing.

As at 31 December 2017, Hubei Macheng Jinfu had bank balances and cash of approximately RMB25 million, all of which are denominated in RMB. As at 31 December 2017, Hubei Macheng Jinfu had bank borrowing of approximately RMB594 million, all of which are charged with a floating interest rate and denominated in RMB. The majority of its assets were property, plant and equipment of approximately RMB791 million, which were non-current in nature, while the majority of its liabilities were amount due to related companies of approximately RMB176 million. Therefore, Hubei Macheng Jinfu recorded net current liabilities of approximately RMB13 million as at 31 December 2017.

During the year ended 31 December 2017, Hubei Macheng Jinfu did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2017, Hubei Macheng Jinfu's current ratio and gearing ratio were approximately 0.94 and approximately 77% respectively.

Employment and Remuneration Policy

During the Reporting Periods, Hubei Macheng Jinfu's remuneration policies were primarily based on the prevailing market rates and the performance of individual employees. As of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, the average number of employees of Hubei Macheng Jinfu were 11, 11, 10 and 10 respectively. The total employee benefit expenses including wages, salaries and allowances amounted to approximately RMB1 million, RMB1 million, RMB5 million and RMB2 million as of 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017.

Significant Investment Held

During the Reporting Periods, Hubei Macheng Jinfu did not hold any significant investment.

Future Plans for Material Investments or Capital Assets

During the Reporting Periods, Hubei Macheng Jinfu's major capital assets were the solar power stations in Hubei and Hubei Macheng intends to continue the operation of such solar power stations. Save for the solar power stations mentioned above, Hubei Macheng Jinfu did not have any other material capital assets during the Reporting Periods.

Acquisition or Disposal of Subsidiary or Associated Company

During the Reporting Periods, Hubei Macheng Jinfu had no significant acquisition or disposal of any subsidiary or associated company.

Charges on Assets

As at 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017, Hubei Macheng Jinfu pledged the following assets to secure its bank borrowings respectively:

– property, plant and equipment of approximately RMB713 million, RMB729 million, RMB761 million and RMB791 million;

– pledged bank and other deposits of approximately nil, nil, RMB20 million and nil;

– trade receivables and contract assets of RMB219 million, RMB176 million, RMB162 million and RMB171 million.

Contingent liabilities

During the Reporting Periods, Hubei Macheng Jinfu had no material contingent liabilities.

Segment Information

During the Reporting Periods, the principal activities of Hubei Macheng Jinfu was the operation of solar power in the PRC.

Foreign Exchange Exposure

During the Reporting Periods, Hubei Macheng Jinfu was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in RMB.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Introduction

GCL New Energy Holdings Limited ("**GNE**"), a non-wholly owned subsidiary of the Company, and its subsidiaries (collectively "**GNE Group**") are principally engaged in the sale of electricity, development, construction, operation and management of solar power plants ("**Solar Energy Business**").

On 18 November 2019, GNE 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 disposals of (i) certain solar power plants of GNE Group in the People's Republic of China (the "**PRC**") (the "**Power Plants**") or (ii) certain project companies of GNE Group which operate the Power Plants (the "**Framework Disposal**").

On 29 September 2020, GNE Group entered into a series of six share transfer agreements ("**Second Phase Share Purchase Agreements**") with 華能工融一號(天津)股權投資基金合夥企業(有限合夥)Huaneng Gongrong No.1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("**Hua Neng No. 1 Fund**") and 華能工融二號(天津)股權投資基金合夥企業(有限合夥) Huaneng Gongrong No. 2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("**Hua Neng No. 2 Fund**") (collectively the "**Purchasers**"), pursuant to which GNE Group agreed to sell 60% and 40% of the equity interest in six wholly-owned subsidiaries of GNE Group, namely Baotou Shi Zhong Li Photovoltaic Co., Ltd.* (包頭市中利騰暉光伏發電有限公司) ("**Baotou Shi Zhong Li**"), Qi County GCL New Energy Co., Ltd.* (淇縣協鑫新能源有限公司) ("**Qi County GCL**"), Ningxia Zhongwei GCL Photovoltaic Power Co., Ltd.* (寧夏中衛協鑫光伏電力有限公司) ("**Ningxia Zhongwei GCL**"), Huixian Shi GCL Photovoltaic Power Co., Ltd.* (輝縣市協鑫光伏電力有限公司) ("**Huixian Shi GCL**"), Ruyang GCL New Energy Co., Ltd.* (汝陽協鑫新能源有限公司) ("**Ruyang GCL**") and Hubei Macheng Jinfu Solar Energy Co., Ltd.* (湖北省麻城市金伏太陽能電力有限公司) ("**Hubei Macheng Jinfu**") (hereafter collectively referred to as the "**Target Companies**") to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, respectively. The Target Companies own 10 solar power plants in the PRC with aggregate installed capacity of approximately 403MW (the "**Disposals**"), for a consideration in aggregate of RMB576,001,000 (the "**Consideration**"). Further details of the Disposals are set out in the announcement of the Company published on 29 September 2020 and this circular. Pursuant to the Listing Rules, this transaction is considered as a very substantial disposal of GNE and the Company, the Disposals will be approved by the shareholders of GNE in the special general meeting as well as the shareholders of the Company in an extraordinary general meeting on 28 December 2020.

Pursuant to Second Phase Share Purchase Agreements, upon the occurrence of certain events, GNE Group may be required to repurchase the entire equity interest in the respective Target Companies and any outstanding shareholders' loan advanced to the respective Target Companies by the Purchasers upon the exercise of the put options (the "**Put Options**") by the Purchasers within a certain period (the "**Repurchase**"). The grant of the Put Options constitutes a possible very substantial acquisition (the "**Possible VSA**") for the Group in relation to the assumed exercise by the

* *The English names are for identification purpose only and the official names of the entities are in Chinese.*

Purchaser of the Put Options relating to the acquisition of entire equity interest in the Target Companies. Further details of the Repurchase are set out in the announcement of the Company published on 29 September 2020.

The Target Companies are principally engaged in the solar power generation business in the PRC. Upon the completion of the Disposals, the Group will cease to have control over these Target Companies and the remaining group (the "**Remaining Group**") will continue to operate the remaining Solar Energy Business in the PRC.

The unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") of the Remaining Group, comprising the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2020, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma condensed consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2019, has been prepared by the directors of the Company (the "**Directors**") in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and on the basis of the notes set out below, for the purpose of illustrating the effect of the Disposals and the Possible VSA, as if the Disposals and the Possible VSA had been completed on 30 June 2020 or 1 January 2019, as appropriate.

A narrative description of the unaudited pro forma adjustments of the Disposals and the Possible VSA that are directly attributable to the transactions and factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates, uncertainties, currently available information and are prepared for illustrative purpose only. Because of its hypothetical nature, it may not give a true picture of the results of operations, financial positions or cash flows of the Remaining Group had the Disposals and the Possible VSA been completed as at the respective dates to which it is made up to or for any future periods or at any future dates, whichever is applicable.

The Unaudited Pro Forma Financial Information should be read in conjunction with the published consolidated financial statements of the Company dated 27 April 2020 for the year ended 31 December 2019, unaudited condensed consolidated financial statements dated 28 August 2020 for the six months period ended 30 June 2020 and the relevant accountants' reports of the Target Companies as set out in Appendix IIA, IIB, IIC, IID, IIE and IIF and other financial information included elsewhere in this circular issued by the Company dated 4 December 2020 (the "**Circular**") in connection with the Disposals.

The Company would like to draw the attention of the investors and other users of this Circular that when preparing the Unaudited Pro forma Financial Information of the Remaining Group, no adjustment had been made to reflect the impact of disposals of five subject companies under the first phase share purchase agreements with China Huaneng (the "**First Phase Disposals**"), which have been or will be completed subsequent to 30 June 2020. Assets and liabilities of the subject companies under the First Phase Disposals, which are expected to be sold within twelve months since 30 June

2020, have been included in "assets classified as held for sale" and "liabilities associated with assets classified as held for sale" in the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2020, respectively.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	The Group	Unaudited pro forma adjustments in respect of the Disposals										The Remaining Group after the completion of the Disposals
	As at 30 June 2020 *RMB'000* *Note 1* (Unaudited)	Exclusion of 100% equity interest in Baotou Shi Zhong Li as at 30 June 2020 *RMB'000* *Note 2(a)*	Exclusion of 100% equity interest in Qi County GCL as at 30 June 2020 *RMB'000* *Note 2(a)*	Exclusion of 100% equity interest in Ningxia Zhongwei GCL as at 30 June 2020 *RMB'000* *Note 2(a)*	Exclusion of 100% equity interest in Huixian Shi GCL as at 30 June 2020 *RMB'000* *Note 2(a)*	Exclusion of 100% equity interest in Ruyang GCL as at 30 June 2020 *RMB'000* *Note 2(a)*	Exclusion of 100% equity interest in Hubei Macheng Jinfu as at 30 June 2020 *RMB'000* *Note 2(a)*	Recognition of impact on consideration and estimated loss on the Disposals *RMB'000* *Note 2(b)*	Reinstatement of intra-group balances *RMB'000* *Note 2(c)*	Estimated costs and expenses in respect of the Disposals *RMB'000* *Note 2(d)*	Total pro forma adjustments in respect of the Disposals *RMB'000*	As at 30 June 2020 *RMB'000* (Unaudited)
Non-current assets												
Property, plant and equipment	47,459,510	(426,698)	(307,023)	(281,939)	(131,346)	(506,370)	(712,565)	–	–	–	(2,365,941)	45,093,569
Right-of-use assets	3,919,071	(9,542)	(6,469)	(3,316)	(7,601)	(12,632)	(23,114)	–	–	–	(62,674)	3,856,397
Investment properties	63,477	–	–	–	–	–	–	–	–	–	–	63,477
Other intangible assets	230,068	–	–	–	–	–	–	–	–	–	–	230,068
Other financial assets at fair value through profit or loss ("**FVTPL**")	271,306	–	–	–	–	–	–	–	–	–	–	271,306
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")	29,239	–	–	–	–	–	–	–	–	–	–	29,239
Interests in associates	7,608,403	–	–	–	–	–	–	–	–	–	–	7,608,403
Interests in joint ventures	642,174	–	–	–	–	–	–	–	–	–	–	642,174
Amounts due from related companies	846,951	–	–	–	–	–	–	–	–	–	–	846,951
Deposits, prepayments and other non-current assets	1,938,983	–	(3,978)	(14,581)	(5,704)	(26,531)	(3,159)	–	–	–	(53,953)	1,885,030
Contract assets	735,076	(16,877)	(66,358)	–	–	(19,014)	–	–	–	–	(102,249)	632,827
Pledged and restricted bank and other deposits	884,844	–	–	(20,198)	–	(23,668)	–	–	–	–	(43,866)	840,978
Deferred tax assets	283,735	–	–	–	–	–	–	–	–	–	–	283,735
Total non-current assets	64,912,837	(453,117)	(383,828)	(320,034)	(144,651)	(588,215)	(738,838)	–	–	–	(2,628,683)	62,284,154
Current assets												
Inventories	653,084	–	–	–	–	–	–	–	–	–	–	653,084
Convertible bonds receivable	96,364	–	–	–	–	–	–	–	–	–	–	96,364
Other financial assets at FVTPL	781,682	–	–	–	–	–	–	–	–	–	–	781,682
Held for trading investments	4,265	–	–	–	–	–	–	–	–	–	–	4,265
Trade and other receivables	13,845,091	(89,856)	(11,854)	(124,086)	(43,431)	(98,554)	(235,362)	576,001	–	–	(27,142)	13,817,949
Contract assets	4,323,281	(25,315)	(99,536)	–	–	(28,520)	–	–	–	–	(153,371)	4,169,910
Amounts due from related companies	981,481	–	–	–	–	(19)	–	–	–	–	(19)	981,462
Amounts due from the Target Companies	–	(29,530)	–	(5,126)	(289)	(14,473)	(208)	–	857,768	–	808,142	808,142
Tax recoverable	3,272	–	–	–	–	–	–	–	–	–	–	3,272
Pledged and restricted bank and other deposits	5,761,663	–	–	(888)	–	–	–	–	–	–	(888)	5,760,775
Bank balances and cash	1,056,665	(2,982)	(324)	(1,989)	(2,268)	(14,669)	(5,969)	–	–	(4,000)	(32,201)	1,024,464
	27,506,848	(147,683)	(111,714)	(132,089)	(45,988)	(156,235)	(241,539)	576,001	857,768	(4,000)	594,521	28,101,369
Assets classified as held for sale	2,842,334	–	–	–	–	–	–	–	–	–	–	2,842,334
Total current assets	30,349,182	(147,683)	(111,714)	(132,089)	(45,988)	(156,235)	(241,539)	576,001	857,768	(4,000)	594,521	30,943,703

