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)

INTERIM RESULTS ANNOUNCEMENT FOR SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2018	2017	% of changes
	RMB'million	*RMB'million*	
	(Unaudited)	(Unaudited)	
Continuing operations			
Revenue	**11,031.6**	11,397.3	–3.2%
Gross profit	**3,327.1**	3,736.3	–11.0%
Profit for the period	**563.5**	1,389.5	–59.4%
Profit for the period attributable to owners of the Company	**382.0**	1,195.9	–68.1%

The basic earnings per share and diluted earnings per share for the six months ended 30 June 2018 were RMB2.08 cents (Six months ended 30 June 2017: RMB6.45 cents and RMB6.31 cents).

Discontinued operations

No discontinued operation was recorded during the period under review. The loss attributable to owners of the Company from discontinued operations for the six months ended 30 June 2017 amounted to RMB2.6 million.

The profit attributable to owners of the Company from both continued and discontinued operations for the six months ended 30 June 2017 amounted to RMB1,193.3 million.

Business segment operating results from continuing operations:

- Profit from solar materials business decreased by 67.5% to RMB256.2 million (Six months ended 30 June 2017: RMB789.0 million).

- Profit from new energy business decreased by 13.2% to RMB465.5 million (Six months ended 30 June 2017: RMB536.5 million).

- Profit from solar farm business increased by 1.3% to RMB68.1 million (Six months ended 30 June 2017: RMB67.2 million).

The board of directors (the "Board" or the "Directors") of GCL-Poly Energy Holdings Limited (the "Company" or "GCL-Poly") announces the unaudited condensed interim consolidated results of the Company and its subsidiaries (the "Group" or "GCL-Poly") for the six months ended 30 June 2018 together with the comparative figures for the corresponding period in the previous year as follows:

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

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	*3*	**11,031,580**	11,397,255
Cost of sales		**(7,704,471)**	(7,660,995)
Gross profit		**3,327,109**	3,736,260
Other income	*4*	**386,762**	294,846
Distribution and selling expenses		**(51,126)**	(52,894)
Administrative expenses		**(861,401)**	(877,203)
Finance costs	*5*	**(1,589,997)**	(1,143,450)
Reversal of impairment loss on trade and other receivables, net		**148,293**	16,592
Other expenses, gains and losses, net	*6*	**(762,349)**	(262,756)
Share of profits of associates		**43,604**	–
Share of profits of joint ventures		**13,562**	22,876
Profit before tax		**654,457**	1,734,271
Income tax expense	*7*	**(90,936)**	(344,787)
Profit for the period from continuing operations	*8*	**563,521**	1,389,484
Discontinued operations			
Loss for the period from discontinued operations	*14*	**–**	(4,184)
Profit for the period		**563,521**	1,385,300

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other comprehensive (expense) income:		
Items that will not be reclassified to profit or loss:		
Fair value loss on:		
investments in equity instruments at fair value through other comprehensive income	**(44,410)**	–
financial liabilities designated as at fair value through profit or loss attributable to changes in credit risk	**(108)**	–
	(44,518)	–
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	**9,171**	1,518
	9,171	1,518
Other comprehensive (expense) income for the period	**(35,347)**	1,518
Total comprehensive income for the period	**528,174**	1,386,818

		Six months ended 30 June	
		2018	2017
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Profit (loss) for the period attributable to owners of the Company			
– from continuing operations		**382,013**	1,195,887
– from discontinued operations		**–**	(2,606)
Profit for the period attributable to owners of the Company		**382,013**	1,193,281
Profit (loss) for the period attributable to non-controlling interests			
– from continuing operations		**181,508**	193,597
– from discontinued operations		**–**	(1,578)
Profit for the period attributable to non-controlling interests		**181,508**	192,019
		563,521	1,385,300
Total comprehensive income for the period attributable to:			
Owners of the Company		**340,771**	1,193,987
Non-controlling interests		**187,403**	192,831
		528,174	1,386,818
		RMB CENTS	*RMB CENTS*
		(Unaudited)	(Unaudited)
Earnings per share	*10*		
From continuing and discontinued operations			
Basic		**2.08**	6.43
Diluted		**2.08**	6.30
From continuing operations			
Basic		**2.08**	6.45
Diluted		**2.08**	6.31

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**68,935,907**	63,780,283
Investment properties		**72,789**	75,116
Prepaid lease payments		**1,155,370**	1,177,644
Goodwill		**101,169**	176,528
Other intangible assets		**805,392**	853,552
Interests in associates		**1,682,056**	1,073,100
Interests in joint ventures		**800,672**	776,999
Available-for-sale investments		**–**	442,322
Other financial assets at fair value through profit or loss		**277,570**	131,689
Equity instruments at fair value through other comprehensive income		**80,607**	–
Convertible bonds receivable		**75,568**	–
Deferred tax assets		**275,304**	260,200
Deposits, prepayments and other non-current assets		**3,949,949**	6,083,415
Contract assets		**3,036,350**	–
Amounts due from related companies	*13*	**404,643**	151,700
Pledged and restricted bank deposits		**1,257,638**	1,186,848
		82,910,984	76,169,396
CURRENT ASSETS			
Inventories		**1,516,436**	990,885
Trade and other receivables	*11*	**14,287,795**	14,537,031
Amounts due from related companies	*13*	**1,074,397**	720,438
Prepaid lease payments		**27,402**	27,282
Available-for-sale investments		**–**	339,848
Debt instruments at fair value through other comprehensive income		**80,563**	–
Held for trading investments		**95,522**	100,733
Tax recoverable		**1,140**	1,042
Pledged and restricted bank deposits		**3,781,715**	3,720,040
Bank balances and cash		**7,919,014**	10,673,203
		28,783,984	31,110,502

	Notes	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	*12*	**20,536,004**	19,591,747
Amounts due to related companies	*13*	**734,049**	177,061
Loans from a related company		**521,352**	–
Advances from customers		**–**	612,263
Contract liabilities		**284,847**	–
Bank and other borrowings – due within one year		**16,539,474**	17,107,779
Obligations under finance leases – due within one year		**304,019**	740,911
Notes payables – due within one year		**2,971,750**	2,968,031
Convertible bonds payables – due within one year		**1,069,222**	1,765,257
Derivative financial instruments		**18,523**	15,899
Deferred income		**49,116**	49,982
Tax payables		**153,664**	394,871
		43,182,020	43,423,801
NET CURRENT LIABILITIES		**(14,398,036)**	(12,313,299)
TOTAL ASSETS LESS CURRENT LIABILITIES		**68,512,948**	63,856,097
NON-CURRENT LIABILITIES			
Advances from customers		**–**	118,675
Loans from a related company		**1,136,515**	–
Contract liabilities		**182,410**	–
Bank and other borrowings – due after one year		**33,075,501**	32,857,143
Obligations under finance leases – due after one year		**803,955**	895,691
Notes and bonds payables – due after one year		**4,883,325**	1,861,383
Deferred income		**559,550**	593,784
Deferred tax liabilities		**191,226**	221,842
		40,832,482	36,548,518
NET ASSETS		**27,680,466**	27,307,579

	As at 30 June 2018 *RMB'000* (Unaudited)	As at 31 December 2017 *RMB'000* (Audited)
CAPITAL AND RESERVES		
Share capital	**1,632,211**	1,632,181
Reserves	**21,276,943**	21,143,036
Equity attributable to owners of the Company	**22,909,154**	22,775,217
Non-controlling interests	**4,771,312**	4,532,362
TOTAL EQUITY	**27,680,466**	27,307,579

NOTES:

1. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting* issued by International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017.

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately RMB14,398 million as at 30 June 2018 and the Group had cash and cash equivalents of approximately RMB7,919 million against the Group's total borrowings (comprising loans from a related company, bank and other borrowings, obligations under finance leases, notes and bonds payables and convertible bonds payables) amounted to approximately RMB61,305 million, out of which approximately RMB21,406 million will be due in the coming twelve months.

GCL New Energy Holdings Limited ("GNE"), whose shares are listed on the Stock Exchange, is a subsidiary of the Company. As at 30 June 2018, certain subsidiaries of the Company guaranteed bank and other borrowings of GNE and its subsidiaries (collectively referred as "GNE Group") amounted to approximately RMB3,755 million. The Directors have evaluated the going concern status of GNE Group in preparing these unaudited condensed interim consolidated financial statements, in light of the fact that, GNE Group's current liabilities exceeded its current assets by approximately RMB9,054 million. In addition, as at 30 June 2018, GNE Group has entered into agreements to construct solar farms and inject capital to joint ventures which will involve capital commitments of approximately RMB5,838 million.

In addition, subject to the availability of additional financial resources, GNE Group is currently looking for further opportunities to increase the scale of its solar farm operations through mergers and acquisitions. In the event that GNE Group is successful in securing more solar farm investments or expanding the investments in the existing solar farms in the coming twelve months from 30 June 2018, additional cash outflows will be required to settle further committed capital expenditure.

As at 30 June 2018, GNE Group's total borrowings comprising bank and other borrowings, convertible bonds payable, bonds payable, a loan from the Company and a loan from a related company amounted to approximately RMB37,372 million, out of which approximately RMB6,430 million will be due in the coming twelve months provided that the covenants under the borrowing agreements are satisfied. GNE Group's pledged and restricted bank deposits and bank balances and cash amounted to approximately RMB1,423 million and RMB2,128 million as at 30 June 2018, respectively. The financial resources available to GNE Group as at 30 June 2018 and up to the date of approval of these unaudited condensed interim consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements. GNE Group is actively pursuing additional financing including, but not limited to, equity and debt financing and bank borrowings.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2018. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditure relating to the solar farms, that will be due in the coming twelve months from 30 June 2018.

