



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



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(Stock Code: 451.HK)

2018 Interim Results

August 2018

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Company Profile

- Largest privately-owned solar IPP in China, equipped with self-development, construction and management, and operation and maintenance capabilities. Currently, GNE operates a national portfolio of 205 solar farms across 26 provinces, together with solar farms in the US and Japan, newly added installed capacity in 1H18 was 1.1GW, with total installed capacity of 7.1GW
- A constituent of MSCI Global Small Cap Index - MSCI China Index, gaining recognition from international capital market
- Included in the trading list of Shenzhen-Hong Kong Stock Connect and Hang Seng Stock Connect Hong Kong Index, gaining recognition from Chinese capital market
- 2017 Corporate Social Responsibility Report was published and rating up half-star to Four-and-Half-Star Rating from China Academy of Social Sciences (with Five-Star the highest rating)
- Owned 62.3% by GCL-Poly (3800.HK), a world's leading polysilicon producer and largest wafer supplier

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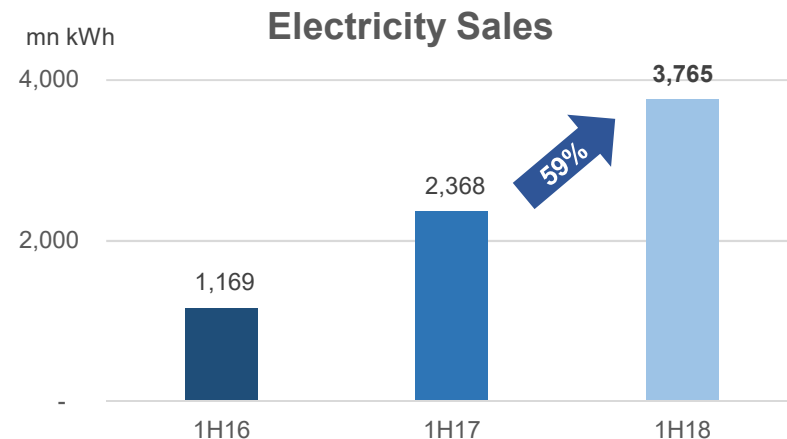
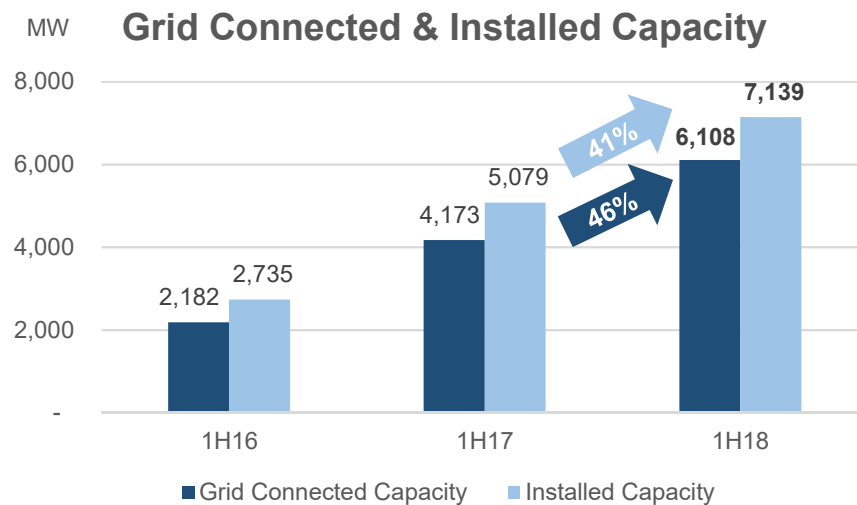
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Operational and Financial Highlights