	Unaudited pro forma adjustments in respect of the Possible VSA									The Group after the Disposals and the Possible VSA
	Inclusion of 100% equity interest in Baotou Shi Zhong Li as at 30 June 2020	Inclusion of 100% equity interest in Qi County GCL as at 30 June 2020	Inclusion of 100% equity interest in Ningxia Zhongwei GCL as at 30 June 2020	Inclusion of 100% equity interest in Huixian Shi GCL as at 30 June 2020	Inclusion of 100% equity interest in Ruyang GCL as at 30 June 2020	Inclusion of 100% equity interest in Hubei Macheng Jinfu as at 30 June 2020	Payment of consideration for the Repurchase	Reinstatement of intra-group balances	Total pro forma adjustments in respect of the Possible VSA	As at 30 June 2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 2(e)	*Note 2(e)*	*Note 2(e)*	*Note 2(e)*	*Note2(e)*	*Note 2(e)*	*Note 2(f)*	*Note 2(c)*		
										(Unaudited)
Non-current assets										
Property, plant and equipment	402,555	277,938	283,693	103,085	441,818	620,688	–	–	2,129,777	47,223,346
Right-of-use assets	9,542	6,469	3,316	7,601	12,632	23,114	–	–	62,674	3,919,071
Investment properties	–	–	–	–	–	–	–	–	–	63,477
Other intangible assets	–	–	–	–	–	–	–	–	–	230,068
Other financial assets at FVTPL	–	–	–	–	–	–	–	–	–	271,306
Equity instruments at FVTOCI	–	–	–	–	–	–	–	–	–	29,239
Interests in associates	–	–	–	–	–	–	–	–	–	7,608,403
Interests in joint ventures	–	–	–	–	–	–	–	–	–	642,174
Amounts due from related companies	–	–	–	–	–	–	–	–	–	846,951
Deposits, prepayments and other non-current assets	–	3,978	14,581	5,704	26,531	3,159	–	–	53,953	1,938,983
Contract assets	16,877	66,358	–	–	19,014	–	–	–	102,249	735,076
Pledged and restricted bank and other deposits	–	–	20,198	–	23,668	–	–	–	43,866	884,844
Deferred tax assets	–	–	–	–	–	–	–	–	–	283,735
Total non-current assets	428,974	354,743	321,788	116,390	523,663	646,961	–	–	2,392,519	64,676,673
Current assets										
Inventories	–	–	–	–	–	–	–	–	–	653,084
Convertible bonds receivable	–	–	–	–	–	–	–	–	–	96,364
Other financial assets at FVTPL	–	–	–	–	–	–	–	–	–	781,682
Held for trading investments	–	–	–	–	–	–	–	–	–	4,265
Trade and other receivables	89,856	11,854	124,086	43,431	98,554	235,362	(576,001)	–	27,142	13,845,091
Contract assets	25,315	99,536	–	–	28,520	–	–	–	153,371	4,323,281
Amounts due from related companies	–	–	–	–	19	–	–	–	19	981,481
Amounts due from the Target Companies	29,530	–	5,126	289	14,473	208	–	(857,768)	(808,142)	–
Tax recoverable	–	–	–	–	–	–	–	–	–	3,272
Pledged and restricted bank and other deposits	–	–	888	–	–	–	–	–	888	5,761,663
Bank balances and cash	2,982	324	1,989	2,268	14,669	5,969	–	–	28,201	1,052,665
	147,683	111,714	132,089	45,988	156,235	241,539	(576,001)	(857,768)	(598,521)	27,502,848
Assets classified as held for sale	–	–	–	–	–	–	–	–	–	2,842,334
Total current assets	147,683	111,714	132,089	45,988	156,235	241,539	(576,001)	(857,768)	(598,521)	30,345,182

	The Group	Unaudited pro forma adjustments in respect of the Disposals										The Remaining Group after the completion of the Disposals
	As at 30 June 2020	Exclusion of 100% equity interest in Baotou Shi Zhong Li as at 30 June 2020	Exclusion of 100% equity interest in Qi County GCL as at 30 June 2020	Exclusion of 100% equity interest in Ningxia Zhongwei GCL as at 30 June 2020	Exclusion of 100% equity interest in Huixian Shi GCL as at 30 June 2020	Exclusion of 100% equity interest in Ruyang GCL as at 30 June 2020	Exclusion of 100% equity interest in Hubei Macheng Jinfu as at 30 June 2020	Recognition of impact on consideration and estimated loss on the Disposals	Reinstatement of intra-group balances	Estimated costs and expenses in respect of the Disposals	Total pro forma adjustments in respect of the Disposals	As at 30 June 2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2(a)*	*Note 2(a)*	*Note 2(a)*	*Note 2(a)*	*Note 2(a)*	*Note 2(a)*	*Note 2(b)*	*Note 2(c)*	*Note 2(d)*		
	(Unaudited)											(Unaudited)
Current liabilities												
Trade and other payables	13,346,339	(71,983)	(10,650)	(4,773)	(4,233)	(6,896)	(9,487)	–	–	–	(108,022)	13,238,317
Amounts due to related companies	2,296,259	–	–	–	–	–	–	–	–	–	–	2,296,259
Amounts due to Remaining Group	–	(176,469)	(167,047)	(146,456)	(48,540)	(125,032)	(194,224)	–	857,768	–	–	–
Tax payables	189,107	(956)	(1,297)	(286)	(124)	(1,969)	(2,533)	–	–	–	(7,165)	181,942
Contract liabilities	123,172	–	–	–	–	–	–	–	–	–	–	123,172
Derivative financial instruments	162,000	–	–	–	–	–	–	–	–	–	–	162,000
Deferred income	42,806	–	–	–	–	–	–	–	–	–	–	42,806
Loans from related companies	664,734	–	–	–	–	–	–	–	–	–	–	664,734
Bank and other borrowings	24,302,240	(130)	(33,000)	(40,000)	(9,000)	(46,950)	(45,000)	–	–	–	(174,080)	24,128,160
Notes and bonds payables	3,954,175	–	–	–	–	–	–	–	–	–	–	3,954,175
Lease liabilities	413,849	–	(531)	(474)	–	–	(1,148)	–	–	–	(2,153)	411,696
	45,494,681	(249,538)	(212,525)	(191,989)	(61,897)	(180,847)	(252,392)	–	857,768	–	(291,420)	45,203,261
Liabilities associated with assets classified as held for sale	1,596,622	–	–	–	–	–	–	–	–	–	–	1,596,622
Total current liabilities	47,091,303	(249,538)	(212,525)	(191,989)	(61,897)	(180,847)	(252,392)	–	857,768	–	(291,420)	46,799,883
Net current liabilities	(16,742,121)	101,855	100,811	59,900	15,909	24,612	10,853	576,001	–	(4,000)	885,941	(15,856,180)
Total assets less current liabilities	48,170,716	(351,262)	(283,017)	(260,134)	(128,742)	(563,603)	(727,985)	576,001	–	(4,000)	(1,742,742)	46,427,974
Non-current liabilities												
Contract liabilities	83,703	–	–	–	–	–	–	–	–	–	–	83,703
Loans from related companies	1,065,649	–	–	–	–	–	–	–	–	–	–	1,065,649
Bank and other borrowings	19,567,860	(197,869)	(170,000)	(180,000)	(60,500)	(375,050)	(472,800)	–	–	–	(1,456,219)	18,111,641
Lease liabilities	1,696,124	–	(6,162)	(2,890)	(6,759)	(8,351)	(20,331)	–	–	–	(44,493)	1,651,631
Deferred income	573,756	–	(1,866)	–	–	–	–	–	–	–	(1,866)	571,890
Deferred tax liabilities	123,542	–	–	–	–	–	–	–	–	–	–	123,542
Total non-current liabilities	23,110,634	(197,869)	(178,028)	(182,890)	(67,259)	(383,401)	(493,131)	–	–	–	(1,502,578)	21,608,056
Net assets	25,060,082	(153,393)	(104,989)	(77,244)	(61,483)	(180,202)	(234,854)	576,001	–	(4,000)	(240,164)	24,819,918
Capital and reserves												
Share capital	1,862,437							–	–	–	–	1,862,437
Reserves	18,655,271							(147,083)	–	(2,491)	(149,574)	18,505,697
Equity attributable to owners of the Company	20,517,708							(147,083)	–	(2,491)	(149,574)	20,368,134
Non-controlling interests	4,542,374							(89,081)	–	(1,509)	(90,590)	4,451,784
Total equity	25,060,082							(236,164)	–	(4,000)	(240,164)	24,819,918

	Unaudited pro forma adjustments in respect of the Possible VSA									The Group after the Disposals and the Possible VSA
	Inclusion of 100% equity interest in Baotou Shi Zhong Li as at 30 June 2020	Inclusion of 100% equity interest in Qi County GCL as at 30 June 2020	Inclusion of 100% equity interest in Ningxia Zhongwei GCL as at 30 June 2020	Inclusion of 100% equity interest in Huixian Shi GCL as at 30 June 2020	Inclusion of 100% equity interest in Ruyang GCL as at 30 June 2020	Inclusion of 100% equity interest in Hubei Macheng Jinfu as at 30 June 2020	Payment of consideration for the Repurchase	Reinstatement of intra-group balances	Total pro forma adjustments in respect of the Possible VSA	As at 30 June 2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 2(e)	*Note 2(e)*	*Note 2(e)*	*Note 2(e)*	*Note 2(e)*	*Note 2(e)*	*Note 2(f)*	*Note 2(c)*		(Unaudited)
Current liabilities										
Trade and other payables	71,983	10,650	4,773	4,233	6,896	9,487	–	–	108,022	13,346,339
Amounts due to related companies	–	–	–	–	–	–	–	–	–	2,296,259
Amounts due to Remaining Group	176,469	167,047	146,456	48,540	125,032	194,224	–	(857,768)	–	–
Tax payables	956	1,297	286	124	1,969	2,533	–	–	7,165	189,107
Contract liabilities	–	–	–	–	–	–	–	–	–	123,172
Derivative financial instruments	–	–	–	–	–	–	–	–	–	162,000
Deferred income	–	–	–	–	–	–	–	–	–	42,806
Loans from related companies	–	–	–	–	–	–	–	–	–	664,734
Bank and other borrowings	130	33,000	40,000	9,000	46,950	45,000	–	–	174,080	24,302,240
Notes and bonds payables	–	–	–	–	–	–	–	–	–	3,954,175
Lease liabilities	–	531	474	–	–	1,148	–	–	2,153	413,849
	249,538	212,525	191,989	61,897	180,847	252,392	–	(857,768)	291,420	45,494,681
Liabilities associated with assets classified as held for sale	–	–	–	–	–	–	–	–	–	1,596,622
Total current liabilities	249,538	212,525	191,989	61,897	180,847	252,392	–	(857,768)	291,420	47,091,303
Net current liabilities	(101,855)	(100,811)	(59,900)	(15,909)	(24,612)	(10,853)	(576,001)	–	(889,941)	(16,746,121)
Total assets less current liabilities	327,119	253,932	261,888	100,481	499,051	636,108	(576,001)	–	1,502,578	47,930,552
Non-current liabilities										
Contract liabilities	–	–	–	–	–	–	–	–	–	83,703
Loans from related companies	–	–	–	–	–	–	–	–	–	1,065,649
Bank and other borrowings	197,869	170,000	180,000	60,500	375,050	472,800	–	–	1,456,219	19,567,860
Lease liabilities	–	6,162	2,890	6,759	8,351	20,331	–	–	44,493	1,696,124
Deferred income	–	1,866	–	–	–	–	–	–	1,866	573,756
Deferred tax liabilities	–	–	–	–	–	–	–	–	–	123,542
Total non-current liabilities	197,869	178,028	182,890	67,259	383,401	493,131	–	–	1,502,578	23,110,634
Net assets	129,250	75,904	78,998	33,222	115,650	142,977	(576,001)	–	–	24,819,918
Capital and reserves										
Share capital							–	–	–	1,862,437
Reserves							–	–	–	18,505,697
Equity attributable to owners of the Company							–	–	–	20,368,134
Non-controlling interests							–	–	–	4,451,784
Total equity							–	–	–	24,819,918