In April and July 2017, 保利協鑫(蘇州)新能源有限公司, GCL-Poly (Suzhou) New Energy Limited*, ("GCL-Poly Suzhou") and 江蘇中能硅業科技發展有限公司, Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.*, ("Jiangsu Zhongneng"), subsidiaries of the Company received the "Notice of Acceptance of Registration" (the "Notice") from the National Association of Financial Market Institutional Investors (the "Association") in relation to the issue of super short-term commercial papers ("SSCP") and short-term commercial paper ("SCP") by GCL-Poly Suzhou and Jiangsu Zhongneng, respectively. The maximum registered amounts of the SSCP and the SCP are RMB5 billion and RMB1 billion, respectively, and such registered amounts will be effective for two years from the date of issue of the Notice, and GCL-Poly Suzhou and Jiangsu Zhongneng may issue the SSCP and SCP in tranches within the effective period. In addition, the China Securities Regulatory Commission issued a notice dated 19 July 2018 to GCL-Poly Suzhou to accept the registration of a total amount of RMB1.5 billion corporate bonds to be issued by GCL-Poly Suzhou, and such registered amount will be effective for two years from the date of issue of the notice and may issue in tranches within the effective period. As assessed by China Chengxin International Credit Rating Company Limited, GCL-Poly Suzhou and Jiangsu Zhongneng have been given AA+ rating and AA rating, respectively.

The Group intends to issue the SSCP, SCP and corporate bonds as and when required to meet its funding needs. In view of the nature and swift process of the underwriting and issuance of the SSCP and SCP in the robust inter-bank debt market of the People's Republic of China ("PRC"), and the past successful issuances of corporate bonds, the Directors are satisfied that funding could be obtained through the issuance of the registered instrument as and when required by the Group within the next twelve months from the date of approval of these unaudited condensed interim consolidated financial statements for issuance.

The Directors have evaluated the Group's current undrawn banking facilities and renewable bank borrowings. In order to improve liquidity, the Group continues to pay close attention in managing the Group's cash position and conducts on-going negotiations with banks to ensure that the existing facilities will be successfully renewed and additional banking facilities are obtained when necessary. The Directors believe that the Group will be able to renew the banking facilities upon maturity dates and raise additional banking facilities as and when required by the Group's operating cash needs.

In light of the fact that, the going concern status of GNE Group is identified as an area of significant uncertainty to the Group, the Directors have evaluated the measures being undertaken by GNE Group to improve their liquidity position, which include:

(i) Subsequent to 30 June 2018, GNE Group successfully obtained new borrowings of approximately RMB1,132 million, including other loan of RMB360 million mentioned in (ii) from banks and other financial institutions in the PRC and Hong Kong;

(ii) On 9 August 2018, GNE Group entered into certain agreements regarding a sales and leaseback arrangement with 北銀金融租賃有限公司 ("Beijing Financial Leasing"). Pursuant to the agreements, the GNE Group sold to Beijing Financial Leasing certain assets at a consideration of RMB360 million, which is classified as other loan, and leased back the equipment for a term of 8 years at an estimated total rent of RMB482.1 million. In addition, GNE Group will pay Beijing Financial Leasing an asset management fee of RMB34.6 million. Details of the transaction have

* *English name for identification only*

been set out in the announcement of GNE dated 9 August 2018. In addition, GNE Group is currently negotiating with several banks in both Hong Kong and the PRC for additional financing. GNE Group also received letters of intent from certain other financial institutions which indicated that these financial institutions preliminarily agreed to offer credit facilities to GNE Group. GNE Group is also seeking other form of financing to improve liquidity;

(iii) On 22 November 2017, GNE Group proposed to issue medium-term notes with an aggregate principal amount of not exceeding RMB3,000 million to institutional investors of the national inter-bank bond market in the PRC. It is expected that the notes will be issued in one or more tranches and that each tranche of the notes shall have a maturity of three years. GNE Group is also negotiating with other private investors for additional financing in the form of equity or debt or a combination of both;

(iv) GNE Group is implementing business strategies, among others, to transform its heavy-asset business model to a light-asset model by (i) partnering with other third-party strategic investors by setting up joint ventures for divesting certain of its existing wholly-owned solar farm projects in exchange for cash proceeds or co-investing into new projects to reduce future capital expenditure requirement to GNE Group; and (ii) striving for providing solar farm operation and maintenance services to those divested solar farms for additional operating cashflow to GNE Group;

(v) On 20 November 2017, GNE entered into a non-legally binding co-operation framework agreement with Taiping Financial Holdings Company Limited, an overseas investment platform of China Taiping Insurance Group, pursuant to which Taiping Financial Holdings Company Limited agreed that it or its affiliate companies will lead the establishment of an investment fund with a fund size of approximately HK$8,000 million (equivalent to RMB6,410 million), for the purpose of investing in GNE; and

(vi) As at 30 June 2018, GNE Group has completed construction of 205 solar farms with approval for on-grid connection and it also has 2 solar farms under construction targeting to achieve on-grid connection within the coming twelve months from the date of approval of these unaudited condensed interim consolidated financial statements. The abovementioned solar farms have an aggregate installed capacity of approximately 7.0 GW and are expected to generate operating cash inflows to GNE Group.

The Directors are of the opinion that, taking into account the registered SSCP, SCP and corporate bonds that are available for issuance, undrawn banking facilities, renewal of existing banking facilities, the Group's cash flow projections for the coming year, and the successful implementation of measures of GNE Group as described above, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months. The Directors are satisfied that it is appropriate to prepare these unaudited condensed interim consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether GNE Group can achieve the plans and measures described in (ii) to (vi) above to generate adequate cash inflow as scheduled. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these unaudited condensed interim consolidated financial statements.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by IASB which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's unaudited condensed interim consolidated financial statements:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRS Standards 2014 – 2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures.

3. REVENUE AND SEGMENT INFORMATION

The Group's reportable and operating segments under IFRS 8 are as follows:

(a) Solar material business – mainly manufactures and sales of polysilicon and wafer to companies operating in the solar industry.

(b) Solar farm business – manages and operates 371 MW solar farms, of which 18 MW is located in the United States of America (the "USA") and 353 MW is located in the PRC. These solar farms were constructed or acquired by the Group prior to obtaining a controlling stake in GNE.

(c) New energy business – represents the business operations of GNE, which is principally engaged in the development, construction, operation and management of solar farms. In December 2016, one of the operating segments of GNE Group regarding the manufacturing and selling of printed circuit boards business ("PCB business") was contracted to be sold and accordingly has been presented as discontinued operations in the unaudited condensed consolidated statement of profit or loss and other comprehensive income. The sale was completed on 2 August 2017.

Segment revenue and results

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

Six months ended 30 June 2018

	Solar material business *RMB'000* **(Unaudited)**	**Solar farm business** *RMB'000* **(Unaudited)**	**New energy business** *RMB'000* **(Unaudited)** *(Note a)*	**Total** *RMB'000* **(Unaudited)**
Segment revenue	**8,064,124**	**263,271**	**2,704,185**	**11,031,580**
Segment profit	**256,189**	**68,118**	**465,478**	**789,785**
Elimination of inter-segment profit				**(65,700)**
Unallocated income				**27,637**
Unallocated expenses				**(45,123)**
Loss on fair value change of convertible bonds receivable				**(4,766)**
Loss on fair value change of convertible bonds issued by the Company				**(40,768)**
Loss on fair value change of held for trading investments				**(23,109)**
Loss on deemed disposal of an associate				**(77,894)**
Gain on fair value change of financial asset at fair value through profit or loss ("FVTPL")				**3,459**
Profit for the period from continuing operations				**563,521**

Six months ended 30 June 2017

	Solar material business *RMB'000* (Unaudited)	Solar farm business *RMB'000* (Unaudited)	New energy business *RMB'000* (Unaudited) *(Notes a & b)*	Total *RMB'000* (Unaudited)
Segment revenue	9,317,345	267,797	2,525,743	12,110,885
Segment profit	788,994	67,186	532,285	1,388,465
Add: Loss for the period from discontinued operation of PCB business				4,184
Elimination of inter-segment profit				(62,085)
Unallocated income				14,933
Unallocated expenses				(99,437)
Gain on fair value change of convertible bonds receivable				13,506
Loss on fair value change of convertible bonds issued by the Company				(6,756)
Loss on fair value change of held for trading investments				(19,022)
Compensation income arising from shut down of a power plant				155,606
Profit for the period from continuing operations				1,389,484

Additional analysis presented to the chief operating decision maker ("CODM") which exclude the operating results of PCB business of new energy business, is set out below:

	New energy business *RMB'000* *(Notes a & b)*
Segment revenue – continuing operations	1,812,113
Segment profit – continuing operations	536,469

Notes:

(a) The operating results of new energy business included allocated corporate expenses.

(b) For the six months ended 30 June 2017, the revenue of the new energy business comprised sales of electricity (including tariff adjustments) amounting to approximately RMB1,812 million and sales of printed circuit boards amounting to approximately RMB714 million; and the segment profit of the new energy business comprised profit contributed by the sale of electricity of approximately RMB536 million and loss contributed by the sales of printed circuit boards of approximately RMB4 million.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit for the six months ended 30 June 2018 represents the profit of each respective segment excluding unallocated income, unallocated expenses (including certain exchange losses (gains)), unallocated tax expense, change in fair value of convertible bonds receivable, change in fair value of convertible bonds issued by the Company, change in fair value of held for trading investments, loss on deemed disposal of an associate, change in fair value of financial assets at FVTPL and compensation income arising from shut down of a power plant. In addition to the aforesaid items, segment profit for the six months ended 30 June 2017 also included depreciation of an aircraft and the respective finance costs under sale and finance leaseback arrangements which are allocated to the solar material segment for the period. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

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

	As at 30 June 2018 ***RMB'000*** **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Segment assets		
Solar material business	**46,471,208**	44,772,551
Solar farm business	**3,691,510**	3,818,921
New energy business	**58,181,399**	55,391,914
Total segment assets	**108,344,117**	103,983,386
Available-for-sale investments	**–**	99,808
Other financial assets at FVTPL	**135,248**	131,689
Equity instruments at FVTOCI	**80,607**	–
Debt instruments at FVTOCI	**80,563**	–
Held for trading investments	**95,522**	100,733
Convertible bonds receivable	**75,568**	–
Unallocated bank balances and cash	**1,897,235**	2,576,349
Unallocated corporate assets	**986,108**	387,933
Consolidated assets	**111,694,968**	107,279,898
Segment liabilities		
Solar material business	**32,153,591**	31,628,470
Solar farm business	**2,066,664**	2,193,475
New energy business	**48,857,883**	45,238,764
Total segment liabilities	**83,078,138**	79,060,709
Convertible bonds issued by the Company	**877,320**	839,615
Unallocated corporate liabilities	**59,044**	71,995
Consolidated liabilities	**84,014,502**	79,972,319

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

- All assets are allocated to operating segments, other than unallocated corporate assets (including interests in an associate and interests in joint ventures), corporate bank balances and cash and other assets (including available-for-sale investments, other financial assets at FVTPL, equity instruments at FVTOCI, debt instruments at FVTOCI, held for trading investments and convertible bonds receivable) of the management companies and investment holdings companies; and

- All liabilities are allocated to operating segments, other than unallocated corporate liabilities, and other liabilities (including convertible bonds issued by the Company) of the management companies and investment holdings companies.