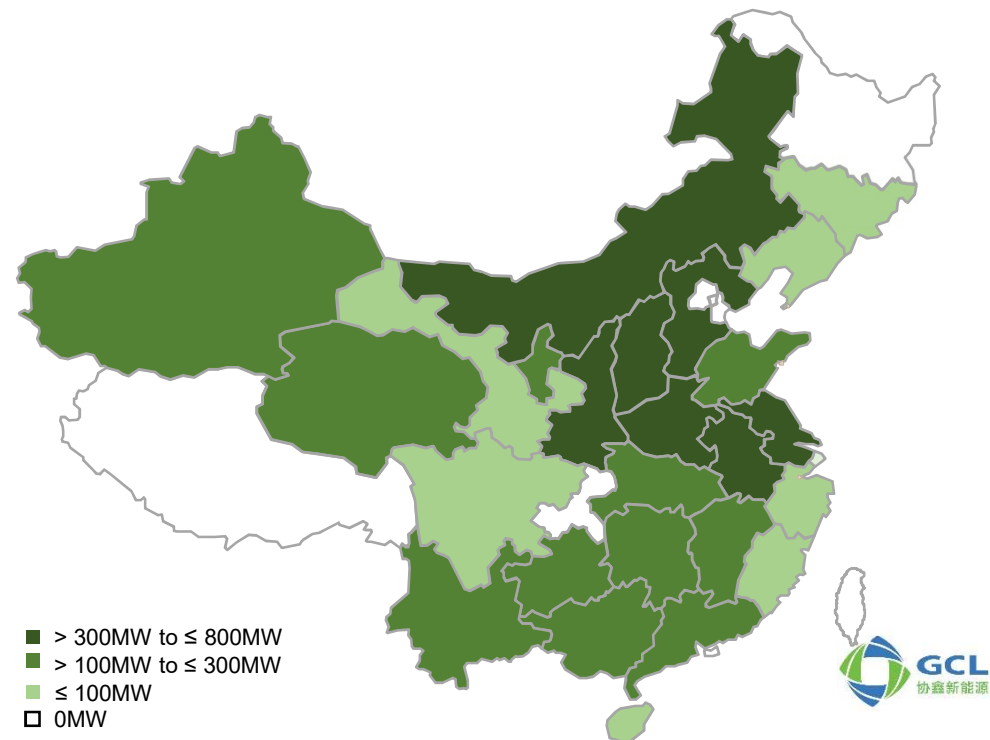
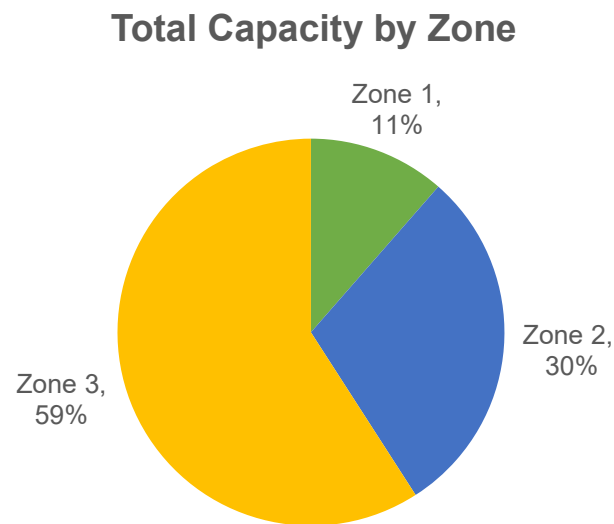
Maintaining World's 2nd Largest Position

- 1.1GW installed capacity added in China in 1H18 to secure higher tariff and return, maintaining the world's 2nd largest position with 7.1GW total installed capacity
- 50MW solar power plant commenced operation in Oregon, US
- 605MW capacity connected to grid in 1H18 with grid-connected capacity increased to 6.1GW
- Electricity sales greatly increased 59% YoY to 3,765 million kWh



Strategic National & Overseas Portfolio

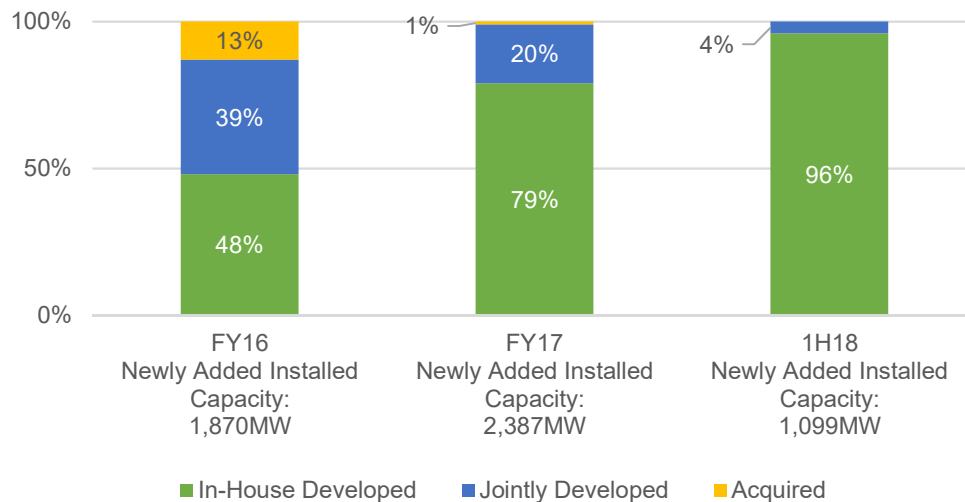
- Number of solar farms in China increased to 205 across 26 provinces, with most installed capacity located in areas with higher consumption capabilities
- Over 89% capacity located in zone 2 and 3, while less than 5% of total installed capacity located in zone 1 areas with high curtailment rate
- Prudently develop overseas business with 133MW and 9MW of solar farm projects in the US and Japan, respectively