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	The Group	Unaudited pro forma adjustments in respect of the Disposals										The Remaining Group after the completion of the Disposals
	For the year ended 31 December 2019	Exclusion of the results of Baotou Shi Zhong Li for the year ended 31 December 2019	Exclusion of the results of Qi County GCL for the year ended 31 December 2019	Exclusion of the results of Ningxia Zhongwei GCL for the year ended 31 December 2019	Exclusion of the results of Huixian Shi GCL for the year ended 31 December 2019	Exclusion of the results of Ruyang GCL for the year ended 31 December 2019	Exclusion of the results of Hubei Macheng Jinfu for the year ended 31 December 2019	Estimated loss in respect of the Disposals	Reinstatement of intra-group transactions	Estimated costs and expenses in respect of the Disposals	Total pro forma adjustments in respect of the Disposals	For the year ended 31 December 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(b)*	*Note 3(c)*	*Note 3(d)*		
	(Audited)											(Unaudited)
Revenue	19,249,621	(83,276)	(53,367)	(47,731)	(22,454)	(90,274)	(127,077)	–	–	–	(424,179)	18,825,442
Cost of sales	(14,571,196)	24,374	17,105	13,964	8,199	26,871	37,754	–	–	–	128,267	(14,442,929)
Gross profit	4,678,425	(58,902)	(36,262)	(33,767)	(14,255)	(63,403)	(89,323)	–	–	–	(295,912)	4,382,513
Other income	818,746	(2,298)	(3,697)	(2,155)	(465)	(2,170)	(2,151)	–	2,811	–	(10,125)	808,621
Distribution and selling expenses	(126,338)	–	–	–	–	–	–	–	–	–	–	(126,338)
Administrative expenses	(2,051,326)	1,291	725	411	716	715	1,891	–	–	(4,000)	1,749	(2,049,577)
Other expenses, gains and losses, net	1,058,183	–	–	–	–	–	–	(299,455)	–	–	(299,455)	758,728
Share of profits of associates	401,019	–	–	–	–	–	–	–	–	–	–	401,019
Share of losses of joint ventures	(51,365)	–	–	–	–	–	–	–	–	–	–	(51,365)
Impairment losses under expected credit loss model, net of reversal	(462,741)	–	–	–	–	–	–	–	–	–	–	(462,741)
Finance costs	(3,946,920)	13,846	14,603	13,278	4,833	26,222	32,140	–	(2,811)	–	102,111	(3,844,809)
Profit (loss) before tax	317,683	(46,063)	(24,631)	(22,233)	(9,171)	(38,636)	(57,443)	(299,455)	–	(4,000)	(501,632)	(183,949)
Income tax expense	(206,848)	3,372	3,139	–	1,118	2,679	6,891	–	–	–	17,199	(189,649)
Profit (loss) for the year	110,835	(42,691)	(21,492)	(22,233)	(8,053)	(35,957)	(50,552)	(299,455)	–	(4,000)	(484,433)	(373,598)

	Unaudited pro forma adjustments in respect of the Possible VSA								The Group after the Disposals and the Possible VSA
	Inclusion of the results of Baotou Shi Zhong Li for the year ended 31 December 2019	Inclusion of the results of Qi County GCL for the year ended 31 December 2019	Inclusion of the results of Ningxia Zhongwei GCL for the year ended 31 December 2019	Inclusion of the results of Huixian Shi GCL for the year ended 31 December 2019	Inclusion of the results of Ruyang GCL for the year ended 31 December 2019	Inclusion of the results of Hubei Macheng Jinfu for the year ended 31 December 2019	Reinstatement of intra-group transactions	Total pro forma adjustments in respect of the Possible VSA	For the year ended 31 December 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 3(e)	*Note 3(e)*	*Note 3(e)*	*Note 3(e)*	*Note 3(e)*	*Note 3(e)*	*Note 3(c)*		
									(Unaudited)
Revenue	83,276	53,367	47,731	22,454	90,274	127,077	–	424,179	19,249,621
Cost of sales	(24,374)	(17,105)	(13,964)	(8,199)	(26,871)	(37,754)	–	(128,267)	(14,571,196)
Gross profit	58,902	36,262	33,767	14,255	63,403	89,323	–	295,912	4,678,425
Other income	2,298	3,697	2,155	465	2,170	2,151	(2,811)	10,125	818,746
Distribution and selling expenses	–	–	–	–	–	–	–	–	(126,338)
Administrative expenses	(1,291)	(725)	(411)	(716)	(715)	(1,891)	–	(5,749)	(2,055,326)
Other expenses, gains and losses, net	–	–	–	–	–	–	–	–	758,728
Share of profits of associates	–	–	–	–	–	–	–	–	401,019
Share of losses of joint ventures	–	–	–	–	–	–	–	–	(51,365)
Impairment losses under expected credit loss model, net of reversal	–	–	–	–	–	–	–	–	(462,741)
Finance costs	(13,846)	(14,603)	(13,278)	(4,833)	(26,222)	(32,140)	2,811	(102,111)	(3,946,920)
Profit before tax	46,063	24,631	22,233	9,171	38,636	57,443	–	198,177	14,228
Income tax expense	(3,372)	(3,139)	–	(1,118)	(2,679)	(6,891)	–	(17,199)	(206,848)
Profit (loss) for the year	42,691	21,492	22,233	8,053	35,957	50,552	–	180,978	(192,620)

	The Group	Unaudited pro forma adjustments in respect of the Disposals									The Remaining Group after the completion of the Disposals
	For the year ended 31 December 2019	Exclusion of the results of Baotou Shi Zhong Li for the year ended 31 December 2019	Exclusion of the results of Qi County GCL for the year ended 31 December 2019	Exclusion of the results of Ningxia Zhongwei GCL for the year ended 31 December 2019	Exclusion of the results of Huixian Shi GCL for the year ended 31 December 2019	Exclusion of the results of Ruyang GCL for the year ended 31 December 2019	Exclusion of the results of Hubei Macheng Jinfu for the year ended 31 December 2019	Estimated loss in respect of the Disposals	Estimated costs and expenses in respect of the Disposals	Total pro forma adjustments in respect of the Disposals	For the year ended 31 December 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(b)*	*Note 3(d)*		
	(Audited)										(Unaudited)
Other comprehensive (expense) income:											
Item that will not be reclassified to profit or loss:											
Fair value loss on investments in equity instruments at FVTOCI	(49,691)	–	–	–	–	–	–	–	–	–	(49,691)
Items that may be reclassified subsequently to profit or loss:											
Exchange differences arising on translation of foreign operations	36,139	–	–	–	–	–	–	–	–	–	36,139
Cumulative loss reclassified to profit or loss on sale of investments in debt instruments measured at FVTOCI upon disposal	3,540	–	–	–	–	–	–	–	–	–	3,540
	(10,012)	–	–	–	–	–	–	–	–	–	(10,012)
Total comprehensive income (expense) for the year	100,823	(42,691)	(21,492)	(22,233)	(8,053)	(35,957)	(50,552)	(299,455)	(4,000)	(484,433)	(383,610)
Profit (loss) for the year attributable to:											
Owners of the Company	(197,207)	(26,588)	(13,385)	(13,847)	(5,015)	(22,394)	(31,484)	(186,501)	(2,491)	(301,705)	(498,912)
Non-controlling interests	308,042	(16,103)	(8,107)	(8,386)	(3,038)	(13,563)	(19,068)	(112,954)	(1,509)	(182,728)	125,314
	110,835	(42,691)	(21,492)	(22,233)	(8,053)	(35,957)	(50,552)	(299,455)	(4,000)	(484,433)	(373,598)
Total comprehensive income (expense) for the year attributable to:											
Owners of the Company	(213,514)	(26,588)	(13,385)	(13,847)	(5,015)	(22,394)	(31,484)	(186,501)	(2,491)	(301,705)	(515,219)
Non-controlling interests	314,337	(16,103)	(8,107)	(8,386)	(3,038)	(13,563)	(19,068)	(112,954)	(1,509)	(182,728)	131,609
	100,823	(42,691)	(21,492)	(22,233)	(8,053)	(35,957)	(50,552)	(299,455)	(4,000)	(484,433)	(383,610)