Disaggregation of revenue

For timing of revenue recognition, except for revenue arising from processing fees amounting to approximately RMB412,829,000 which is recognised over time, the remaining revenue amounting to approximately RMB10,618,751,000 is recognised at a point in time.

The following is an analysis of the Group's revenue from continuing operations and discontinued operations from its major products and services:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Sales of wafer	**6,993,557**	8,425,343
Sales of electricity *(Note)*	**2,955,691**	2,075,477
Sales of polysilicon	**518,551**	505,421
Processing fees	**412,829**	278,584
Others (mainly comprising the sales of ingots and modules)	**150,952**	112,430
	11,031,580	11,397,255
Discontinued operations		
Sales of printed circuit boards	**–**	713,630
	11,031,580	12,110,885

Note: Sales of electricity included RMB1,804,062,000 (Six months ended 30 June 2017: RMB1,342,140,000) tariff adjustments received and receivable from the state grid companies in the PRC based on the prevailing nationwide government policies on renewable energy for solar farms.

4. OTHER INCOME

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Government grants	**113,267**	47,984
Sales of scrap materials	**94,917**	117,926
Bank and other interest income	**115,044**	95,754
Management and consultancy fee income	**5,978**	2,082
Rental income	**16,407**	3,916
Others	**41,149**	27,184
	386,762	294,846

5. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Interest on:		
Bank and other borrowings	**1,388,344**	1,037,345
Discounted bills receivable	**30,204**	53,430
Obligations under finance leases	**54,745**	74,771
Notes and bonds payables and senior notes	**249,544**	166,245
Total borrowing costs	**1,722,837**	1,331,791
Less: Interest capitalised	**(132,840)**	(188,341)
	1,589,997	1,143,450

Borrowing costs capitalised during the period arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.2% (six months ended 30 June 2017: 8.01%) per annum to expenditure on qualifying assets.

6. OTHER EXPENSES, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Research and development costs	**356,710**	246,417
Exchange loss, net	**238,887**	16,191
Loss (gain) on fair value change of convertible bonds receivable	**4,766**	(13,506)
Loss on fair value change of convertible bonds payables	**44,656**	53,009
Loss on fair value change of held for trading investments	**23,109**	19,022
Loss on fair value change of derivative financial instruments	**2,624**	726
Loss on disposal of property, plant and equipment	**3,641**	96,248
Loss on deemed disposal of an associate	**77,894**	–
Gain on fair value change of financial assets at FVTPL	**(32,112)**	–
Impairment loss on goodwill	**75,359**	–
Compensation income arising from shutdown of a power plant	**–**	(155,606)
Gain on disposal of solar farm projects	**(33,185)**	–
Others	**–**	255
	762,349	262,756

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
PRC Enterprise Income Tax ("EIT")		
Current tax	**133,767**	230,532
(Over) under provision in prior periods	**(29,478)**	37,650
	104,289	268,182
USA Federal and State Income Tax		
Current tax	**236**	355
Under provision in prior periods	**3**	–
	239	355
Hong Kong Profits Tax – Current tax	**–**	350
PRC dividend withholding tax	**34,663**	–
Deferred tax	**(48,255)**	75,900
	90,936	344,787

The PRC EIT for the period represents income tax in the PRC which is calculated at the prevailing tax rate on the taxable income of subsidiaries in the PRC.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25%, except for those subsidiaries described below.

Certain subsidiaries operating in the PRC have been accredited as "High and New Technology Enterprise" for a term of three years, and have been registered with the local tax authorities for enjoying the reduced 15% EIT rate. Accordingly, the profits derived by these subsidiaries are subject to 15% EIT rate for both periods. The qualification as a High and New Technology Enterprise will be subject to annual review by the relevant tax authorities in the PRC.

Certain subsidiaries of GNE Group, being enterprises engaged in public infrastructure projects, under the PRC Tax Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. For the six months ended 30 June 2018, certain subsidiaries of GNE engaged in the public infrastructure projects had their first year of 3-year 50% exemption period.

Federal and State tax rate in the USA are calculated at 21% and 8.84% (six months ended 30 June 2017: 35% and 8.84%). The U.S. Tax Cuts and Jobs Act (the "Act") was enacted into law on 22 December 2017. The Act includes significant changes to the U.S. corporate income tax system that are effective on 1 January 2018, including a reduction of the U.S. corporate income tax rate from 35% to 21%.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit. For the six months ended 30 June 2018, no provision for Hong Kong Profits Tax was made as there was no assessable profit. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million (equivalent to RMB1.6 million) of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2 million (equivalent to RMB1.6 million) will be taxed at 16.5%. The two-tiered profits tax rates regime will be applicable to the entities for the annual reporting periods ending on or after 1 April 2018.

The Group's subsidiaries and joint ventures that are tax residents in the PRC are subject to the PRC dividend withholding tax of 5% or 10% for those non-PRC resident immediate holding companies registered in Hong Kong and the British Virgin Islands, respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008.

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Profit for the period has been arrived at after charging (crediting) the following items:		
Depreciation of property, plant and equipment	**2,061,029**	1,796,624
Depreciation of investment properties	**2,327**	2,324
Amortisation of prepaid lease payments	**13,822**	13,374
Amortisation of other intangible assets	**48,160**	30,085
Total depreciation and amortisation	**2,125,338**	1,842,407
Less: amounts included in inventories	**(135,149)**	(25,535)
	1,990,189	1,816,872

9. DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2018 (Six months ended 30 June 2017: Nil).

10. EARNINGS PER SHARE

For continuing operations

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

Earnings figures are calculated as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	**382,013**	1,193,281
Add: Loss for the period from discontinued operations attributable to owners of the Company	**–**	2,606
Earnings for the purpose of basic earnings per share from continuing operations	**382,013**	1,195,887
Effect of dilutive potential ordinary shares:		
Fair value change on convertible bonds issued by the Company	**–**	6,756
Adjustment to the share of profit of GNE Group based on dilution of its earnings per share	**(545)**	–
Earnings for the purpose of diluted earnings per share from continuing operations	**381,468**	1,202,643

	Six months ended 30 June	
	2018	2017
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**18,353,251**	18,544,338
Effect of dilutive potential ordinary shares:		
– Share options issued by the Company	**4,275**	4,981
– Convertible bonds issued by the Company	**–**	502,904
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**18,357,526**	19,052,223

For the six months ended 30 June 2018, the weighted average number of ordinary shares for the purpose of calculation of basic earnings per share has been adjusted for the effect of the 100,000,000 ordinary shares purchased by the Computershare Hong Kong Trustees Limited ("Trustee") from the market pursuant to the Share Award Scheme (the "Scheme") and the 232,424,400 shares repurchased by the Company during the current interim period.

For the six months ended 30 June 2017, the weighted average number of ordinary shares for the purpose of calculation of basic earnings per share has been adjusted for the effect of the ordinary shares 222,998,888 purchased by The Trustee from the market pursuant to the Scheme.

Diluted earnings per share for the six months ended 30 June 2018 did not assume (1) the conversion of convertible bonds issued by the Company in July 2015 because the assumed conversion would result an increase in earnings per share; and (2) the exercise of certain share options granted by the Company and share options granted by GNE, since the exercise prices were higher than the average market prices of the shares of the Company and GNE, respectively, for the six months ended 30 June 2018.

Diluted earnings per share for the six months ended 30 June 2017 did not assume (1) the conversion of convertible bonds issued by GNE in May and July 2015 because the assumed conversion would result an increase in earnings per share; and (2) the exercise of certain share options granted by the Company and share options granted by GNE, since the exercise prices were higher than the average market prices of the shares of the Company and GNE, respectively, for the six months ended 30 June 2017.

For continuing and discontinued operations

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

Earnings figures are calculated as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share		
– Profit for the period attributable to owners of the Company	**382,013**	1,193,281
Effect of dilutive potential ordinary shares:		
– Fair value change on convertible bonds issued by the Company	**–**	6,756
– Adjustment to the share of profit of GNE Group based on dilution of its earning per share	**(545)**	–
Earnings for the purpose of diluted earnings per share from continuing and discontinued operations	**381,468**	1,200,037

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

For discontinued operations

For the six months ended 30 June 2017, basic loss per share for the discontinued operations was RMB0.01 cent per share and diluted loss per share for the discontinued operations was RMB0.01 cent per share, based on the loss for the period from the discontinued operations of RMB2,606,000 and the denominators attributable to owners of the Company detailed above for both basic and diluted loss per share.

11. TRADE AND OTHER RECEIVABLES

The Group allows a credit period of approximately one month from the invoice date for trade receivables (excluding sales of electricity in the PRC) and may further extend 3 to 6 months for settlement through bills issued by banks and financial institutions obtained from trade customers.

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

Total bills received amounting to RMB5,083,582,000 (31 December 2017: RMB8,159,427,000) are held by the Group for future settlement of trade receivables.