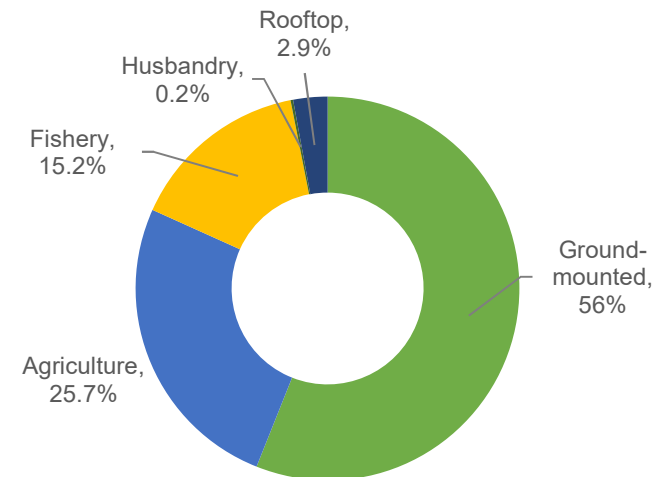
Strong In-House Development Capabilities

- Substantially increased the proportion of in-house developed projects in newly added installed capacity from 79% in FY17 to 96% in 1H18
- In addition to lower in module prices, leveraged on in-house development capabilities to further reduce overall development costs of newly added projects to Rmb5.9 per watt in 1H18, 6% lower than 1H17

New Capacity by Development Type in China



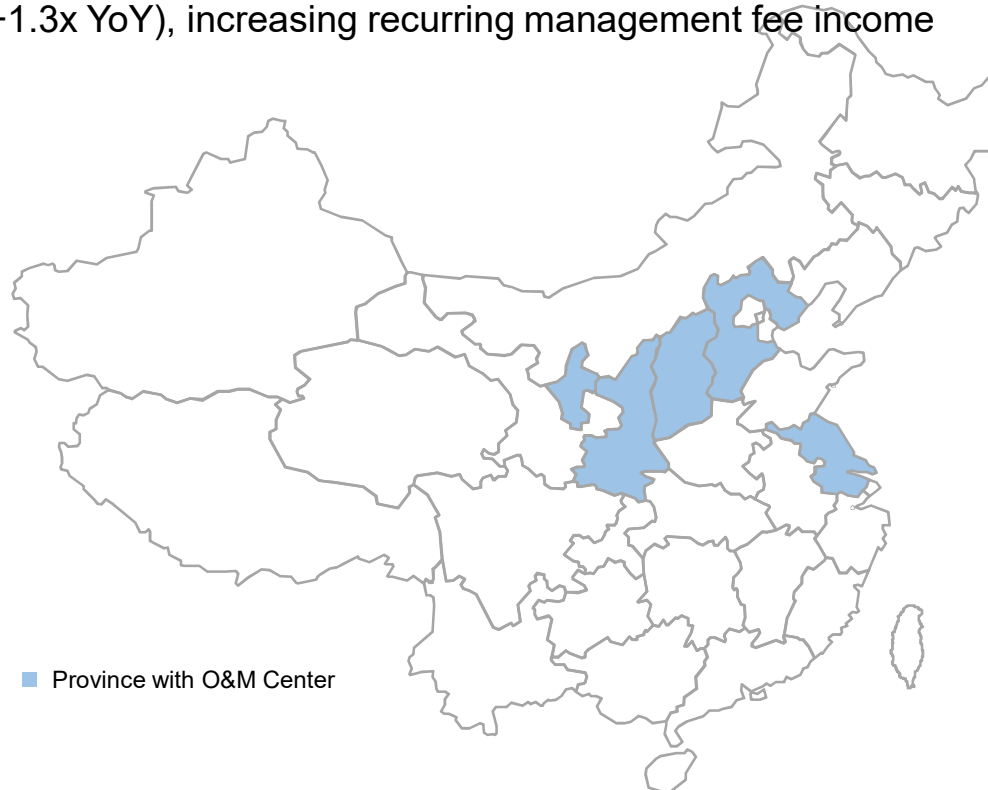
Total Capacity by Project Type



Total Installed Capacity in China: 6,997MW

Further Develop O&M Outsourcing Business

- 5 provincial monitoring and control centers in Ningxia, Shanxi, Shaanxi, Jiangsu and Hebei
- Each provincial center allows centralized monitoring and control of several O&M centers. And each O&M center simultaneously monitors the operation of over 6 solar power plants within 200km, lowered per unit O&M cost from end-17 by 7% to Rmb3.9 cents per kWh in 1H18
- Provide O&M outsourcing services to 909MW solar farms of GCL Poly and other solar power companies (+1.3x YoY), increasing recurring management fee income



Adopt multi-channel financing strategy

- Improving Liquidity
- Average finance cost dropped 0.3ppt YoY to 6.5%

Long-term Finance Lease & Bank Loans

- Expedited the replacement of existing short-term loans by securing funding with over 5 years term
- Lowering the risks of using short-term financing for long-term investment