	Unaudited pro forma adjustments in respect of the Possible VSA							The Group after the Disposals and the Possible VSA
	Inclusion of the results of Baotou Shi Zhong Li for the year ended 31 December 2019	Inclusion of the results of Qi County GCL for the year ended 31 December 2019	Inclusion of the results of Ningxia Zhongwei GCL for the year ended 31 December 2019	Inclusion of the results of Huixian Shi GCL for the year ended 31 December 2019	Inclusion of the results of Ruyang GCL for the year ended 31 December 2019	Inclusion of the results of Hubei Macheng Jinfu for the year ended 31 December 2019	Total pro forma adjustments in respect of the Possible VSA	For the year ended 31 December 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 3(e)	*Note 3(e)*	*Note 3(e)*	*Note 3(e)*	*Note 3(e)*	*Note 3(e)*		
								(Unaudited)
Other comprehensive (expense) income:								
Item that will not be reclassified to profit or loss:								
Fair value loss on investments in equity instruments at FVTOCI	–	–	–	–	–	–	–	(49,691)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	36,139
Cumulative loss reclassified to profit or loss on sale of investments in debt instruments measured at FVTOCI upon disposal	–	–	–	–	–	–	–	3,540
	–	–	–	–	–	–	–	(10,012)
Total comprehensive income (expense) for the year	42,691	21,492	22,233	8,053	35,957	50,552	180,978	(202,632)
Profit (loss) for the year attributable to:								
Owners of the Company	26,588	13,385	13,847	5,015	22,394	31,484	112,713	(386,199)
Non-controlling interests	16,103	8,107	8,386	3,038	13,563	19,068	68,265	193,579
	42,691	21,492	22,233	8,053	35,957	50,552	180,978	(192,620)
Total comprehensive income (expense) for the year attributable to:								
Owners of the Company	26,588	13,385	13,847	5,015	22,394	31,484	112,713	(402,506)
Non-controlling interests	16,103	8,107	8,386	3,038	13,563	19,068	68,265	199,874
	42,691	21,492	22,233	8,053	35,957	50,552	180,978	(202,632)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group	Unaudited pro forma adjustments in respect of the Disposals										The Remaining Group after the completion of the Disposals
	For the year ended 31 December 2019	Exclusion of the cash flow of Baotou Shi Zhong Li for the year ended 31 December 2019	Exclusion of the cash flow of Qi County GCL for the year ended 31 December 2019	Exclusion of the cash flow of Ningxia Zhongwei GCL for the year ended 31 December 2019	Exclusion of the cash flow of Huixian Shi GCL for the year ended 31 December 2019	Exclusion of the cash flow of Ruyang GCL for the year ended 31 December 2019	Exclusion of the cash flow of Hubei Macheng Jinfu for the year ended 31 December 2019	Recognition of proceeds on the Disposals	Reinstatement of intra-group cash flows	Estimated costs and expenses in respect of the Disposals	Total pro forma adjustments in respect of the Disposals	For the year ended 31 December 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(b)*	*Note 3(c)*	*Note 3(d)*		
	(Audited)											(Unaudited)
Net cash from (used in) operating activities	7,207,880	(55,519)	(22,122)	(10,011)	(7,648)	(61,189)	(120,776)	–	–	(4,000)	(281,265)	6,926,615
Investing activities												
Interest received	193,078	(29)	(16)	(71)	(67)	(262)	(215)	–	–	–	(660)	192,418
Payments for construction and purchase of property, plant and equipment	(5,032,653)	110	1,631	9,340	282	13,105	553	–	–	–	25,021	(5,007,632)
Proceeds from disposal of property, plant and equipment	216,853	–	–	–	–	–	–	–	–	–	–	216,853
Proceeds from disposal of right-of-use assets	641	–	–	–	–	–	–	–	–	–	–	641
Payments for right-of-use assets	(14,302)	–	–	–	–	–	–	–	–	–	–	(14,302)
Payments for deposits of leases	(7,804)	–	–	–	–	–	–	–	–	–	–	(7,804)
Net cash inflow from acquisition of subsidiaries	29,669	–	–	–	–	–	–	–	–	–	–	29,669
Settlement of consideration payables for acquisition of subsidiaries with solar power plant projects	(110,298)	–	–	–	–	–	–	–	–	–	–	(110,298)
Settlement of consideration receivables from disposal of subsidiaries with solar power plant projects	206,992	–	–	–	–	–	–	–	–	–	–	206,992
Proceeds from disposal of joint ventures	53,780	–	–	–	–	–	–	–	–	–	–	53,780
Withdrawal of pledged and restricted bank and other deposits	6,601,426	–	–	(20,102)	–	(39,993)	(20,000)	–	–	–	(80,095)	6,521,331
Placement of pledged and restricted bank and other deposits	(8,138,906)	–	–	20,802	–	40,161	–	–	–	–	60,963	(8,077,943)
Repayment from third parties	6,000	–	–	–	–	–	–	–	–	–	–	6,000
Advances to related companies	(959,658)	–	–	–	–	–	–	–	–	–	–	(959,658)
Repayment from related companies	382,408	–	–	–	–	–	–	–	–	–	–	382,408
Net cash inflow from disposal of subsidiaries	2,514,686	–	–	–	–	–	–	576,001	–	–	576,001	3,090,687
Dividend received from joint ventures	47,519	–	–	–	–	–	–	–	–	–	–	47,519
Repayment from the Remaining Group	–	(331)	(36,658)	(4,451)	(7,015)	(18,085)	(100)	–	66,640	–	–	–
Advance to the Remaining Group	–	331	–	2,531	777	12,093	–	–	(15,732)	–	–	–
Loan advance to the Target Companies	–	–	–	–	–	–	–	–	(136,135)	–	(136,135)	(136,135)
Loan repayment from the Target Companies	–	–	–	–	–	–	–	–	193,737	–	193,737	193,737
Investments in associates	(1,350,000)	–	–	–	–	–	–	–	–	–	–	(1,350,000)
Investments in joint ventures	(89,222)	–	–	–	–	–	–	–	–	–	–	(89,222)
Dividends received from associates	4,542	–	–	–	–	–	–	–	–	–	–	4,542
Addition of other financial assets at FVTPL	(267,000)	–	–	–	–	–	–	–	–	–	–	(267,000)
Proceeds from disposal of debt instruments at FVTOCI	68,142	–	–	–	–	–	–	–	–	–	–	68,142
Addition of other intangible assets	(27,218)	–	–	–	–	–	–	–	–	–	–	(27,218)
Net cash (used in) from investing activities	(5,671,325)	81	(35,043)	8,049	(6,023)	7,019	(19,762)	576,001	108,510	–	638,832	(5,032,493)

	Unaudited pro forma adjustments in respect of the Possible VSA										The Group after the Disposals and the Possible VSA
	Inclusion of the cash flow of Baotou Shi Zhong Li for the year ended 31 December 2019	Inclusion of the cash flow of Qi County GCL for the year ended 31 December 2019	Inclusion of the cash flow of Ningxia Zhongwei GCL for the year ended 31 December 2019	Inclusion of the cash flow of Huixian Shi GCL for the year ended 31 December 2019	Inclusion of the cash flow of Ruyang GCL for the year ended 31 December 2019	Inclusion of the cash flow of Hubei Macheng Jinfu for the year ended 31 December 2019	Payment of consideration for the Repurchase	Reinstatement of intra-group cash flows	Estimated costs and expenses in respect of the Disposals	Total pro forma adjustments in respect of the Possible VSA	For the year ended 31 December 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 3(e)	*Note 3(e)*	*Note 3(e)*	*Note 3(e)*	*Note 3(e)*	*Note 3(e)*	*Note 3(f)*	*Note 3(c)*			
											(Unaudited)
Net cash from operating activities	55,519	22,122	10,011	7,648	61,189	120,776	–	–	–	277,265	7,203,880
Investing activities											
Interest received	29	16	71	67	262	215	–	–	–	660	193,078
Payments for construction and purchase of property, plant and equipment	(110)	(1,631)	(9,340)	(282)	(13,105)	(553)	–	–	–	(25,021)	(5,032,653)
Proceeds from disposal of property, plant and equipment	–	–	–	–	–	–	–	–	–	–	216,853
Proceeds from disposal of right-of-use assets	–	–	–	–	–	–	–	–	–	–	641
Payments for right-of-use assets	–	–	–	–	–	–	–	–	–	–	(14,302)
Payments for deposits of leases	–	–	–	–	–	–	–	–	–	–	(7,804)
Net cash outflow from acquisition of subsidiaries	–	–	–	–	–	–	(476,085)	–	–	(476,085)	(446,416)
Settlement of consideration payables for acquisition of subsidiaries with solar power plant projects	–	–	–	–	–	–	–	–	–	–	(110,298)
Settlement of consideration receivables from disposal of subsidiaries with solar power plant projects	–	–	–	–	–	–	–	–	–	–	206,992
Proceeds from disposal of joint ventures	–	–	–	–	–	–	–	–	–	–	53,780
Withdrawal of pledged and restricted bank and other deposits	–	–	20,102	–	39,993	20,000	–	–	–	80,095	6,601,426
Placement of pledged and restricted bank and other deposits	–	–	(20,802)	–	(40,161)	–	–	–	–	(60,963)	(8,138,906)
Repayment from third parties	–	–	–	–	–	–	–	–	–	–	6,000
Advances to related companies	–	–	–	–	–	–	–	–	–	–	(959,658)
Repayment from related companies	–	–	–	–	–	–	–	–	–	–	382,408
Net cash inflow from disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	3,090,687
Dividend received from joint ventures	–	–	–	–	–	–	–	–	–	–	47,519
Repayment from the Remaining Group	331	36,658	4,451	7,015	18,085	100	–	(66,640)	–	–	–
Advance to the Remaining Group	(331)	–	(2,531)	(777)	(12,093)	–	–	15,732	–	–	–
Loan advance to the Target Companies	–	–	–	–	–	–	–	136,135	–	136,135	–
Loan repayment from the Target Companies	–	–	–	–	–	–	–	(193,737)	–	(193,737)	–
Investments in associates	–	–	–	–	–	–	–	–	–	–	(1,350,000)
Investments in joint ventures	–	–	–	–	–	–	–	–	–	–	(89,222)
Dividends received from associates	–	–	–	–	–	–	–	–	–	–	4,542
Addition of other financial assets at FVTPL	–	–	–	–	–	–	–	–	–	–	(267,000)
Proceeds from disposal of debt instruments at FVTOCI	–	–	–	–	–	–	–	–	–	–	68,142
Addition of other intangible assets	–	–	–	–	–	–	–	–	–	–	(27,218)
Net cash (used in) from investing activities	(81)	35,043	(8,049)	6,023	(7,019)	19,762	(476,085)	(108,510)	–	(538,916)	(5,571,409)

	The Group	Unaudited pro forma adjustments in respect of the Disposals										The Remaining Group after the completion of the Disposals
	For the year ended 31 December 2019	Exclusion of the cash flow of Baotou Shi Zhong Li for the year ended 31 December 2019	Exclusion of the cash flow of Qi County GCL for the year ended 31 December 2019	Exclusion of the cash flow of Ningxia Zhongwei GCL for the year ended 31 December 2019	Exclusion of the cash flow of Huixian Shi GCL for the year ended 31 December 2019	Exclusion of the cash flow of Ruyang GCL for the year ended 31 December 2019	Exclusion of the cash flow of Hubei Macheng Jinfu for the year ended 31 December 2019	Recognition of proceeds on the Disposals	Reinstatement of intra-group cash flows	Estimated costs and expenses in respect of the Disposals	Total pro forma adjustments in respect of the Disposals	For the year ended 31 December 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(b)*	*Note 3(c)*	*Note 3(d)*		
	(Audited)											(Unaudited)
Financing activities												
Interest paid	(3,026,229)	20,034	17,979	17,026	5,566	26,137	31,443	–	–	–	118,185	(2,908,044)
New bank and other borrowings raised	16,298,346	–	–	–	–	–	–	–	–	–	–	16,298,346
Repayment of bank and other borrowings	(16,808,950)	33,391	33,000	–	9,000	38,500	64,200	–	–	–	178,091	(16,630,859)
Repayment of lease liabilities	(252,220)	–	529	–	316	–	1,162	–	–	–	2,007	(250,213)
Proceeds of loans from related companies	925,803	–	–	–	–	–	–	–	–	–	–	925,803
Repayment to loans from related companies	(508,693)	–	–	–	–	–	–	–	–	–	–	(508,693)
Repayment of notes and bonds payables	(1,585,000)	–	–	–	–	–	–	–	–	–	–	(1,585,000)
Advances from related companies	87,427	–	–	–	–	–	–	–	–	–	–	87,427
Repayment to related companies	(60,194)	–	–	–	–	–	–	–	–	–	–	(60,194)
Proceeds from re-sell of notes and bonds issued	736,233	–	–	–	–	–	–	–	–	–	–	736,233
Contribution from non-controlling interests	94,713	–	–	–	–	–	–	–	–	–	–	94,713
Dividend paid to non-controlling interests	(126,157)	–	–	–	–	–	–	–	–	–	–	(126,157)
Advance from the Remaining Group	–	(29,082)	(34,138)	(26,395)	(26,727)	(19,793)	–	–	136,135	–	–	–
Repayment to the Remaining Group	–	32,353	32,504	12,339	30,360	38,709	47,472	–	(193,737)	–	–	–
Repurchase of notes and bonds issued	(469,325)	–	–	–	–	–	–	–	–	–	–	(469,325)
Proceeds from exercise of share options	51	–	–	–	–	–	–	–	–	–	–	51
Proceeds from issue of new shares	597,744	–	–	–	–	–	–	–	–	–	–	597,744
Transaction costs attributable to issue of new shares	(9,953)	–	–	–	–	–	–	–	–	–	–	(9,953)
Advance from the Target Companies	–	–	–	–	–	–	–	–	15,732	–	15,732	15,732
Repayment to the Target Companies	–	–	–	–	–	–	–	–	(66,640)	–	(66,640)	(66,640)
Net cash (used in) from financing activities	(4,106,404)	56,696	49,874	2,970	18,515	83,553	144,277	–	(108,510)	–	247,375	(3,859,029)