The following is an aged analysis of trade receivables (other than unbilled), net of allowances for doubtful debts, presented based on the invoice date which approximated the respective revenue recognition dates or bills issue date at the end of the reporting period, as appropriate:

	As at 30 June 2018	As at 31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unbilled *(Note)*	**3,212,307**	4,365,887
Within 3 months	**3,904,673**	4,371,045
3 to 6 months	**3,016,778**	5,000,023
Over 6 months	**405,318**	166,600
	10,539,076	13,903,555
Analysed for reporting purpose as:		
– Current assets	**10,539,076**	12,067,463
– Non-current assets	**–**	1,836,092
	10,539,076	13,903,555

Note: As at 30 June 2018, amount represent unbilled tariff adjustment receivables of solar farms in the Renewable Energy Tariff Subsidy Catalogue (the "Catalogue").

As at 31 December 2017, amount represents unbilled tariff adjustment receivable of all solar farms. Tariff adjustments related to solar farms yet to obtain approval for registration in the Catalogue are classified to contract assets as at 1 January 2018.

12. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date and bills payable (trade related) presented based on the issue date, at the end of the reporting period:

	As at 30 June 2018 *RMB'000* **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Trade and bills payables:		
Within 3 months	**2,586,945**	2,617,897
3 to 6 months	**3,198,458**	3,174,671
Over 6 months	**66,649**	–
	5,852,052	5,792,568

13. BALANCES WITH RELATED COMPANIES

The following is an aged analysis of amounts due from related companies (trade related) at the end of the reporting period, presented based on the invoice date which approximated the respective revenue recognition dates:

	As at 30 June 2018 *RMB'000* **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Within 3 months	**528,474**	484,347
3 to 6 months	**214,908**	–
Over 6 months	**54,841**	–
	798,223	484,347

Note: The Group allows a credit period of 30 days from the invoice date for sales to related companies.

The Directors closely monitor the credit quality of amounts due from related companies and consider those accounts, which are neither past due nor impaired, are of a good credit quality in view of the good historical repayment records of such parties.

The following is an aged analysis of amounts due to related companies (trade related) at the end of the reporting period, presented based on the invoice date:

	As at 30 June 2018 *RMB'000* **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Within 3 months	**287,987**	133,788
3 to 6 months	**216,492**	3
Over 6 months	**50,203**	318
	554,682	134,109

14. DISCONTINUED OPERATIONS

On 30 December 2016, GNE Group entered into a sale and purchase agreement ("S&P Agreement") to dispose of the entire interest in PCB business (the "Disposal") to Mr. Yip Sum Yin ("Mr. Yip"), a former director of GNE, at a consideration of HK$250,000,000 (equivalent to RMB223,625,000) plus, as the case may be, adjustment amounts pursuant to the S&P Agreement. Part of the consideration, amounting to RMB109,874,000 was received during the six months ended 30 June 2017. The Disposal is consistent with GNE Group's long-term policy to focus on its core solar farm business, which will allow GNE Group and its management team to focus its resources on the business area where it has the most competitive strengths. The completion of the Disposal was subject to the fulfilment of certain conditions precedent as set out in the S&P Agreement. Details of the Disposal are set out in the announcement of GNE dated 30 December 2016 and the circular of GNE issued to the shareholders dated 20 January 2017. On 2 August 2017, the Disposal was completed without any adjustment on the consideration.

Analysis of loss for the period from discontinued operations

The results of the discontinued operations for the six months ended 30 June 2017 was as follows:

	Six months ended 30 June 2017 *RMB'000* (Unaudited)
Revenue	713,630
Cost of sales	(679,010)
Other income	15,946
Distribution and selling expenses	(9,275)
Administrative expenses	(31,212)
Finance costs	(6,326)
Other expenses, gains and losses, net	(8,996)
Loss before tax	(5,243)
Income tax expense	(3,292)
Loss for the period from discontinued operations	(8,535)
Reversal of loss on measurement to fair value less costs to sell	4,351
Loss for the period from discontinued operations	(4,184)

	Six months ended 30 June 2017 *RMB'000* (Unaudited)
Loss for the period from discontinued operations include the following:	
Depreciation of property, plant and equipment	56,184
Amortisation of prepaid lease payments	87
Total of depreciation and amortisation	56,271
Cost of inventories recognised as an expense	679,010

Note: During the six months ended 30 June 2017, depreciation and amortisation of approximately RMB53,898,000 were capitalised as cost of inventories.

Cash flows from discontinued operations:

	Six months ended 30 June 2017 *RMB'000* (Unaudited)
Net cash inflows from operating activities	59,342
Net cash outflows used in investing activities	(37,958)
Net cash outflows used in financing activities	(17,529)
Net cash inflows	3,855

CHAIRMAN'S STATEMENT

During the first half of 2018, GCL-Poly has made fruitful work in technological innovation and industrial layout. Leveraging its leading edges in the industry, it joined hands with peers in the photovoltaic ("PV") industry to promote the transformation and upgrade of the PV industry and green development, contributing to the early realization of grid-parity of the PV industry.

Business Review for the First Half of 2018

During the first half of 2018, GCL-Poly's total production of polysilicon and wafer were 35,374 MT and 13.2 GW respectively, ranking first in the world again. As of 30 June 2018, GCL-Poly recorded a revenue of RMB11,031.6 million, representing a decrease of 3.2% as compared with the same period in 2017; gross profit was approximately RMB3,327.1 million, representing a decrease of 11.0% as compared with the same period in 2017; profit from continuing operations attributable to owners of the Company amounted to approximately RMB382.0 million and basic earnings per share were approximately RMB2.08 cents.

During the period, GNE's total PV installed capacity was approximately 7,139MW, an increase of 19% as compared with that at 31 December 2017. Total revenue from PV power generation business was approximately RMB2,704 million, representing an increase of 7.1% as compared with the same period in 2017. Profit attributable to shareholders of the GNE Group amounted to approximately RMB345.2 million and basic earnings per share were approximately RMB1.81 cents.

Photovoltaic Power Generation to Become the Top Alternative Energy Source

Under the guidance of the green and low-carbon development concept, through the joint efforts of global PV community over the years, photovoltaic power generation has become the world's fastest-growing renewable energy source, and the consensus for it becoming the top alternative energy source is taking shape. Photovoltaic power generation will become a universal energy source, and the triple benefits of energy value, low carbon value and environmental value have become the first driving force for global energy transformation, after more and more countries and regions have solved the economic bottleneck with grid-parity. After 2020, there will be a huge wave of "global grid-parity cycle" in the global PV industry.

Cooperation, innovation, and win-win, especially the international division of labor and collaboration, have promoted rapid upgrade of technologies in the PV industry, significant reduction in costs, and constant expansion of the application market. With the speedy growth, the global PV industry develops in a more and more standardized and orderly manner. At the new node of the development of PV industry in 2018, from the global perspective, the global PV installed capacity is expected to continue to maintain a steady growth. As the Chairman of the Global Solar Council, I am deeply proud of all PV industry players.

China's PV Industry Ushers in Transformation and Upgrade

In recent years, the PV manufacturing scale, industrialization technology level, and application market expansion of China rank the highest in the world. It has become one of the few strategic emerging industries in China that can simultaneously be internationally competitive and reach the leading international level.

On May 31, 2018, the National Development and Reform Commission (NDRC), the Ministry of Finance, and the National Energy Administration (NEA) jointly issued the *Notice on Matters Related to Photovoltaic Power Generation in 2018* ("531 PV New Policy"). After the release of the 531 PV New Policy, China's PV industry will enter a deep adjustment period, with the speed up of industrial clearing, elimination of backward capacity, to ensure the balanced and rational development of the entire industry, and provide room for sustainable development of high-quality and low-cost capacity, laying a solid foundation for grid-parity.

In the future, the market will be fully adjusted, and technological upgrades will continue to reduce the cost of the entire PV industry chain. Advantaged enterprises already have the ability to survive without subsidies, and are just one step away from grid-parity. The domestic market opportunities will not be eliminated due to the 531 PV New Policy but will be captured by enterprises with stronger strengths and better products.

GCL-Poly Seeking Innovation and Diversification while Maintaining Steady Development

GCL-Poly is actively responding to the national policy, taking multi-pronged approach to effectively respond to market changes, staying in the forefront of the industry during the transition period. During the period, GCL-Poly made a forward-looking development strategy in terms of market strategy and technological innovation. The construction progress of GCL-Poly Xinjiang polysilicon base is on schedule, and the first phase is expected to be put into operation in the third quarter of this year. Together with the capacity of Xuzhou base, GCL-Poly aims to build a double-base for high-quality silicon materials with cost advantage, and become one of the polysilicon manufacturers with lowest production cost in the world. GCL-Poly adheres to the market-oriented product and "Dual track Mono-Si and Multi-Si" market strategy. With sustained technological innovations, it further improves the efficiency, reduce costs, and provides high-quality products to the market.

In the capital market, GCL-Poly always focuses on shareholder value. In the annual general meeting in May 2018, the buy-back mandate was approved by the shareholders. Since June, GCL-Poly has made a total of 8 round of share buy-backs, totaling 262,424,000 shares. Continuous share repurchases effectively increased the Company's earnings per share and maximized shareholders' interests, as well as demonstrated GCL-Poly's confidence in the Company's development and growth potential.

Forging Ahead and Welcoming the Era of PV Parity

The 24th United Nations Climate Change Conference will be held in Poland on 3 December this year. It is expected that leaders will discuss the outcome of the *Paris Agreement* and the direction of energy structure development in the next step. In recent years, under the guidance of the *United Nations Framework Convention on Climate Change* and the *Paris Agreement*, various countries' development and the scale of investment in clean energy are expanding, and the global PV industry presents the upward momentum of development. The European Photovoltaic Industry Association (SolarPower Europe) predicts that there will be 14 countries and regions with PV installed capacity of GW level by the end of the year. In 2018, China's installed capacity is still leading the world. Many emerging markets in India, Europe and other continents will see strong growth, and solar energy is gradually becoming an important pillar of the future energy system.