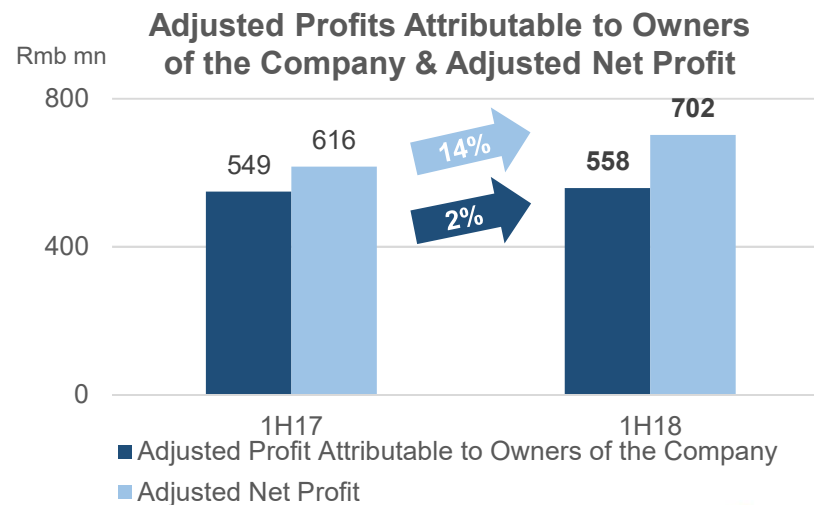
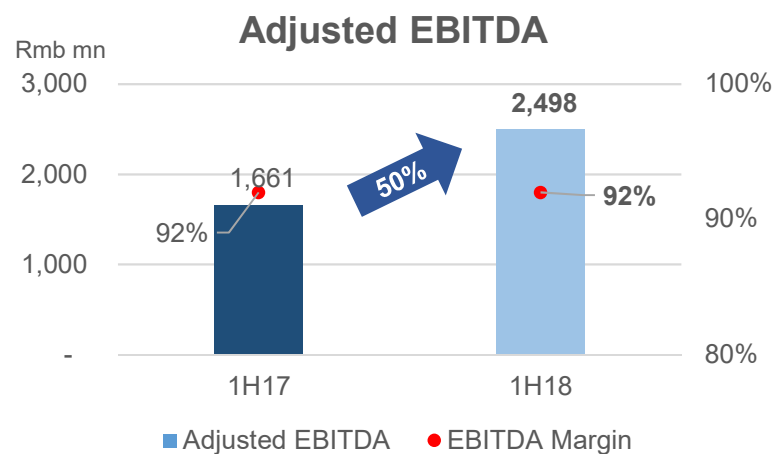
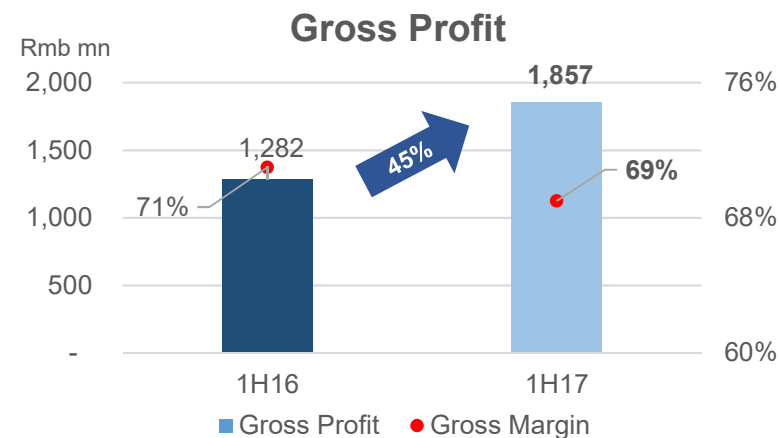
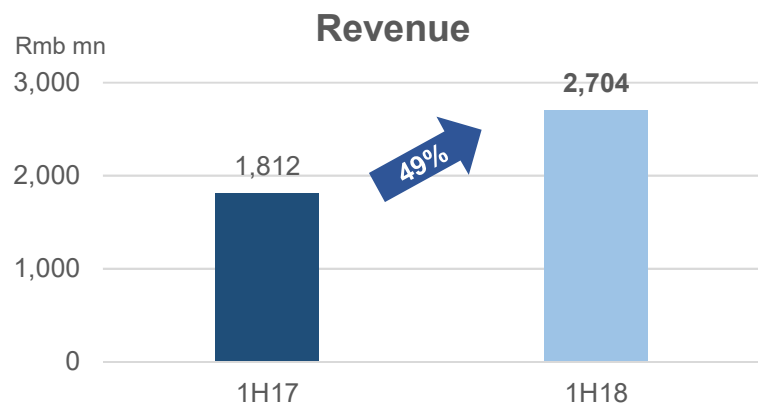
Bonds

- Issued US\$500mn senior notes for the 1st time, with 7 times over subscribed and the lowest coupon among HK peers
- Approximately Rmb3bn of quota was granted for the issuance of medium term notes

EPC Financing

- Gain financial flexibility
- Achieve short-term financing during construction period at favourable market interest rate

Strong Generation & Solid Recurrent Earnings



Notes: Adjusted EBITDA, Adjusted Profits Attributable to Owners of the Company and Adjusted Net Profit do not include non-operating items