	Unaudited pro forma adjustments in respect of the Possible VSA									The Group after the Disposals and the Possible VSA
	Inclusion of the cash flow of Baotou Shi Zhong Li for the year ended 31 December 2019	Inclusion of the cash flow of Qi County GCL for the year ended 31 December 2019	Inclusion of the cash flow of Ningxia Zhongwei GCL for the year ended 31 December 2019	Inclusion of the cash flow of Huixian Shi GCL for the year ended 31 December 2019	Inclusion of the cash flow of Ruyang GCL for the year ended 31 December 2019	Inclusion of the cash flow of Hubei Macheng Jinfu for the year ended 31 December 2019	Payment of consideration for the Repurchase	Reinstatement of intra-group cash flows	Total pro forma adjustments in respect of the Possible VSA	For the year ended 31 December 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 3(a)	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(f)*	*Note 3(c)*		
										(Unaudited)
Financing activities										
Interest paid	(20,034)	(17,979)	(17,026)	(5,566)	(26,137)	(31,443)	–	–	(118,185)	(3,026,229)
New bank and other borrowings raised	–	–	–	–	–	–	–	–	–	16,298,346
Repayment of bank and other borrowings	(33,391)	(33,000)	–	(9,000)	(38,500)	(64,200)	–	–	(178,091)	(16,808,950)
Repayment of lease liabilities	–	(529)	–	(316)	–	(1,162)	–	–	(2,007)	(252,220)
Proceeds of loans from related companies	–	–	–	–	–	–	–	–	–	925,803
Repayment to loans from related companies	–	–	–	–	–	–	–	–	–	(508,693)
Repayment of notes and bonds payables	–	–	–	–	–	–	–	–	–	(1,585,000)
Advances from related companies	–	–	–	–	–	–	–	–	–	87,427
Repayment to related companies	–	–	–	–	–	–	–	–	–	(60,194)
Proceeds from re-sell of notes and bonds issued	–	–	–	–	–	–	–	–	–	736,233
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	94,713
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(126,157)
Advance from the Remaining Group	29,082	34,138	26,395	26,727	19,793	–	–	(136,135)	–	–
Repayment to the Remaining Group	(32,353)	(32,504)	(12,339)	(30,360)	(38,709)	(47,472)	–	193,737	–	–
Repurchase of notes and bonds issued	–	–	–	–	–	–	–	–	–	(469,325)
Proceeds from exercise of share options	–	–	–	–	–	–	–	–	–	51
Proceeds from issue of new shares	–	–	–	–	–	–	–	–	–	597,744
Transaction costs attributable to issue of new shares	–	–	–	–	–	–	–	–	–	(9,953)
Advance from the Target Companies	–	–	–	–	–	–	–	(15,732)	(15,732)	–
Repayment to the Target Companies	–	–	–	–	–	–	–	66,640	66,640	–
Net cash (used in) from financing activities	(56,696)	(49,874)	(2,970)	(18,515)	(83,553)	(144,277)	–	108,510	(247,375)	(4,106,404)

	The Group	Unaudited pro forma adjustments in respect of the Disposals										The Remaining Group after the completion of the Disposals
	For the year ended 31 December 2019	Exclusion of the cash flow of Baotou Shi Zhong Li for the year ended 31 December 2019	Exclusion of the cash flow of Qi County GCL for the year ended 31 December 2019	Exclusion of the cash flow of Ningxia Zhongwei GCL for the year ended 31 December 2019	Exclusion of the cash flow of Huixian Shi GCL for the year ended 31 December 2019	Exclusion of the cash flow of Ruyang GCL for the year ended 31 December 2019	Exclusion of the cash flow of Hubei Macheng Jinfu for the year ended 31 December 2019	Recognition of proceeds on the Disposals	Reinstatement of intra-group cash flows	Estimated costs and expenses in respect of the Disposals	Total pro forma adjustments in respect of the Disposals	For the year ended 31 December 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(b)*	*Note 3(c)*	*Note 3(d)*		
	(Audited)											(Unaudited)
Net (decrease) increase in cash and cash equivalents	(2,569,849)	1,258	(7,291)	1,008	4,844	29,383	3,739	576,001	–	(4,000)	604,942	(1,964,907)
Cash and cash equivalents at beginning of the year												
Represented by												
– bank balances and cash	4,075,791	(2,530)	(1,882)	(2,017)	(7,346)	(52,358)	(33,783)	–	–	–	(99,916)	3,975,875
– bank balances and cash classified as held for sale	44,873	–	–	–	–	–	–	–	–	–	–	44,873
	4,120,664	(2,530)	(1,882)	(2,017)	(7,346)	(52,358)	(33,783)	–	–	–	(99,916)	4,020,748
Effect of exchange rate changes on the balance of bank balances and cash held in foreign currencies	(2,796)	–	–	–	–	–	–	–	–	–	–	(2,796)
Cash and cash equivalents at end of the year												
Represented by												
– bank balances and cash	1,548,019	(1,272)	(9,173)	(1,009)	(2,502)	(22,975)	(30,044)	576,001	–	(4,000)	505,026	2,053,045

	Unaudited pro forma adjustments in respect of the Possible VSA									The Group after the Disposals and the Possible VSA
	Inclusion of the cash flow of Baotou Shi Zhong Li for the year ended 31 December 2019	Inclusion of the cash flow of Qi County GCL for the year ended 31 December 2019	Inclusion of the cash flow of Ningxia Zhongwei GCL for the year ended 31 December 2019	Inclusion of the cash flow of Huixian Shi GCL for the year ended 31 December 2019	Inclusion of the cash flow of Ruyang GCL for the year ended 31 December 2019	Inclusion of the cash flow of Hubei Macheng Jinfu for the year ended 31 December 2019	Payment of consideration for the Repurchase	Reinstatement of intra-group cash flows	Total pro forma adjustments in respect of the Possible VSA	For the year ended 31 December 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 3(a)	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(f)*	*Note 3(c)*		
										(Unaudited)
Net (decrease) increase in cash and cash equivalents	(1,258)	7,291	(1,008)	(4,844)	(29,383)	(3,739)	(476,085)	–	(509,026)	(2,473,933)
Cash and cash equivalents at beginning of the year										
Represented by										
– bank balances and cash	–	–	–	–	–	–	–	–	–	3,975,875
– bank balances and cash classified as held for sale	–	–	–	–	–	–	–	–	–	44,873
	–	–	–	–	–	–	–	–	–	4,020,748
Effect of exchange rate changes on the balance of bank balances and cash held in foreign currencies	–	–	–	–	–	–	–	–	–	(2,796)
Cash and cash equivalents at end of the year										
Represented by										
– bank balances and cash	(1,258)	7,291	(1,008)	(4,844)	(29,383)	(3,739)	(476,085)	–	(509,026)	1,544,019

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

1. The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2020 as set out in the published condensed consolidated financial statements of the Group for the six months period ended 30 June 2020, the audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2019 as set out in the published annual report of the Group for the year ended 31 December 2019.

2. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of financial position, assuming the Disposals and the Possible VSA of each of the Target Companies had concurrently taken place on 30 June 2020. The Company would like to draw the attention of the investors and other users of this Circular that the completion of the Disposals and the Possible VSA of each of the Target Companies is on company-by-company basis and is not inter-conditional upon each other. No representation is made that "all" / "each of the" 6 entities of the Target Companies at one time could have been or could be successfully disposed of to the Purchaser on that date. Investors and other users of this Circular should pay particular attention to the fact that the Group, depending on facts and circumstances and whether conditions precedent as set out in the Second Phase Share Purchase Agreements of each individual entity are fulfilled, might or might not be able to dispose of each of the 6 entities of the Target Companies to the Purchaser or might dispose of none at all. The number of entities to be disposed of, the actual timing of the disposals of each of the Target Companies and the corresponding financial effect are all subject to change upon the actual completion of the Disposals.

   (a) The adjustments represent the exclusion of assets and liabilities of the Target Companies as at 30 June 2020, assuming the disposals of each of the Target Companies had concurrently taken place on 30 June 2020. The assets and liabilities of each of the Target Companies are extracted from the statement of financial position as at 30 June 2020 set out in Appendix IIA, IIB, IIC, IID, IIE and IIF to this Circular.

   (b) The adjustments represent the estimated loss on the Disposals charged to profit or loss, assuming the disposals of each of the Target Companies had concurrently taken place on 30 June 2020 and is calculated as follows:

		Notes	**Baotou Shi Zhong Li** *RMB'000*	**Qi County GCL** *RMB'000*	**Ningxia Zhongwei GCL** *RMB'000*	**Huixian Shi GCL** *RMB'000*	**Ruyang GCL** *RMB'000*	**Hubei Macheng Jinfu** *RMB'000*	**Total** *RMB'000*
Cash consideration	A	(i)	129,250	75,904	78,998	33,222	115,650	142,977	576,001
Carrying amount of net assets of the Target Companies	B	(ii)	153,393	104,989	77,244	61,483	180,202	234,854	812,165
Estimated loss charged to profit or loss	A-B	(iii)	(24,143)	(29,085)	1,754	(28,261)	(64,552)	(91,877)	(236,164)
Estimated loss attributable to:									
Owners of the Company			(15,036)	(18,114)	1,092	(17,601)	(40,203)	(57,221)	(147,083)
Non-controlling interests			(9,107)	(10,971)	662	(10,660)	(24,349)	(34,656)	(89,081)
			(24,143)	(29,085)	1,754	(28,261)	(64,552)	(91,877)	(236,164)

Notes:

(i) Pursuant to the Second Phase Share Purchase Agreements, the aggregate Consideration for the Disposals is RMB576,001,000, which is determined based on the net asset value of the Target Companies as at 30 September 2019 less dividend payable of RMB189,699,000 declared by the Target Companies during the period from 30 September 2019 to the disposal date of the Target Companies and other factors as detailed in paragraph "Basis of Consideration" in the Circular of the Company published on 29 September 2020, details of the Consideration for each of the Target Companies are set out in the table above.

The Consideration will be settled in three tranches. For the preparation of the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2020, the Directors assumed the balance of RMB576,001,000 is accounted for as consideration receivable and included in "Trade and other receivables" as at 30 June 2020 and is expected to be received within twelve months upon the completion of the Disposals, as the Directors expected that the relevant conditions in relation to the payments of Consideration could be fulfilled no later than twelve months since the completion of the Disposals.

In the opinion of the Directors, the current and deferred tax impact in relation to the Disposals and the fair value of the Put Options granted are insignificant and therefore, have not been taken into account in the estimated loss on the Disposals.