In July this year, Premier Li Keqiang and the EU signed the *China-EU Leaders' Joint Statement on Climate Change and Clean Energy*, which demonstrates the firm determination to promote low greenhouse gas emissions and sustainable development worldwide. Although the 531 PV New Policy has had a short-term impact on the PV industry, the introduction of the 531 PV New Policy will certainly facilitate the quality and efficiency upgrade of the industry, and the speed up of the process of grid-parity. We expect China to enter the era of parity gradually in the second half of 2019.

Under the backdrop of the periodical policy adjustment of the PV industry and the changes of the international environment, GCL-Poly objectively understands the role of PV clean energy in promoting sustainable development of human beings, and strengthens confidence in development, and is committed to the innovation of PV products and technological upgrade while consolidating its market leadership. GCL-Poly boasts a sound management team, who will grasp the pulse of the PV market development in the future, continuously improve the efficiency of internal management and operation, and strengthen communication with financial institutions. As the industry's forerunner in the era of industrial upgrade, GCL-Poly will provide cost-effective products to the market, bringing green energy to thousands of households.

Finally, I sincerely thank the Company's Board of Directors, management team and all staff for their hard work in the first half of 2018. I am deeply grateful to the Company's shareholders and partners for their powerful support.

CEO REVIEW AND OUTLOOK

On behalf of the management of the Company, I hereby announce the following results achieved by GCL-Poly in the first half of 2018: as of 30 June 2018, GCL-Poly recorded revenue of RMB11,031.6 million, representing a 3.2% decrease as compared with the same period in 2017; gross profit was approximately RMB3,327.1 million, representing a 11.0% decrease as compared with the same period in 2017; profit attributable to shareholders of the Company amounted to approximately RMB382.0 million and basic earnings per share were approximately RMB2.08 cents. In the first half of 2018, the Company completed a total production of 35,374MT, internal sales of 28,989MT and external sales of 5,237MT of polysilicon, and a total production of 13,239MW and sales of 12,098MW of wafer, ranking the first in the world in terms of both production volumes of polysilicon and wafer.

GNE has developed steadily in 2018. As of 30 June 2018, GNE's total grid-connected installed capacity was 6,108MW, an increase of 46% as compared with the same period of last year. In terms of performance, GNE's total revenue in the first half of 2018 was approximately RMB2,704 million, up by 49% period on period. Profit attributable to shareholders of the GNE Group amounted to approximately RMB345.2 million and basic earnings per share were approximately RMB1.81 cents.

Building a High-quality and Low Cost Polysilicon Dual-base

The first phase of GCL-Poly's polysilicon base in Xinjiang will be put into operation in the third quarter of this year. In line with the Company's expansion plan announced last year, the capacity of the polysilicon base in Xinjiang will increase from 40,000 tons to 50,000 tons without increasing the originally planned capital expenditure. With the advantages of low electricity cost in Xinjiang, GCL Xinjiang polysilicon base will become the world's leading low-cost, high-quality polysilicon production base for modified Siemens method polysilicon manufacturing. With full capacity for monosilicon wafer production, they will replace import products in the future.

After the commencement of the operation of the polysilicon base in Xinjiang, it will make new ground for a polysilicon dual-base together with current Xuzhou base. At the same time, the cost of polysilicon in the Xuzhou base will continue to decline due to system optimization and energy consumption reduction. In the end, the cost will be relatively lower compared with last year.

Diversified Products Satisfying Market Demands for Monosilicon and Polysilicon

As the world's most influential and competitive silicon supplier, GCL-Poly adjusts its capacity timely to meet the different market needs for monosilicon and polycrystalline products. It will continue to increase investment in research and development of high-efficiency polysilicon wafers, and further reduce the production cost of polysilicon wafers and improve the cost performance of products through continuous process optimization and efficiency improvement.

GCL-Poly's technical transformation of diamond-wire sawing polysilicon wafers was completed at the end of 2017. Combined with "black silicon" technology, it has significantly improved the efficiency of polycrystalline cells. The monosilicon ingot technology that GCL has reserved for many years will usher in the marketization. After the "diamond-wire sawing + black silicon", the monosilicon ingot wafers will also become differentiated products that have a significant impact on the market. Compared with ordinary CCz constant czochralski monosilicon, it has strong competitiveness in terms of cost performance. Ingot monosilicon wafers can be better compatible with downstream terminal products and their platform technology can freely apply battery and component technologies such as half-cell, solar shingles, and double-sided dual glass. Without unfilled corners, the half-cell component is more appealing in appearance. In addition, GCL-Poly's Ningxiang plant, which produces traditional monosilicon, has completed the technical reserve of N-type monosilicon products, and the quality of high-efficiency monosilicon wafers has reached the market-leading level.

In the future, GCL-Poly will always adhere to the "Dual-track Mono-Si and Multi-Si" market strategy, and join hands with other PV industry players to promote the upgrade of the PV industry.

Adhering to Technological Innovation and Continuing to Upgrade and Transform

Technological innovation has always been the core competitiveness of GCL-Poly. In 2017, after acquiring leading technologies of SunEdison's fifth-generation CCz constant czochralski monosilicon technology and FBR silane fluidized bed, GCL-Poly has become the only PV company with technologies of CCz constant czochralski monosilicon technology and FBR silane fluidized bed at the same time in the world. Since high-quality FBR granular silicon can be used as the best material for CCz, the two technologies complement each other. Compared with the current mainstream application of RCz Recharged Czochralski, CCz technology can greatly improve production efficiency and reduce overall production costs. During the period, through the localization of equipment and implementation of technologies, FBR fluidized bed granular silicon technology has achieved small batch production.

During the period, GCL-Poly successfully achieved the goal of technical transformation. Without the purchase of new equipment, GCL-Poly optimizes crystal structure through thermal field modification. GCL-Poly continued to optimize the maturity of diamond wire sawing technology, and combined with wet black silicon technology to achieve the substantial results of cost reduction and efficiency enhancement of silicon wafer.

In addition to the monosilicon capacity of the joint venture with Tianjin Zhonghuan Semiconductor Co., Ltd., GCL-Poly has gradually improve its monosilicon ingot capacity during the reporting period. Monosilicon ingot wafers have higher conversion efficiency than polysilicon wafers, and lower cost than ordinary czochralski monosilicon wafers. As such, the monosilicon ingot wafers will become a new differentiated product from GCL-Poly.

Meticulously Examining the Market Conditions and Actively Planning to Grasp the New Opportunities of The PV Industry

Despite the short-term impact of the 531 PV New Policy on the industry, it will lead to a better performance for companies like GCL-Poly, which has rich technology reserves or strong abilities to grasp opportunities in the long run. Therefore, we always maintain our confidence in the sustainable development of the PV industry. The Company quickly implemented various effective initiatives, adjusted production plans in advance and introduced various refined management measures, including production by demand, formulation of flexible pricing strategies, control of product inventory, and strict control of accounts receivable to ensure effectively minimize the impact of the 531 PV New Policy. With abundant cash and efficient management, we maintain our silicon and wafer capacity at a higher level, while controlling inventory at a lower level. In July, as the operating rate and demand of downstream customers recovered, the prices of silicon and silicon wafer bottomed out and rebounded. We believe that with our advantages of leading technologies, highly cost-effective products and diversified layout, GCL-Poly is well-equipped to embrace the new opportunities brought about by industry integration.

GNE Seizing Market Opportunities with Diversified Development

GNE has developed steadily in 2018. As of June 30, 2018, GNE's total grid-connected installed capacity was 6,108MW, an increase of 46% as compared with the same period of last year. GNE's total revenue in the first half of 2018 was approximately RMB2,704 million, up by 49% period on period. Profit attributable to shareholders of the GNE Group amounted to approximately RMB345.2 million and basic earnings per share were approximately RMB1.81 cents.

GNE focuses on domestic business, while actively exploring overseas markets at the same time. During the reporting period, GNE formed alliances with domestic and foreign enterprises to accelerate the internationalization of PV business, and strived to deepen the work of PV poverty alleviation and "Frontrunner" projects. GNE adopted a diversified innovative financing model at the holding and regional company level to fully improve its comprehensive financing ability and effectively reduce the debt level of the company. GNE actively established strategic partnerships with large stated-owned enterprises, obtaining financing advantages through win-win co-operation. GNE focused on planning and developing reserve work in areas with distinctive advantages in terms of land conditions, capital costs, and accepting conditions, and appropriately reserved certain project resources at a lower cost. GNE will continue to reply on its competitive edges to allocate resources prudently, focus on overseas markets with abundant resources, mature standards, and reasonable risks, and form strong alliances with internationally influential partners and financial institutions to seek for projects with high return potential and low risk.

Outlook

According to the latest data from the National Energy Administration (NEA), China's new PV installations recorded more than 24 GW in the first half of the year. Based on to the recent data from the China Photovoltaic Industry Association (CPIA), China's PV industry chain accounts for more than 50% of global production in all segments. Domestic polysilicon production in the first half of 2018 was approximately 140,000 tons, recording a year-on-year increase of 24%. The implementation of the 531 PV New Policy will inevitably affect China's new installed capacity in the short term. However, in the long run, it will promote the healthy and orderly development of the PV industry. At present, overseas markets maintains a healthy and rapid growth, especially in emerging markets including India, Turkey, Saudi Arabia, the Middle East, South America and Southeast Asia, where the demand for photovoltaics is particularly strong. Among them, the cost of a 300MW solar power station bidding in Saudi Arabia is 2.34 US cents per kilowatt hour, becoming the world's lowest cost solar power station. The overseas market share of Photovoltaics keeps growing, which is conducive to the long-term balanced and sustainable development of the PV and silicon materials markets. With expanded capacity, continuously optimized cost structure and high product quality, GCL-Poly is confident in benefiting from the growth of the industry continuously.

GCL-Poly will closely stay tuned with the market demand and continue to implement the "Dual track Mono-Si and Multi-Si" market strategy and continuously enhance our core competitiveness in terms of technological innovation, efficient product development and promotion, lean production and cost control. At the same time, GCL-Poly will capitalize on our industry-leading position to further expand to the regional markets along the Belt and Road, form strategic alliances with well-established companies, complement each other and achieve a win-win situation. GCL-Poly will also continue to deepen its cooperation with financial institutions, promote joint financial innovation work and further optimize our assets liabilities as well as financing structures.