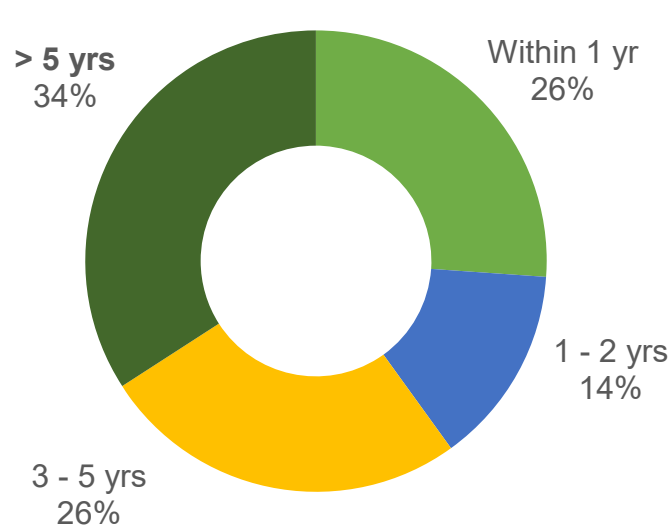
Financial Resources and Liquidity

- Top strategic priority to lower gearing level to below 80% by introducing strategic investors on listed company, domestic holding company and project levels
- Undrawn facilities was approximately RMB4.4bn as of end-18

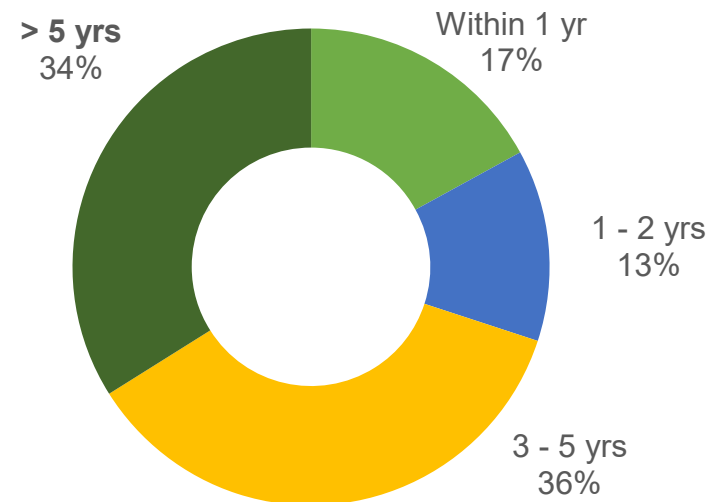
| RMB million | At 30 Jun 18 | At 31 Dec 17 | % change |
|--|---------------|--------------|----------|
| Bank balances, deposits and cash | 3,573 | 6,440 | -45% |
| Total interest-bearing debt | 37,372 | 35,430 | +5% |
| Net debts (Total interest-bearing debt minus cash) | 33,799 | 28,990 | +17% |
| Total equity | 9,282 | 8,796 | +6% |
| Net debts to total equity | 364% | 330% | +34ppt |
| Total liabilities to total assets | 84.1% | 84.1% | -- |

Improving Debt Structure

- With the issuance of 3-yrs USD bond, borrowings of 3-5 yrs increased to 36% of total at end-Jun 18 from 26% at end-17
- Borrowings with longer than 1-yr increased to 83% of total at end-Jun 18 from 74% at end-17, lowering the risks of using short-term financing for long-term investment and short-term liquidity



Breakdown of Borrowings at End-17



Breakdown of Borrowings at End-June 18



Industry Updates and Prospect

New Policy Influences on Solar Energy Industry

| Fasten Grid Parity | Enhance Cash Flow | Accelerate Subsidy Payment | Lift Utilization Hours | Facilitate Technology Advancement |
|---|---|--|--|--|
| <ul style="list-style-type: none">• Optimize the pricing mechanism to accelerate grid parity• Increase the proportion of solar power capacity to total newly added capacity in China, hence, expansion scale to step up once again | <ul style="list-style-type: none">• After achieving grid parity, it could strongly improve solar power projects' cash flow given no more reliance on government subsidies | <ul style="list-style-type: none">• Limit REF cash outflow, accelerate subsidy payment for existing new projects | <ul style="list-style-type: none">• Efficiently improve grid curtailment, lifting utilization hours for solar power industry | <ul style="list-style-type: none">• Incentivizes the use of innovative and more efficient technologies throughout the supply chain which facilitates technological advancement and drives development costs more competitive |

In line with GNE' s Top Priority to "Lower Gearing Ratio"

Other Favourable Measures

Renewable Portfolio Standard

- The consultation paper sets renewable energy consumption targets for each province and region which in turn requires polluting sources (incl power enterprises) to achieve certain percentage of electricity generated by renewable energy
- For provinces not fulfilling the renewable target, polluting sources have to procure the shortfall in renewable quota from renewable energy producers, which could assist local renewable energies development while alleviating pressure on renewable energy fund