(ii) The amount represents the carrying amount of the net assets of each of the Target Companies as at 30 June 2020 which is extracted from the statement of financial position of each of the Target Companies as at 30 June 2020 as set out in Appendix IIA, IIB, IIC, IID, IIE and IIF to this Circular.

(iii) Since the carrying amount of net assets of each of the Target Companies on the date of actual completion of the Disposals may be different from the amounts used when preparing the Unaudited Pro Forma Financial Information of the Remaining Group, and the Disposals of each of the Target Companies may not concurrently take place, the financial impact of the Disposals is for illustrative purpose only and subject to change upon the actual completion of the Disposals.

(c) The adjustment represents the reinstatement of intra-group current-account balances, which have been eliminated at consolidation. In the opinion of the Directors, the effect of imputed interest of the amounts due from the Target Companies owned by the Group is insignificant.

(d) The transaction costs represent professional fee directly attributable to the Disposals which are estimated to be RMB4,000,000 and it is assumed that the fees will be settled by cash. The amount of professional fee is subject to change upon the actual completion of the Disposals.

No adjustment has been made to this Pro Forma Financial Information for professional fee directly attributable to the Possible VSA as the directors determined that the costs are insignificant.

(e) The adjustments reflect the repurchase of total assets and total liabilities of the Target Companies arising from the repurchase of the Target Companies upon the assumed exercise of the Put Options by the Purchaser, assuming that the Possible VSA had taken place on 30 June 2020.

At the pro forma acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value assuming the Possible VSA had taken place. The net carrying amount of the identifiable assets acquired and liabilities assumed exceeds the consideration transferred (see Note 2(f) for details), the management allocated the difference as the pro forma adjustments on property, plant and equipment of RMB236,164,000 in accordance with IFRS 3 *Business Combinations*.

			Baotou Shi Zhong Li	Qi County GCL	Ningxia Zhongwei GCL	Huixian Shi GCL	Ruyang GCL	Hubei Macheng Jinfu	Total
		Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount of property, plant and equipment	A	(i)	426,698	307,023	281,939	131,346	506,370	712,565	2,365,941
Pro forma adjustments on property, plant and equipment	B	(ii)	(24,143)	(29,085)	1,754	(28,261)	(64,552)	(91,877)	(236,164)
Property, plant and Equipment - Acquired on acquisition of subsidiaries	A-B	(iii)	402,555	277,938	283,693	103,085	441,818	620,688	2,129,777

Notes:

(i) The amount represents the carrying amount of the property, plant and equipment of each of the Target Companies as at 30 June 2020 which is extracted from the statement of financial position of each of the Target Companies as at 30 June 2020 as set out in Appendix II to this Circular.

(ii) The amounts represents the assumed pro forma adjustments on property, plant and equipment of each of the Target Companies assuming that the Possible VSA had taken place on 30 June 2020.

(iii) Since the carrying amount of the property, plant and equipment of each of the Target Companies on the date of Repurchase may be different from the amounts used when preparing the Unaudited Pro Forma Financial Information of the Group, and the Repurchase of each of the Target Companies may not concurrently take place, the financial impact of the Repurchase is for illustrative purpose only and subject to change upon the actual completion of the Repurchase.

(f) The adjustments reflect the consideration paid for the Repurchase. The pro forma consideration for the Repurchase of the Target Companies will be calculated as the higher of the fair values to be determined by independent professional valuers or amount based on the formula set out in the Company's Circular dated 29 September 2020. In the opinion of the Directors, the financing impact of the consideration is insignificant and therefore, RMB576,001,000, being the fair value of consideration for the Disposals, is used as the consideration of Repurchase in the calculation of pro forma adjustment.

(g) Apart from notes above, no other adjustment has been made to reflect any result or other transactions of the Group entered into subsequent to 30 June 2020 for the purpose of preparation of the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2020.

(h) The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2020.

3. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma condensed consolidated statement of cash flows for the year ended 31 December 2019, assuming the disposals of each of the Target Companies had concurrently taken place on 1 January 2019. The Company would like to draw the attention of the investors and other users of this Circular that the completion of the disposals of each of the Target Companies is on company-by-company basis and is not inter-conditional upon each other. No representation is made that "all" / "each of the" 6 entities of the Target Companies at one time could have been or could be successfully disposed of to the Purchaser on that date. Investors and other users of this Circular should pay particular attention to the fact that the Group, depending on facts and circumstances and whether conditions precedent as set out in the Second Phase Share Purchase Agreements of each individual entity are fulfilled, might or might not be able to dispose of each of the 6 entities of the Target Companies to the Purchaser or might dispose of none at all. The number of entities to be disposed of, the actual timing of the disposals of each of the Target Companies and the corresponding financial effect are all subject to change upon the actual completion of the Disposals.

(a) The adjustments represent the exclusion of the results and cash flows of each of the Target Companies for the year ended 31 December 2019, assuming the disposals of each of the Target Companies had concurrently taken place on 1 January 2019. The results and cash flows of each of the Target Companies for the year ended 31 December 2019 are extracted from the statement of profit or loss and other comprehensive income or the statement of cash flows of each of the Target Companies set out in Appendix II to this Circular.

(b) The adjustments represent the estimated loss on the Disposals charged to profit or loss, assuming the disposals of each of the Target Companies had concurrently taken place on 1 January 2019 and is calculated as follows:

		Notes	Baotou Shi Zhong Li RMB'000	Qi County GCL RMB'000	Ningxia Zhongwei GCL RMB'000	Huixian Shi GCL RMB'000	Ruyang GCL RMB'000	Hubei Macheng Jinfu RMB'000	Total RMB'000
Cash consideration	A	(i)	129,250	75,904	78,998	33,222	115,650	142,977	576,001
Carrying amount of net assets of the Target Companies	B	(ii)	149,433	142,075	90,795	61,422	182,500	249,231	875,456
Estimated loss charged to profit or loss	A-B	(iii)	(20,183)	(66,171)	(11,797)	(28,200)	(66,850)	(106,254)	(299,455)
Estimated loss attributable to:									
Owners of the Company			(12,570)	(41,212)	(7,347)	(17,563)	(41,634)	(66,175)	(186,501)
Non-controlling interests			(7,613)	(24,959)	(4,450)	(10,637)	(25,216)	(40,079)	(112,954)
			(20,183)	(66,171)	(11,797)	(28,200)	(66,850)	(106,254)	(299,455)

Notes:

(i) Pursuant to the Second Phase Share Purchase Agreements, the aggregate Consideration for the Disposals is RMB576,001,000, details of the Consideration for each of the Target Companies are set out in the table above. The Directors assumed the Consideration would be received within twelve months upon the completion of the Disposals. Therefore, for the purpose of the preparation of unaudited pro forma condensed statement of cash flows, the Consideration for the Disposals is assumed to be fully collected during the year ended 31 December 2019, which is based on the satisfaction of relevant conditions pursuant to the Second Phase Share Purchase Agreements.

In the opinion of the Directors, the current and deferred tax impact in relations to the Disposals and the fair value of the Put Options granted are insignificant and therefore, has not been taken into account in the estimated loss on the Disposals.

(ii) The amount represents the carrying amount of the net assets of each of the Target Companies as at 1 January 2019 which is extracted from the statement of financial position of each of the Target Companies as at 31 December 2018 as set out in Appendix IIA, IIB, IIC, IID, IIE and IIF to this Circular.

(iii) Since the carrying amount of net assets of each of the Target Companies on the date of actual completion of the Disposals may be different from the amounts used when preparing the Unaudited Pro Forma Financial Information of the Remaining Group, and the disposals of each of the Target Companies may not concurrently take place, the financial impact of the Disposals is for illustrative purpose only and subject to change upon actual completion of the Disposals.

(c) The adjustment represents the reinstatement of intra-group transactions or cash flows between the Target Companies and the Remaining Group, which had been eliminated at consolidation, when preparing the Unaudited Pro Forma Financial Information for the year ended 31 December 2019.

(d) The transaction costs represent professional fee directly attributable to the Disposals which are estimated to be RMB4,000,000 and it is assumed that the fees will be settled by cash. The amount of professional fee is subject to change upon the actual completion of the Disposals.

No adjustment has been made to this Pro Forma Financial Information for professional fee directly attributable to the Possible VSA as the Directors determined that the costs are insignificant.

(e) The adjustments reflect the inclusion of result or cash flows of the Target Companies for the year ended 31 December 2019 after the Repurchase assuming that the Possible VSA had taken place on 1 January 2019. The difference between the consideration paid for the Repurchase and the carrying amount assets and liabilities of the Target Companies will be recorded in accordance with IFRS 3 *Business Combinations*.

(f) The adjustments reflect the net cash outflow arising from the Repurchase assuming that the Possible VSA had taken place on 1 January 2019.

The pro forma cash consideration payable for the Repurchase is as follows:

			Baotou Shi Zhong Li	**Qi County GCL**	**Ningxia Zhong-wei GCL**	**Huixian Shi GCL**	**Ruyang GCL**	**Hubei Macheng Jinfu**	**Total**
		Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash consideration paid	A	(i)	129,250	75,904	78,998	33,222	115,650	142,977	576,001
Less: Bank balances and cash	B	(ii)	(2,530)	(1,882)	(2,017)	(7,346)	(52,358)	(33,783)	(99,916)
Settlement of consideration payables for acquisition of subsidiaries with solar power plant projects	A-B	(iii)	126,720	74,022	76,981	25,876	63,292	109,194	476,085

Notes:

(i) The amounts represents the consideration paid for the Repurchase assuming the Possible VSA had taken place on 1 January 2019 (see Note 2(f) for details). For the purpose of Pro Forma Financial Information, it is assumed that the consideration paid for the Repurchase at 1 January 2019 is based on the fair value of the Target Companies, and there is no material change in the fair value from 1 January 2019 to 30 June 2020.

(ii) The amount represents the bank balances and cash of each of the Target Companies as at 1 January 2019 which is extracted from the statement of financial position of each of the Target Companies as at 31 December 2018 as set out in Appendix IIA, IIB, IIC, IID, IIE and IIF to this Circular.

(iii) Since the bank balances and cash of each of the Target Companies on the date of Repurchase may be different from the amounts used when preparing the Unaudited Pro Forma Financial Information of the Group, and the Repurchase of each of the Target Companies may not concurrently take place, the financial impact of the Repurchase is for illustrative purpose only and subject to change upon the actual completion of the Repurchase.

(g) Apart from notes above, no other adjustment has been made to reflect any result or other transactions of the Group entered into subsequent to 31 December 2019 for the purpose of preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income or the unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2019.