Finally, I would like to express my heartfelt gratitude to our management team and all the staff members of the Company for their efforts and hard work during the first half of the year. I also wish to extend my gratitude to our shareholders and business partners for their strong support to the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the period under review, solar industry has faced serious challenges in China as a result of the sudden Chinese government policy change to reduce solar subsidies and uncertainty over international trade. It is expected that the reduced solar subsidies will slow the growth of domestic solar generation and will lead to an oversupply in China and created downward pressure on the selling price of solar product. The business and financial performance of the Group for six months ended 30 June 2018 had affected accordingly.

Results of the Group

For the six months ended 30 June 2018, the revenue, gross profit of the Group and profit attributable to the owners of the Company from continuing operations were approximately RMB11,032 million, RMB3,327 million and RMB382 million, respectively, representing a decrease of 3.2%, 11.0% and 68.1% respectively as compared with approximately RMB11,397 million, RMB3,736 million and RMB1,196 million in the corresponding period in 2017. No discontinued operation was recorded during the period. For the six months ended 30 June 2017, profit attributable to Owners of the Company from both continuing operations and discontinued operations amounted to approximately RMB1,193 million.

Business Structure

The Group is principally engaged in: (i) manufacturing and sales of polysilicon and wafers for solar industry and (ii) the development, construction, operation and management of solar farms.

GCL New Energy Holdings Limited ("GNE Group or GNE") is a listed company in HK (Stock code: 0451). Except for 371 MW solar farm that were constructed or acquired by the Group prior to obtaining a controlling stake in GNE, the Group primarily develops, constructs, operates and manages downstream solar farms through the platform of GNE.

For illustrative purpose, if excluding GNE Group and recognising the costs of investment in GNE, the perpetual notes receivable from GNE as non-current assets and inter-company balance with GNE, the effect of de-consolidated GNE Group as at 30 June 2018 would be as follows:

	The Group *RMB million*	GNE Group *RMB million*	De-consolidation adjustment *(note)* *RMB million*	The effect of de-consolidated GNE Group *RMB million*
Total assets	111,695	58,243	(5,156)	58,608
Total liabilities	84,015	48,961	(831)	35,885
Net current liabilities	14,398	9,054	(132)	5,476
Indebtedness				
Bank and other borrowings	49,615	31,973	–	17,642
Loan from the Company	–	728	(728)	–
Obligations under finance leases	1,108	–	–	1,108
Notes and bonds payables	7,855	3,901	–	3,954
Convertible bonds payables	1,069	192	–	877
Loans from a related party	1,658	578	–	1,080
Subtotal	61,305	37,372	(728)	24,661
Bank balances and cash, pledged and restricted bank deposits	12,959	3,551	–	9,408
Pledged deposits at a related company	121	22	–	99
Subtotal	13,080	3,573	–	9,507
Net debt	48,225	33,799	(728)	15,154

Note:

De-consolidation adjustments included:

1. The Group's cost of investment in GNE amounted to be RMB2,365,304,000

2. The GNE's perpetual notes of RMB1,800,000,000 subscribed by the subsidiaries of the Group

3. The transaction balances with GNE Group, mainly included loan to GNE Group of RMB727,826,000, amount due from GNE Group, net and other eliminations

As at 30 June 2018, certain subsidiaries of the Company guaranteed bank and other borrowings of certain subsidiaries of GNE which amounted to RMB3,755 million.

Segment Information

The Group are reported on the three continuing operating segments as follows:

(a) Solar Material Business – mainly manufactures and sales of polysilicon and wafer to companies operating in the solar industry.

(b) Solar Farm Business – manages and operates 371 MW solar farms, of which 18 MW is located in the United States and 353 MW is located in the PRC. These solar farms were constructed or acquired by the Group prior to obtaining a controlling stake in GNE.

(c) New Energy Business – represents the business operations of GNE, which is principally engaged in the development, construction, operation and management of solar farms.

The following table sets forth the Group's operating results from continuing operations by business segments:

	Six months ended 30 June 2018			Six months ended 30 June 2017		
	Revenue	**Segment profit (loss)**	**Adjusted EBITDA[3]**	Revenue	Segment profit	Adjusted EBITDA[3]
	RMB million	***RMB million***	***RMB million***	*RMB million*	*RMB million*	*RMB million*
Solar Material Business	**8,065**	**256**	**1,979**	9,317	789	2,860
Solar Farm Business	**263**	**68**	**223**	268	67	230
Corporate[1]	**N/A**	**N/A**	**11**	N/A	N/A	(121)
Sub-total	**8,328**	**324**	**2,213**	9,585	856	2,969
New Energy Business[2]	**2,704**	**466**	**2,458**	1,812	537	1,646
Total	**11,032**	**790**	**4,671**	11,397	1,393	4,615

1. The corporate items that are not a reportable segment primarily included unallocated income, unallocated expenses and elimination of inter-segment transactions.

2. The segment profit of the new energy business includes reported net profit of GNE Group of approximately RMB489 million (six months ended 30 June 2017: RMB552 million) and allocated corporate expenses of approximately RMB23 million (six months ended 30 June 2017: RMB15 million).

3. Calculation of the adjusted EBITDA is detailed in the Financial Review Section in this Announcement.

BUSINESS REVIEW

Solar Material Business

Production

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 produces wafer by mainly 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 30 June 2018, the Group's polysilicon annual production capacity was remained at 70,000 MT. During the six months ended 30 June 2018, the Group operated its polysilicon business at full capacity and produced approximately 35,374 MT of polysilicon, representing a decrease of 8.7% as compared to 38,747 MT for the corresponding period in 2017.

During the six months ended 30 June 2018, the Group's annual wafer production capacity was remained at 30 GW. During the six months ended 30 June 2018, the Group produced approximately 13,239 MW of wafers (including processing business with supplied materials), representing an increase of 24.9% from 10,599 MW for the corresponding period in 2017.

Expansion of polysilicon production capacity

During the period ended 30 June 2018, the Group has commenced the construction of a plant to produce polysilicon with a production capacity of 60,000 tonnes in Xinjiang, the Peoples' Republic of China (the "PRC") (the "Project"), which will comprise 40,000 tonnes new facilities and approximately 20,000 tonnes existing facilities to be relocated to Xinjiang from Xuzhou.

It is expected that the construction of the first phase of 20,000 tonnes facility will be completed by the third quarter of 2018 and the second phase of the 20,000 tonnes facility will be completed by the end of 2018. The expected completion of the relocation of the 20,000 tonnes existing Xuzhou facilities, being the final phase of the Project, is scheduled for the end of 2020, which is subject to the prevailing market conditions.

The Group believed that upon the completion of the Project by 2020, it will be able to ramp up annual polysilicon production capacity of the Group from 70,000 tonnes to 115,000 tonnes to meet the increasing demand for polysilicon. It is expected that the relative low tariff and energy costs in Xinjiang will also contribute to the reduction of the production cost of polysilicon and enhance the competitiveness of the Company.

Diamond wire sawing technology transformation and block silicon technology

During the period ended 30 June 2018, as diamond wire sawing technology being fully applied, the cost of wafer production has been reduced substantially. Our black silicon wet texturing project using diamond wire sawn polysilicon wafers has commenced full production. This will promote the marketing of diamond wire sawn polysilicon wafers and improve the efficiency of wafers, and will also promote our customers to utilize diamond wire sawn wafers in large scale.

Sales Volume and Revenue

For the six months ended 30 June 2018, the Group sold 5,237 MT of polysilicon and 12,098 MW of wafer (including processing business with supplied materials), representing an increase of 7.1% and 14.0% respectively, as compared with 4,888 MT of polysilicon and 10,611 MW of wafer for the corresponding period in 2017.

The average selling prices of polysilicon and wafer were approximately RMB99.0 (equivalent to US$15.4) per kilogram and RMB0.700 (equivalent to US$0.110) per W respectively for the six months ended 30 June 2018. The corresponding average selling prices of polysilicon and wafer for the six months ended 30 June 2017 were approximately RMB103.4 (equivalent to US$15.1) per kilogram and RMB0.891 (equivalent to US$0.130) per W respectively.

Revenue from external customers of our solar materials business amounted to approximately RMB8,064 million, representing a decrease of 13.4% from RMB9,317 million for the corresponding period in 2017. The decrease in revenue was primarily due to decreased in the average selling price of wafer, partly offset by its growth in sales volume.

Cost and Segment Profit

The Group’s polysilicon and wafer production costs mainly depend on its ability to control raw material costs, lower energy consumption, achieve economies of scale in its operations and streamline production processes. During the six months ended 30 June 2018, the Group continued to make effort on cost reduction and control measures.

The segment profit of our solar material business for the six months ended 30 June 2018 was decreased to RMB256 million as compared with segment profit of RMB789 million in the corresponding period in 2017. The decrease was mainly driven by the decrease in the average selling price of wafer, partly offset by the effect of reduction of production costs.

Solar Farm Business

Overseas Solar Farms

As at 30 June 2018, the Solar Farm Business includes 18 MW of solar farms in the United States. Besides, 150 MW solar farms in South Africa, which was partnered with CAD Fund, its total effective interest of 9.7% is owned by the Group.

PRC Solar Farms

As at 30 June 2018, the Solar Farm Business also includes 10 solar farms in the PRC and its installed capacity and attributable installed capacity were remained at 353.0 MW and 289.3 MW, respectively.

Sales Volume and Revenue

For the six months ended 30 June 2018, the electricity sales volume of Solar Farm Business in overseas and the PRC were 16,236 MWh and 253,623 MWh respectively (six months ended 30 June 2017: 15,741 MWh and 267,160 MWh, respectively).

For the six months ended 30 June 2018, revenue for Solar Farm Business was approximately RMB263 million (six months ended 30 June 2017: RMB268 million).

New Energy Business

As at 30 June 2018, the Group owns 11,880 million shares of GNE (approximately 62.28% of GNE's issued capital).