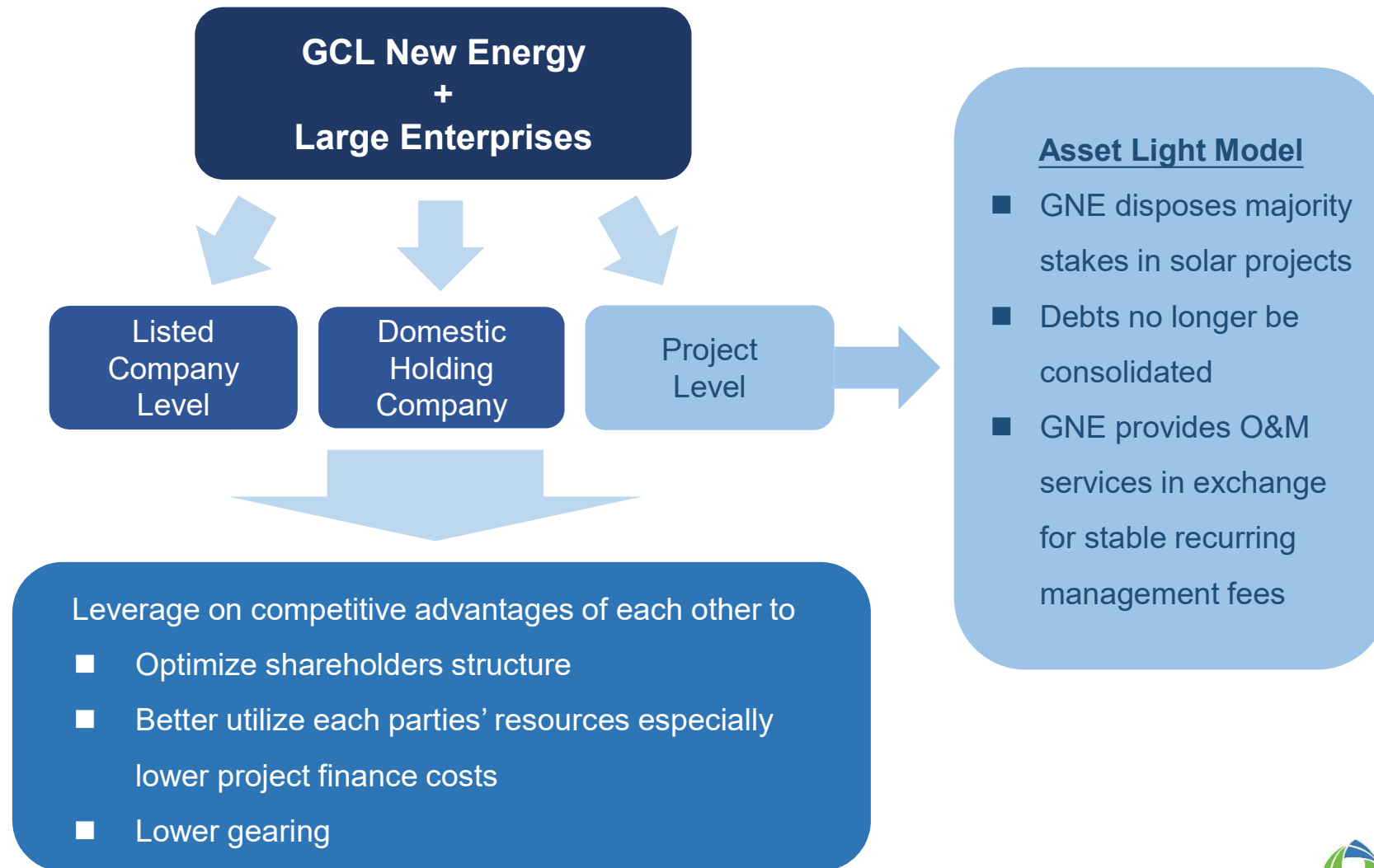
Market-Oriented Transaction of Distributed Solar Power Projects

- Distributed solar power generation projects enters into transaction with the nearby power consumers in the distribution networks
- It could bring down the electricity tariff paid by power consumers, and assist the dispatch of electricity generated by distributed solar power projects