(h) The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the report, set out on pages IV-25 to IV-27 received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF GCL-POLY ENERGY HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of GCL-Poly Energy Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of financial position as at 30 June 2020, the unaudited pro forma statement of profit or loss and other comprehensive income for the year ended 31 December 2019, the unaudited pro forma statement of cash flows for the year ended 31 December 2019 and related notes as set out on pages IV-1 to IV-24 of the circular issued by the Company dated 4 December 2020 (the "**Circular**") in connection with the disposals of the entire equity interests in certain of its subsidiaries, including Baotou Shi Zhong Li Photovoltaic Co., Ltd.* (包頭市中利騰暉光伏發電有限公司) ("**Baotou Shi Zhong Li**"), Qi County GCL New Energy Co., Ltd.* (淇縣協鑫新能源有限公司) ("**Qi County GCL**"), Ningxia Zhongwei GCL Photovoltaic Power Co., Ltd.* (寧夏中衛協鑫光伏電力有限公司) ("**Ningxia Zhongwei GCL**"), Huixian Shi GCL Photovoltaic Power Co., Ltd.* (輝縣市協鑫光伏電力有限公司) ("**Huixian Shi GCL**"), Ruyang GCL New Energy Co., Ltd.* (汝陽協鑫新能源有限公司) ("**Ruyang GCL**") and Hubei Macheng Jinfu Solar Energy Co., Ltd.* (湖北省麻城市金伏太陽能電力有限公司) ("**Hubei Macheng Jinfu**") (collectively referred to as the "**Target Companies**"), which in aggregate constitute a very substantial disposal transaction (the "**Disposals**"), and the possible very substantial acquisition in relation to the grant of the options to buy back the Target Companies (together, the "**Possible Transactions**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IV-1 to IV-24 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Possible Transactions on the Group's financial position as at 30 June 2020 and the Group's financial performance and cash flows for the year ended 31 December 2019 as if the Disposals had taken place at 30 June 2020 and 1 January 2019 respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2020, on which a review report has been

* *The English names are for identification purpose only and the official names of the entities are in Chinese.*

published, and the Group's financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2019, on which an audited report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2020 or 1 January 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
4 December 2020

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Interests of Directors' and chief executives of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he has taken or deemed to have under such provisions of the SFO); or (ii) to be and were entered into in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, were as follows:

(a) Long position in the shares of the Company:

Name of Director/chief executive	Number of ordinary shares held: Beneficiary of a trust	Corporate interests	Personal interests	Number of underlying shares	Total	Approximate percentage of issued shares capital *(Note 3)*
Zhu Gongshan	6,370,388,156 *(Note 1)*	–	–	–	6,370,388,156	30.13%
Zhu Zhanjun	–	–	3,400,000	2,719,359 *(Note 2)*	6,119,359	0.03%
Zhu Yufeng	6,370,388,156 *(Note 1)*	–	–	1,510,755 *(Note 2)*	6,371,898,911	30.14%
Sun Wei	–	–	5,723,000	1,712,189 *(Note 2)*	7,435,189	0.04%
Yeung Man Chung, Charles	–	–	–	1,700,000 *(Note 2)*	1,700,000	0.01%
Jiang Wenwu	–	–	9,600,000	1,712,189 *(Note 2)*	11,312,189	0.05%
Zheng Xiongjiu	–	–	250,000	2,517,924 *(Note 2)*	2,767,924	0.01%

Name of Director/chief executive	Number of ordinary shares held: Beneficiary of a trust	Corporate interests	Personal interests	Number of underlying shares	Total	Approximate percentage of issued shares capital *(Note 3)*
Ho Chung Tai, Raymond	–	–	–	1,007,170 *(Note 2)*	1,007,170	0.01%
Yip Tai Him	–	–	–	1,007,170 *(Note 2)*	1,007,170	0.01%

Notes:

(1) An aggregate of 6,370,388,156 shares of the Company are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan) as beneficiaries.

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

(3) The total number of ordinary shares of the Company in issue as at the Latest Practicable Date is 21,141,049,207.

(b) Long position in the shares of associated corporations

GNE, in which the Company indirectly owned 62.28% issued shares as at the Latest Practicable Date, is a subsidiary of the Company.

Name of Director/ chief executive	Number of ordinary shares of GNE held: Beneficiary of a trust	Corporate interests	Personal interests	Number of underlying shares held	Totals	Approximate percentage of issued share capital of GNE *(Note 3)*
Zhu Gongshan	1,905,978,301 *(Note 1)*	–	–	–	1,905,978,301	9.99%
Zhu Yufeng	1,905,978,301 *(Note 1)*	–	–	3,523,100 *(Note 2)*	1,909,501,401	10.01%
Sun Wei	–	–	–	27,178,200 *(Note 2)*	27,178,200	0.14%
Yeung Man Chung, Charles	–	–	–	15,099,000 *(Note 2)*	15,099,000	0.08%

Notes:

(1) 1,905,978,301 shares in GNE are beneficially owned by Dongsheng Photovoltaic Technology (Hong Kong) Limited ("**Dongsheng PV**"). Dongsheng PV is indirectly wholly-owned by GCL System Integration Technology Co., Ltd. ("**GCL System Integration**") and an aggregate of over 40% of the issued shares in GCL System Integration, is indirectly held by the Zhu Family Trust and Mr. Zhu Yufeng, an executive director of the Company and GNE and son of Mr. Zhu Gongshan.

(2) These are share options granted by GNE. Such granted share options can be exercised by Mr. Zhu Yufeng at the interval between 24 July 2015 and 23 July 2025 at an exercise price of HK$0.606 per share and by Ms. Sun Wei and Mr. Yeung Man Chung, Charles at the interval between 24 November 2014 and 23 July 2025 at an exercise price of HK$1.1798 or HK$0.606 per share.

(3) The total number of ordinary shares of GNE in issue as at the Latest Practicable Date is 19,073,715,441.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) to be and were entered into in the register that was required to be kept under Section 352 of the SFO; or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(ii) Interests of substantial shareholders

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to the Section 336 of the SFO:

Name	Capacity/ nature of interest	Number of shares/ underlying shares	Approximate percentage of issued share capital of the Company
Asia Pacific Energy Fund Limited	Interests in a controlled corporation *(Note 1)*	6,370,388,156	30.13% *(Note 2)*

Notes:

(1) An aggregate of 6,370,388,156 shares are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan) as beneficiaries.

(2) The total number of ordinary shares of the Company in issue as at the Latest Practicable Date is 21,141,049,207.

Save as disclosed aforesaid, so far as is known to any Directors or chief executive of the Company, as at the Latest Practicable Date, no other persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

Each of the Independent non-executive Directors has entered into a service contract with the Company for a fixed term of three years and will be terminated by not less than three months' notice in writing served by either party on the other. Upon the expiry of the notice period, the appointment will be terminated.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

4. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS AND OTHER INTERESTS

Save for the entering into of the lease agreements with GCL System Integration Technology (Suzhou) Co., Ltd. (協鑫集成科技(蘇州)有限公司) and GCL Energy Engineering Co., Ltd. (協鑫能源工程有限公司) respectively, as disclosed in the announcement dated 28 February 2019, as at the Latest Practicable Date, none of the Directors or proposed Directors had, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2019, being the date to which the latest published and audited consolidated financial statements of the Company were made up.

Save for the transactions contemplated hereunder and transactions which were disclosed pursuant to the Listing Rules, there was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date of which any Director is materially interested and which is significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, save as disclosed below, so far as the Directors were aware, none of the Directors or their respective associates had interest in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

Name of Director	Name of company in which the relevant Director has interest	Principal activities of the competing company	Percentage interest in competing company
Mr. Zhu Yufeng	錫林郭勒中能硅業有限公司 Xilingol Zhongneng Silicon Co., Ltd.* (Dormant and inactive)	Intend to produce polysilicon ingot upon completion of construction	Mr. Zhu Yufeng, through companies controlled by him, holds 70% interest

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2019, being the date to which the latest published and audited financial statements of the Group were made up.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

(i) the share purchase agreement dated 28 December 2018 entered into between Suzhou GCL Photovoltaic Technologies Co., Ltd.* (蘇州協鑫光伏科技有限公司) and Liaoning Huajun Asset Management Co., Ltd.* (遼寧華君資產管理有限公司) in relation to the sale of the entire issued share capital of Suzhou Kezhun Photovoltaic Technologies Co., Ltd.* (蘇州客准光伏科技有限公司) for a purchase price of RMB850 million;

(ii) the limited partnership agreement dated 12 April 2019 entered into between Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司) and a number of investors in relation to the establishment of an investment fund in the PRC with a total capital commitment of approximately RMB3.55 billion and the subscription of its interest therein;

(iii) the agreement dated 12 April 2019 entered into between GCL-Poly Suzhou New Energy Co., Ltd.* (保利協鑫(蘇州)新能源有限公司), Leshan Municipal People's Government (樂山市人民政府) and Shanghai Zhongping Guohao Assets Management Co., Ltd.* (上海中平國瑀資產管理有限公司) to potentially set up an investment fund with an expected total capital commitment of about RMB5 billion;

(iv) the series of seven share purchase agreements dated 22 May 2019 entered into between Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司) ("**Suzhou GCL**") as seller and Shanghai Rongyao New Energy Co., Ltd.* (上海榕耀新能源有限公司) as purchaser in relation to, among others, sale and purchases of 70% of the equity interests in Shanxi GCL New Energy Technologies Co., Ltd.* (山西協鑫新能源科技有限公司), Fenxi County GCL Photovoltaic Co., Ltd.* (汾西縣協鑫光伏電力有限公司), Ruicheng County GCL Photovoltaic Co., Ltd.* (芮城縣協鑫光伏電力有限公司), Yu County Jinyang New Energy Power Generation Co., Ltd.* (盂縣晉陽新能源發電有限公司), Yu County GCL Photovoltaic Co., Ltd.* (盂縣協鑫光伏電力有限公司), Hanneng Guangping County Photovoltaic Development Co., Ltd.* (邯能廣平縣光伏電力開發有限公司) and Hebei GCL New Energy Co., Ltd.* (河北協鑫新能源有限公司) (the "**Disposed Companies**") together with 70% of the outstanding shareholder's loan owed from the Disposed Companies to Suzhou GCL;

(v) the capital increase agreement and supplemental agreement dated 30 May 2019 entered into among Suzhou GCL Technology Development Co., Ltd.* (蘇州協鑫科技發展有限公司), Tianjin Zhonghuan Semiconductor Co., Ltd.* (天津中環半導體股份有限公司), Inner Mongolia Zhonghuan GCL Solar Material Co., Ltd.* (內蒙古中環協鑫光伏材料有限公司), Hohhot Investment Lingchuang Investment Fund (Limited Partnership)* (呼和浩特市領創投資基金(有限合夥)) and Hohhot City Chengchi Phase II Industrial Development Fund Investment Center (Limited Partnership)* (呼和浩特市城池二期產業發展基金投資中心(有限合夥)) in relation to the capital contribution with an aggregated total of RMB800,000,000 in the registered capital and capital reserve of Inner Mongolia Zhonghuan GCL Solar Material Co., Ltd.* (內蒙古中環協鑫光伏材料有限公司);

(vi) the cooperation agreements dated 31 May 2019 entered into between Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司) (an indirect subsidiary of the Company), and other parties: (a) Leshan Gaoxin Investment Development (Group) Limited* (樂山高新投資發展(集團)有限公司), (b) Suzhou Zeye Investment Co., Ltd.* (蘇州澤業投資有限公司), (c) Zeye New Energy Holdings Limited* (澤業新能源控股有限公司) and (d) Shanghai Zhongping Guohao Assets Management Co., Ltd.* (上海中平國瑀資產管理有限公司), in relation to the establishment of Leshan Polysilicon Photovoltaic Information Industry Investment Fund* (樂山多晶硅光電信息產業

基金) with the total capital commitment intended to be between RMB4 billion and RMB4.5 billion, of which Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司) intends to contribute RMB500 million;

(vii) the placement agreement dated 10 June 2019 entered into between the Company and UBS AG Hong Kong Branch, in relation to the placing of 1,511,000,000 new ordinary shares under the general mandate, with proceeds amounting to approximately HK$680 million;

(viii) the share purchase agreement dated 26 June 2019 enter into between Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司), an indirect non-wholly owned subsidiary of the Company, Xuzhou Zhongping GCL Industrial Upgrading Equity Investment Fund LLP* (徐州中平協鑫產業升級股權投資基金(有限合夥)) and Xinjiang GCL New Energy Materials Technology Co., Ltd.* (新疆協鑫新能源材料科技有限公司) ("**Xinjiang GCL**") in relation to the sale of the 31.5% of the equity interests in Xinjiang GCL New Energy Materials Technology Co., Ltd. to Xuzhou Zhongping GCL Industrial Upgrading Equity Investment Fund LLP;