Capacity and Electricity Generation

As at 30 June 2018, the aggregated installed capacity of the 211 grid-connected solar farms of the GNE Group (31 December 2017: 162) increased by 19% to 7,139 MW (31 December 2017: 5,990 MW). Details of capacity, electricity sales volume and revenue for the period ended 30 June 2018 are set out below.

Places	Tariff zones	Number of solar farm	Aggregate Installed Capacity[(1)] *(MW)*	Grid-connected Capacity[(1)] *(MW)*	Electricity Sales Volume *(million kWh)*	Average Tariff (Net of Tax) *(RMB/kWh)*	Revenue *(RMB million)*
Subsidiaries							
Inner Mongolia	1	12	380	380	329	0.73	240
Ningxia	1	6	234	228	155	0.72	111
Qinghai	1	3	107	107	85	0.84	71
Xinjiang	1	2	80	80	58	0.68	40
Subtotal	Zone 1	23	801	795	627	0.74	462
Shaanxi	2	15	865	865	544	0.69	375
Yunnan	2	8	280	126	77	0.66	50
Hebei	2	5	253	230	161	0.86	138
Qinghai	2	4	145	145	110	0.72	79
Inner Mongolia	2	3	120	18	–	–	–
Shanxi	2	1	100	93	35	0.52	18
Sichuan	2	2	85	85	65	0.83	54
Liaoning	2	3	60	43	31	0.70	22
Gansu	2	2	55	25	14	0.75	11
Jilin	2	4	51	51	25	0.80	20
Xinjiang	2	1	22	22	12	0.68	8
Subtotal	Zone 2	48	2,036	1,703	1,074	0.72	775
Henan	3	17	821	581	327	0.72	235
Anhui	3	12	405	405	237	0.77	183
Jiangsu	3	38	449	375	194	0.84	162
Shanxi	3	9	414	382	259	0.76	197
Hubei	3	5	269	264	153	0.77	118
Hebei	3	9	244	229	154	0.96	148
Guizhou	3	6	234	180	97	0.82	79
Hunan	3	4	214	213	107	0.80	85
Guangdong	3	7	199	91	47	0.80	38
Jiangxi	3	5	192	181	94	0.96	90
Shandong	3	6	181	181	104	0.81	85
Guangxi	3	3	160	89	34	0.84	28
Hainan	3	3	80	51	34	0.86	29
Zhejiang	3	3	62	62	32	0.94	30
Fujian	3	2	50	22	9	0.81	8
Shanghai	3	1	7	7	4	1.06	4
Shaanxi	3	1	6	6	2	0.64	1
Subtotal	Zone 3	131	3,987	3,319	1,888	0.81	1,520
		202	6,824	5,817	3,589	0.77	2,757
US		2	133	109	61	0.30	18
Japan		1	4	4	2	2.22	4
Subsidiaries total		205	6,961	5,930	3,652	0.76	2,779
Joint ventures[(3)]							
PRC		3	173	173	110	0.85	93
Japan		3	5	5	3	2.15	7
Total		211	7,139	6,108	3,765	0.77	2,879

Representing:	
Electricity sales	1,070
Tariff adjustment – government subsidies received and receivable	1,709
Total of subsidiaries	2,779
Less: effect of discounting tariff adjustment receivables to present value[(2)]	(75)
Total revenue of the GNE Group	2,704

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

(2) Certain portion of the tariff adjustment (government subsidies) receivables will be recovered after twelve months from the reporting date. The tariff adjustment receivables are discounted at an effective interest rate ranging from 3.06% to 3.49% per annum.

(3) Revenue from joint venture solar farms was accounted for under "Share of Profits of Joint Ventures" in the consolidated statement of profit and loss and other comprehensive income.

Most of the solar farms of the GNE Group are located in China and almost all of the electricity being sold to the subsidiaries of State Grid. The State Grid is a State-owned enterprise in China, which possesses low default risk. Therefore, the Directors considered that the credit risk was minimal and no provision for impairment was considered necessary for the period ended 30 June 2018 and for the year ended 31 December 2017.

Revenue

During the six months ended 30 June 2018, the revenue of the GNE Group mainly comprised sales of electricity and related tariff adjustment (i.e. government subsidies) amounting to approximately RMB2,779 million (six months ended 30 June 2017: RMB1,850 million), net of effect of discounting the tariff receivables to its present value of approximately RMB75 million (six months ended 30 June 2017: RMB38 million). The significant increase in revenue was mainly attributable to the increase in sales of electricity of the solar farms by 59% as a result of intensive developments of solar farms in the first half of 2018 and the second half of 2017. The average tariff (net of tax) for PRC was approximately RMB0.76/kWh (2017: RMB0.80/kWh). The decrease in average tariff was mainly due to the tariff cut adopted from 1 July 2017 and competitive bidding tariff for some of our projects.

In terms of revenue generated by tariff zone, for the six months ended 30 June 2018, approximately 17%, 28% and 55% of revenue were generated from zone 1, zone 2 and zone 3 respectively (2017: 21% for zone 1, 26% for zone 2 and 53% for zone 3). In consistent with our prevailing strategy, the Group focused more on developing solar farms in well-developed areas with strong domestic power demand (i.e. zone 2 and zone 3) to minimize the grid curtailment risk in zone 1 area and the impact from competitive bidding in some of the regions.

Gross Profit

The gross margin of the GNE Group for the six months ended 30 June 2018 was 68.7%, as compared to 70.8% for the six months ended 30 June 2017. The decrease in gross margin was mainly due to tariff cut for the projects connected to the grid after 30 June 2017.

Financial resources of GNE Group

For the six months ended 30 June 2018, the GNE Group's main source of funding was cash generated from financing activities amounting to RMB434 million, which mainly included the net effect of newly raised bank and other borrowings of RMB4,183 million and repayment of bank and other borrowings of RMB4,381 million.

The net cash from operating activities during the six months ended 30 June 2018 was RMB321 million which was mainly attributable to the cash received from trade and tariff receivables.

The net cash used in investing activities during the six months ended 30 June 2018 was RMB2,851 million which primarily arose from payments and deposit paid for the acquisition and development of solar power plant projects.

Outlook

A fair review of the Group's outlook and likely future developments of the Group's business, is set out in the CEO's Review and Outlook of this announcement.

FINANCIAL REVIEW

Continuing operations

Revenue

Revenue for the six months ended 30 June 2018 amounted to approximately RMB11,032 million, representing a decrease of 3.2% as compared with approximately RMB11,397 million for the corresponding period in 2017. The decrease was mainly driven by lower revenue in solar material business resulting in a decrease of average selling price of wafer products, partly offset by the effects of its the increased in sales volume of wafer and growth in revenue from GNE Group.

Gross Profit Margin

The Group's overall gross profit margin for the six months ended 30 June 2018 was 30.2%, as compared with 32.8% for the corresponding period in 2017.

Gross profit margin for the solar material business decreased from 24.6% for the six months ended 30 June 2017 to 16.2% for the six months ended 30 June 2018. This was mainly due to decreased in the average selling price of wafer products, partly offset by the reduction of production costs.

Solar farm business has a gross profit margin of 55.5% for the six months ended 30 June 2018, 2.3% higher than the corresponding period in 2017.

The gross profit margin for the new energy business was 68.7% for the six months ended 30 June 2018 and 70.8% for the corresponding period in 2017. The decrease in gross profit margin was mainly due to tariff cut for the projects connected to the grid after 30 June 2017.

Other Income

Other income rose from RMB295 million to RMB387 million for the six months ended 2018. This was mainly due to the increase in government grants and imputed interest on discounting effect on tariff adjustment receivable from GNE Group.

Distribution and Selling Expenses

Distribution and selling expenses amounted to approximately RMB51 million for the six months ended 30 June 2018. This was RMB2 million lower compared with the corresponding period in 2017.

Administrative Expenses

Administrative expenses amounted to approximately RMB861 million for the six months ended 30 June 2018, decreased by 1.8% as compared with approximately RMB877 million for the corresponding period in 2017.

Other Expenses, Gains and Losses, Net

The other expenses, gains and losses represents net expenses of RMB762 million for the six months ended 30 June 2018 (six months ended 30 June 2017: net expenses of RMB263 million). This included research and development costs of approximately RMB357 million (six months ended 30 June 2017: RMB246 million), loss on fair value change of convertible bonds payable of approximately RMB45 million (six months ended 30 June 2017: RMB53 million), impairment loss on goodwill approximately RMB75 million (six months ended 30 June 2017: nil), net exchange loss of approximately RMB239 million (six months ended 30 June 2017: RMB16 million) and loss on deemed disposal of an associate of approximately RMB78 million (six months ended 30 June 2017: nil).

Finance Costs

Finance costs for the six months ended 30 June 2018 were approximately RMB1,590 million, increased by 39.1% as compared with approximately RMB1,143 million for the corresponding period in 2017. This was mainly due to the significant increase in average borrowing balance in GNE Group as a result of the capital expenditure for expansion of solar farms.

Share of Profits of Joint Ventures and Associates

The Group's share of profits of associates for the six months ended 30 June 2018 was approximately RMB44 million, which was mainly contributed by an associate of Inner Mongolia Zhonghuan GCL Solar Material Co., Ltd. The Group's share of profits of Joint Ventures for the six months ended 30 June 2018 was approximately RMB14 million as compared with RMB23 million for the corresponding period in 2017.

Income Tax Expense

Income tax expense for the six months ended 30 June 2018 was approximately RMB91 million, representing a decrease of 73.6% as compared with approximately RMB345 million for the corresponding period in 2017. The decrease was mainly due to the decrease in taxable profit during the period.

Profit attributable to Owners of the Company

Profit attributable to owners of the Company from continuing operations amounted to approximately RMB382 million for the six months ended 30 June 2018, representing a decrease of 68.1% as compared with a profit of approximately RMB1,196 million for the corresponding period in 2017.

No discontinued operation was recorded during the period. For the six months ended 30 June 2017, the loss attributable to owners of the Company from discontinued operation and profit attributable to Owners of the Company from both continuing operations and discontinued operations amounted to approximately RMB3 million and RMB1,193 million respectively.