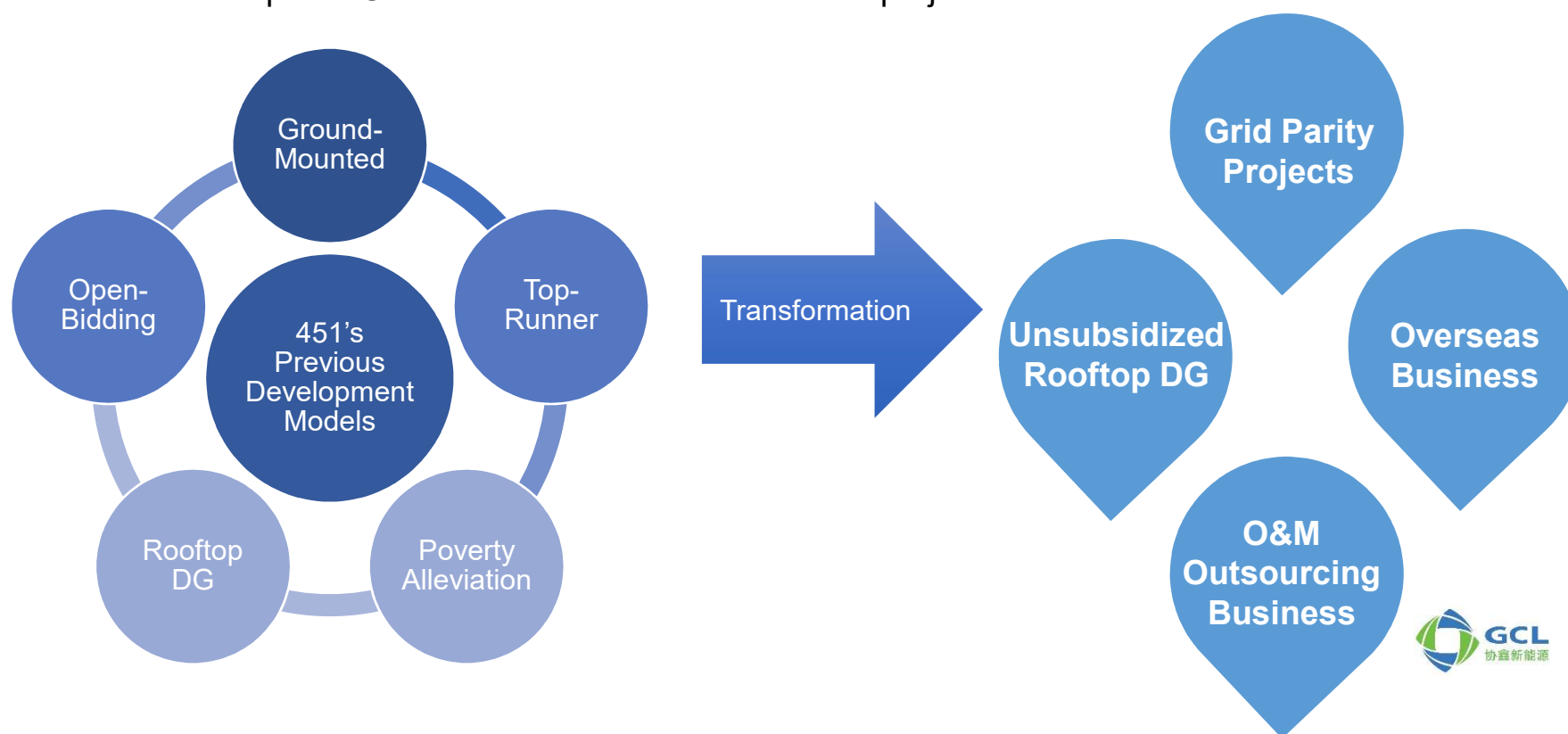
Company Strategies

Introducing Strategic Investors to Lower Gearing Ratio to Below 80%

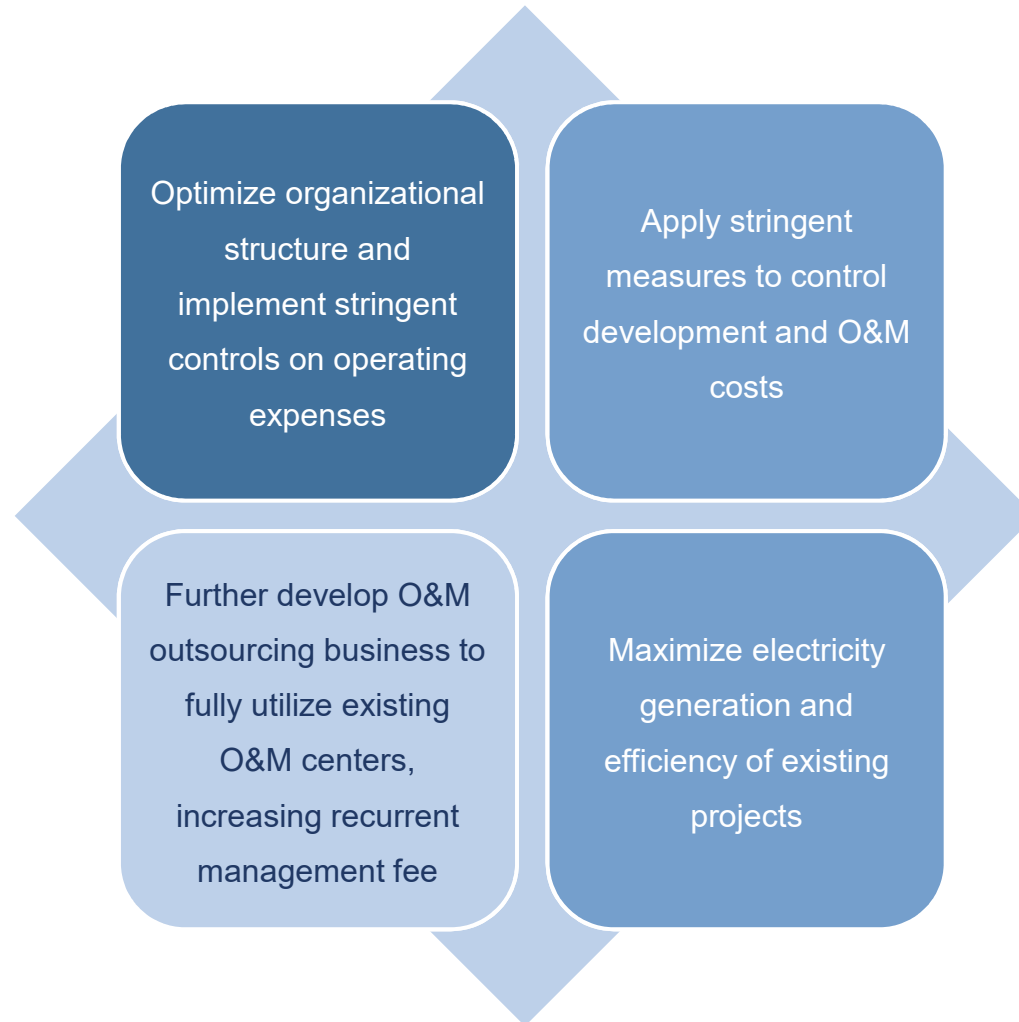


Transforming Development Models

- After launching new policy on the development of new solar power projects, GNE has transformed its development model to joint develop with large enterprises on: 1) ground-mounted projects with grid parity, 2) unsubsidized rooftop distributed solar power projects, 3) overseas business, and further develop 4) O&M outsourcing business
- It could improve GNE's cash inflow as well as lower project risks



Further Deepen Reforms






Appendices

Project Overview in China

| | Tariff Zone | No. of Solar Power | Installed Capacity (MW) | Grid Connected Capacity (MW) | Electricity Sales (mn kWh) | Average Tariff ex-VAT (Rmb/kWh) | Revenue (Rmb mn) |
|---------------|------------------|--------------------|-------------------------|------------------------------|----------------------------|---------------------------------|------------------|
| Subsidiaries | 1 | 23 | 801 | 795 | 627 | 0.74 | 462 |
| | 2 | 48 | 2,036 | 1,703 | 1,074 | 0.72 | 775 |
| | 3 | 131 | 3,987 | 3,319 | 1,888 | 0.81 | 1,520 |
| | Sub-total | 202 | 6,824 | 5,817 | 3,589 | 0.77 | 2,757 |
| Joint Venture | 2,3 | 3 | 173 | 173 | 110 | 0.85 | 93 |
| | Total | 205 | 6,997 | 5,990 | 3,699 | 0.77 | *2,850 |