(ix) the Nanzhao Finance Lease Agreements dated 9 August 2019 enter into between GNE Group and China Resources Leasing Co., Ltd.* (華潤租賃有限公司) ("**CR Leasing**") pursuant to which (i) CR Leasing shall purchase the Nanzhao Leased Assets from Nanzhao Xinli Photovoltaic Power Co., Ltd.* (南召鑫力光伏電力有限公司) ("**Nanzhao Xinli**") at an aggregate consideration of RMB332,000,000 payable in two instalments; and (ii) following the acquisition, CR Leasing, as the lessor, shall lease the Nanzhao Leased Assets to Nanzhao Xinli, as the lessee, for a term of 10 years at an aggregated estimated rent of RMB497,856,000. In addition, pursuant to the Nanzhao Finance Lease Agreements, Nanzhao Xinli shall pay CR Leasing a finance lease handling fee of RMB13,280,000;

(x) the First Phase Share Purchase Agreements;

(xi) the second supplemental agreement dated 17 March 2020 entered into between Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司), Konca Solar Cell Co., Ltd.* (高佳太陽能股份有限公司) and Tianjin Zhonghuan Semiconductor Co., Ltd.* (天津中環半導體股份有限公司) in relation to the capital increase of Inner Mongolia Zhonghuan GCL Solar Material Co., Ltd. (內蒙古中環協鑫光伏材料有限公司);

(xii) the share purchase agreement dated 29 June 2020 entered into between Suzhou GCL New Energy as the seller and CDB New Energy Technology Co., Ltd.* (國開新能源科技有限公司) as the purchaser in relation to disposal of 75% equity interest in one subsidiary of the Company at a total consideration of RMB136,624,000;

(xiii) the supplemental agreement dated 24 September 2020 entered into between Sino IC Leasing Co., Ltd.* (芯鑫融資租賃有限責任公司) as lessor and Jiangsu GCL Silicon Material Technology Development Co., Ltd.* (江蘇協鑫硅材料科技發展有限公司) as lessee in relation to the amendment and supplement of certain terms and conditions of the initial finance lease agreements;

(xiv) the Second Phase Share Purchase Agreements;

(xv) the share purchase agreements dated 16 November 2020 entered into between Suzhou GCL New Energy and Anhui GCL New Energy Investment Co., Ltd.* (安徽協鑫新能源投資有限公司) (as the sellers) and Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* (徐州國投環保能源有限公司) (as the purchaser) in relation to disposal of equity interest in five subsidiaries of the Company and GNE at a total consideration of RMB276,436,993, as detailed in the joint announcement of the Company and GNE dated 16 November 2020;

(xvi) the share purchase agreements dated 19 November 2020 entered into between five subsidiaries of the Company and GNE (as the sellers) and Huaneng No. 1 Fund and Huaneng No. 2 Fund (as purchasers) in relation to (i) disposal of equity interest in 14 subsidiaries of the Company and GNE at a total consideration of RMB666,653,912 and (ii) grant of put options to Huaneng No. 1 Fund and Huaneng No. 2 Fund, as detailed in the joint announcement of the Company and GNE dated 19 November 2020;

(xvii) the share purchase agreement dated 20 November 2020 entered into between Suzhou GCL-Poly Solar Energy Investment Ltd.* (蘇州保利協鑫光伏電力投資有限公司) and Zhenfa New Energy (as the sellers), Hunan Xinhua and Jia Wei Shanghai (as the purchasers) and Jiangsu Zhenfa Holding (as the guarantor of Zhenfa New Energy) in relation to, among others, disposal of 51% equity interest in Ningxia Qingyang to Hunan Xinhua at a consideration of RMB178,500,000, as detailed in the announcement of the Company dated 20 November 2020; and

(xviii) the share purchase agreements dated 22 November 2020 entered into between Suzhou GCL New Energy and Anhui GCL New Energy (as the sellers) and Xuzhou State Investment (as the purchaser) in relation to disposal of equity interest in five subsidiaries of the Company and GNE at a total consideration of RMB312,728,221, as detailed in the joint announcement of the Company and GNE dated 22 November 2020.

8. CLAIMS AND LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

9. EXPERTS' QUALIFICATIONS AND CONSENTS

The following are the qualifications of the expert who have given its opinions or advice which are included in this circular:

Name	Qualifications
Deloitte Touche Tohmatsu ("**Deloitte**")	Certified Public Accountants Registered Public Interest Entity Auditors

As at the Latest Practicable Date, Deloitte did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Deloitte had given and had not withdrawn its written consent to the issue of this circular, with the inclusion herein of the references to its name and/or its opinion or statements in the form and context in which they respectively appear.

As at the Latest Practicable Date, Deloitte did not have any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2019, the date to which the latest published audited financial statements of the Group were made up.

10. GENERAL

(i) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands

(ii) The principal place of business of the Company in Hong Kong is situated at Unit 1703B-1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

(iii) The branch share registrar and transfer office of the Company is Tricor Investor Services Limited situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

(iv) The company secretary of the Company is Mr. Yeung Man Chung, Charles, who is a member of The Hong Kong Institute of Certified Public Accountants and The Australian Society of Certified Practising Accountants

(v) In case of inconsistencies, the English texts of this circular shall prevail over the Chinese texts thereof.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Unit 1703B-1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong from 9:00 a.m. to 5:30 p.m. on any business day for a period of 14 days from the date of this circular:

(a) the memorandum of association and bye-laws of the Company;

(b) the interim report of the Company for the six months ended 30 June 2020 and the annual reports of the Company for each of the financial years ended 31 December 2017, 2018 and 2019;

(c) the material contracts referred to in the section headed "Material Contracts" in this appendix;

(d) the circular of the Company dated 29 April 2020 in relation to, among others, (i) the sale and purchases of the entire equity interests in the target companies under the First Phase Share Purchase Agreements at a total consideration of RMB850,500,000, and (ii) the grant of First Phase Put Options to Huaneng No. 1 Fund and Huaneng No. 2 Fund;

(e) the accountants' reports on historical financial information of each of the Target Companies from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this circular;

(f) the report on the unaudited pro forma financial information of the Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix IV to this circular;

(g) the written letter of consent referred to in the section headed "Experts' Qualifications and Consents" in this appendix; and

(h) this circular.

GCL-POLY ENERGY HOLDINGS LIMITED
保利協鑫能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3800)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of GCL-Poly Energy Holdings Limited (the "**Company**") will be held at Strategy II-III, Level 8, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Monday, 28 December 2020 at 11:30 a.m. for the purpose of considering and, if thought fit, approving the following resolutions as an ordinary resolutions of the Company.

The following resolution will be considered and, if thought fit, approved by the Shareholders, with or without amendments, at the EGM:

ORDINARY RESOLUTION

"**THAT**:

(a) the series of six share purchase agreements dated 29 September 2020 entered into between Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司) ("**Suzhou GCL New Energy**"), Changzhou Zhonghui Photovoltaic Technology Co., Ltd.* (常州中暉光伏科技有限公司) ("**Changzhou Zhonghui**") and Ningxia GCL New Energy Investment Co., Ltd.* (寧夏協鑫新能源投資有限公司) ("**Ningxia GCL New Energy**") (collectively the "**Sellers**"), GCL Group Limited* (協鑫集團有限公司) (the "**Guarantor**") and 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 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)) (the "**Purchasers**") (the "**Second Phase Share Purchase Agreements**") in relation to:

(i) sale and purchases of the entire equity interests in Baotou Shi Zhong Li Photovoltaic Co., Ltd.* (包頭市中利騰暉光伏發電有限公司), Qi County GCL New Energy Co., Ltd.* (淇縣協鑫新能源有限公司), Ningxia Zhongwei GCL Photovoltaic Power Co., Ltd.* (寧夏中衛協鑫光伏電力有限公司), Huixian Shi GCL Photovoltaic Power Co., Ltd.* (輝縣市協鑫光伏電力有限公司), Ruyang GCL New Energy Co., Ltd.* (汝陽協鑫新能源有限公司) and Hubei Macheng Jinfu Solar Energy Co., Ltd.* (湖北省麻城市金伏太陽能電力有限公司) (the "**Target Companies**") (the "**Second Phase Disposals**"); and

(ii) grant of put options by the Sellers to the Purchasers under the Second Phase Share Purchase Agreements, pursuant to which the Purchasers are entitled to, upon the occurrence of certain specified events, request the Seller(s) to repurchase the entire equity interest in the Target Company(ies) and the relevant unpaid shareholder's loans at the time (the "**Second Phase Put Options**"), be and is hereby approved, ratified and confirmed; and

(b) any director of the Company be and is hereby authorised for and on behalf of the Company to execute (including affixing the seal of the Company in accordance with the articles of association of the Company to) all such documents and do all such acts and things as he/she may in his/her absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or to give effect to the Second Phase Disposals and the Second Phase Put Options and the transactions contemplated under the Second Phase Share Purchase Agreements and all matters incidental or ancillary thereto."

By order of the Board
GCL-Poly Energy Holdings Limited
保利協鑫能源控股有限公司
Zhu Gongshan
Chairman

Hong Kong, 4 December 2020

* *For identification purpose only Notes:*

(1) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder of the Company who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.

(2) In order to be valid, a form of proxy and the power of attorney (if any) or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.

(3) Completion and delivery of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the EGM convened and in such event, the form of proxy shall be deemed to be revoked. It is advised that all Shareholders, particularly Shareholders who are subject to quarantine in relation to Coronavirus Disease 2019 (COVID-19), that they may appoint any person or the chairman of the EGM as a proxy to vote on the resolution, instead of attending the EGM in person. The form of proxy can be downloaded from the website of the Company at www.gcl-poly.com.hk or HKEXnews at www.hkexnews.hk.

(4) In the case of joint registered holders of any share, any one of such joint registered holders may vote at the EGM, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint registered holders be present at the EGM, the vote of the senior who tenders a vote either personally or by proxy shall be accepted to the exclusion of the votes of the other joint registered holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

(5) The register of members of the Company will be closed from Tuesday, 22 December 2020 to Monday, 28 December 2020, both days inclusive, during which period no transfer of shares will be effected and for the purpose of determining the identity of members who are entitled to attend and vote at the EGM to be held on Strategy II-III, Level 8, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong, Monday, 28 December 2020 at 11:30 a.m.. In order to be eligible to attend and vote at the EGM, all completed share transfer documents must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4: 30 p.m. on Monday, 21 December 2020.

(6) If Typhoon Signal No. 8 or above, or "extreme conditions", is caused by super typhoon announced by the Government of Hong Kong, or a "black" rainstorm warning is in effect any time after 8:00 a.m. on the date of the EGM, the EGM will be postponed. Shareholders may visit the website of the Company at www.gcl-poly.com.hk for details of the postponement and alternative meeting arrangement.

(7) In view of the ongoing COVID-19 epidemic and recent guidelines for prevention and control of its spread, the Company will implement the following precautionary measures at the EGM to protect the Shareholders, staff and other stakeholders who attend the EGM from the risk of infection:

(i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee. Any person with a body temperature of 37 degrees Celsius or higher may be denied entry into the EGM venue or be required to leave the EGM venue;

(ii) the Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the EGM at all times, and to maintain a safe distance between seats (please bring your own mask);

(iii) no refreshment will be served at the EGM;

(iv) no souvenirs will be distributed at the EGM; and

(v) no guest will be allowed to enter the EGM venue if he/she is wearing quarantine wristband issued by the Government of Hong Kong.