* Before adjusting the effect of discounting government subsidies receivables to present value

Top Runner & Poverty Alleviation

Top Runner

- Further obtained 300MW quota in 2018, expected to be grid connected by end of 2018

| 2018 Top Runner | Capacity (MW) | FITs (Rmb/kWh) |
|------------------------------|---------------|----------------|
| Midwestern Delingha, Qinghai | 100 | 0.32 |
| Mideastern Delingha, Qinghai | 100 | 0.32 |
| Western Delingha, Qinghai | 100 | 0.35 |
| Total | 300 | |

FITs competitive with coal-fired FITs

- Projects located in higher irradiation areas in Qinghai
- Despite lower tariff through open bidding, equity IRR \geq 12%

Poverty Alleviation

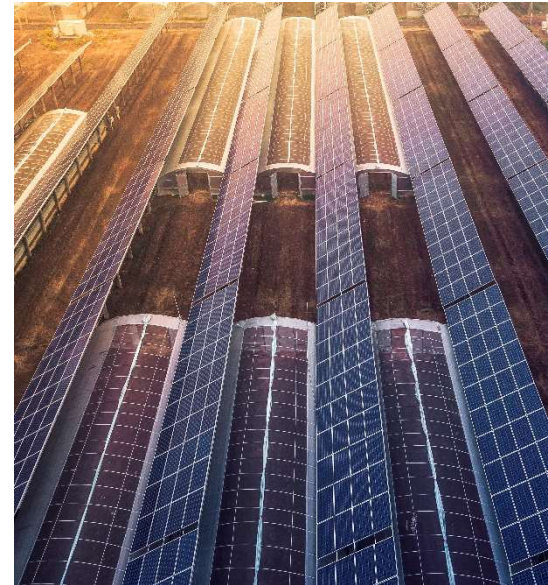
- Installed 600MW in 1H18, quota obtained in 2017
- Helping a total of about 38,000 households in poverty

Appendix 1: Solar Farms

Jiangsu Jinhua



Shandong Yuncheng



What are Agricultural-photovoltaic and Fishery-photovoltaic solar power plants?

Agricultural-photovoltaic and Fishery-photovoltaic are innovative solar power plant operational models which combine agriculture or fishery with solar power. Through installation of necessary equipment and solar panels on agricultural land or fishpond, these innovative solar power plants could realize the synergistic effect and dual purpose of cultivation or fishing with solar power generation while delivering higher economic and social values.



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