Adjusted EBITDA and Adjusted EBITDA Margin

	2018 ***RMB million*** **(Unaudited)**	2017 *RMB million* (unaudited)
For the six months ended 30 June:		
Profit for the year from continuing operations:	**564**	1,389
Adjust: non-operating or non-recurring items:		
Impairment loss of goodwill	**75**	–
Loss (Gain) on fair value change of convertible bonds receivable	**5**	(13)
Loss on fair value change of convertible bonds payables	**45**	53
Loss on fair value change of held for trading investments	**23**	19
Loss on fair value change of derivative financial instrument	**3**	1
Loss on deemed disposal of an associate	**78**	–
Gain on fair value change of financial assets FVTPL	**(32)**	–
Compensation income arising from shutdown of a power plant	**–**	(155)
Exchange loss, net	**239**	16
	1,000	1,310
Add:		
Finance costs	**1,590**	1,143
Income tax expense	**91**	345
Depreciation and amortization	**1,990**	1,817
Adjusted EBITDA	**4,671**	4,615
Adjusted EBITDA Margin	**42.3%**	40.5%

Property, Plant and Equipment

Property, plant and equipment increased from RMB63,780 million as at 31 December 2017 to RMB68,936 million as at 30 June 2018. The significant increase was mainly attributable to the increase in the total installed capacity of solar-farms in GNE Group from 5,812 MW as at 31 December 2017 to 6,961 MW as at 30 June 2018 and expansion of polysilicon production capacity in Xinjiang.

Deposits, Prepayments and Other Non-current Assets and Contract Assets

Non-current portion for deposits, prepayments and other non-current assets increased from RMB6,083 million as at 31 December 2017 to RMB6,986 million as at 30 June 2018.

Contract assets of RMB3,036 million represent unbilled tariff adjustment receivable (government subsidies) yet to obtain approval for registration into the subsidy catalogue. This item in amount of RMB1,836 million was included in "Deposit, prepayment and other non-current assets" in 2017.

The increase was mainly attributable to the increase in tariff adjustments expected to be received after twelve months because some solar farms were waiting for registration into the coming 8th batch or after of subsidies catalogue which is not yet open for registration.

Trade and Other Receivables

Trade and other receivables decreased from RMB14,537 million as at 31 December 2017 to RMB14,288 million as at 30 June 2018. The decreased was mainly due to decrease in trade receivables from solar material business; and partly offset by the net increase in trade receivables from GNE Group.

The following is an aged analysis of trade receivables (other than unbilled), net of allowances for doubtful debts at the end of the reporting period:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
Unbilled	**3,212,307**	4,365,887
Within 3 months	**3,904,673**	4,371,045
3 to 6 months	**3,016,778**	5,000,023
Over 6 months	**405,318**	166,600
	10,539,076	13,903,555

Total bills received amounting to RMB5,083,582,000 (31 December 2017: RMB8,159,427,000) are held by the Group for future settlement of trade receivables.

Trade and Other Payables

Trade and other payables increased from RMB19,592 million as at 31 December 2017 to RMB20,536 million as at 30 June 2018. The increase was mainly due to increase in construction payables from solar material business of new project at Xinjiang.

Liquidity and Financial Resources

As at 30 June 2018, the total assets of the Group were about RMB111,695 million, of which the aggregate restricted and unrestricted cash and bank balances amounted to approximately RMB12,959 million. The bank and other interest received for the six months ended 30 June 2018 was approximately RMB41 million.

For the six months ended 30 June 2018, the Group's main source of funding was cash generated from operating activities and financing activities. The net cash from operating activities was RMB1.8 billion, compared with RMB2.6 billion in the corresponding period in 2017. The decrease was mainly attributable to the decrease in operating cash flow from solar material business and the GNE Group.

For the six months ended 30 June 2018, the net cash used in investing activities was approximately RMB6.4 billion (six months ended 30 June 2017: RMB6.4 billion), primarily related to purchase of property, plant and equipment of approximately RMB6.0 billion (which was mainly attributable to GNE Group of approximately RMB4.0 billion).

For the six months ended 30 June 2018, the net cash from financing activities was approximately RMB1.9 billion (six months ended 30 June 2017: RMB3.4 billion). This was mainly arising from net proceeds of notes issuance of RMB3.2 billion from GNE Group and the net addition of bank and other borrowings of RMB1.4 billion, partly offset by interest paid of RMB1.6 billion. During the period, the Company paid in total of RMB67 million to Trustee to purchase 100,000,000 shares of the Company from the market pursuant to the Scheme. Also, the Company repurchased 232,424,400 shares of its own ordinary shares at the total consideration of RMB145 million.

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately RMB14,398 million as at 30 June 2018 and the Group had cash and cash equivalents of RMB7,919 million against the Group's total borrowings (comprising loans from a related company bank and other borrowings, obligations under finance leases, notes and bonds payables and convertible bonds payables) amounted to approximately RMB61,305 million, out of which approximately RMB21,406 million will be due in the coming twelve months.

The Directors have evaluated the Group's current undrawn banking facilities and renewable bank borrowings. In order to improve liquidity, the Group continues to pay close attention in managing the Group's cash position and conducts on-going negotiations with banks to ensure that the existing facilities will be successfully renewed and additional banking facilities are obtained when necessary. The Directors believe that the Group will be able to renew the banking facilities upon maturity dates and raise additional banking facilities as and when required by the Group's operating cash needs.

The Directors are of the opinion that, taking into account the above undrawn banking facilities, renewal of existing banking facilities, the Group's cash flow projection for the coming year and the successful implementation of measures of GNE Group, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months.

For detailed information, please refer to "Basis of Preparation" Section of This Announcement.

Indebtedness

Details of the Group's indebtedness are as follows:

	30 June 2018 *RMB'million*	31 December 2017 *RMB'million*
Current liabilities		
Bank and other borrowings – due within one year	**16,539.5**	17,107.8
Obligations under finance leases – due within one year	**304.0**	740.9
Notes payables – due within one year	**2,971.8**	2,968.0
Convertible bonds payables – due within one year	**1,069.2**	1,765.3
Loans from a related party – due within one year	**521.3**	–
	21,405.8	22,582.0
Non-current liabilities		
Bank and other borrowings – due after one year	**33,075.5**	32,857.1
Obligations under finance leases – due after one year	**804.0**	895.7
Notes and bonds payables – due after one year	**4,883.3**	1,861.4
Loans from a related party – due after one year	**1,136.5**	–
	39,899.3	35,614.2
Total indebtedness	**61,305.1**	58,196.2
Less: Pledged and restricted deposits and bank balances and cash	**(12,958.4)**	(15,580.1)
Pledged deposits at a related company	**(121.4)**	–
Subtotal:	**(13,079.8)**	(15,580.1)
Net indebtedness	**48,225.3**	42,616.1

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

	30 June 2018 *RMB'million*	31 December 2017 *RMB'million*
RMB	**50,729.0**	50,898.1
USD	**10,203.3**	6,178.3
EUR	**115.5**	125.6
JPY	**65.4**	68.6
HKD	**191.9**	925.6
	61,305.1	58,196.2

Below is a table showing the bank and other borrowing structure and maturity profile of the Group's bank and other borrowings:

	30 June 2018 *RMB'million*	31 December 2017 *RMB'million*
Secured	**39,600.1**	39,399.0
Unsecured	**10,014.9**	10,565.9
	49,615.0	49,964.9
Maturity profile of bank and other borrowings		
On demand or within one year	**16,539.5**	17,107.8
After one year but within two years	**7,024.6**	7,993.8
After two years but within five years	**12,345.4**	11,382.0
After five years	**13,705.5**	13,481.3
Group's total bank and other borrowings	**49,615.0**	49,964.9

Bank and other borrowings are denominated in the following currencies:

	30 June 2018 *RMB'million*	31 December 2017 *RMB'million*
RMB	**43,735.2**	45,025.9
USD	**5,698.9**	4,813.4
EUR	**115.5**	125.6
JPY	**65.4**	–
	49,615.0	49,964.9

As at 30 June 2018, RMB bank and other borrowings carried floating interest rates with reference to the Benchmark Borrowing Rate of The People's Bank of China. USD bank and other borrowings carried interest rates with reference to the London Interbank Offer Rate.

The note payables bear interest at a rate of 4.15% – 7.5% per annum (31 December 2017: 4.15% – 7.5%) and the convertible bonds payables bear interest at a fixed rate of 0.75% – 6.0% per annum (31 December 2017: 0.75% – 6.0%).

Key Financial Ratios of the Group

	As at 30 June 2018	As at 31 December 2017
Current ratio	**0.67**	0.72
Quick ratio	**0.63**	0.69
Net debt to equity attributable to owners of the Company *(Note)*	**210.5%**	187.1%

The increase in net debt to equity attributable to owners of the Company was mainly due to increase in net debt from GNE Group.

Note:

As at 30 June 2018, the net debt of GNE was approximately RMB33,799 million (including the loans from fellow subsidiaries of RMB728 million) and the net debt to equity attributable to owners of GNE was 564.4%. For illustration purpose, if purely excluding GNE Group's net debt of RMB33,071 million (excluded the loans provided by the Group to GNE Group) and assuming the equity attributable to owners of the Company remains unchanged, the net debt to equity attributable to owners of the Company would be 66.1%.

Current ratio	=	Balance of current assets at the end of the period/balance of current liabilities at the end of the period
Quick ratio	=	(Balance of current assets at the end of the period – balance of inventories and project assets at the end of the period)/balance of current liabilities at the end of the period
Net debt to total equity attributable to owners of the Company	=	(Balance of total indebtedness at the end of the period – balance of bank balances, cash and pledged and restricted bank deposits at the end of the period)/balance of equity attributable to owners of the Company at the end of the period

Policy risk

Policies made by the Government plays a key 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 industry. In order to minimize risk, the Group will follow rules set out by the government strictly and will pay close attention to policy makers in order foresee any disadvantageous movements.

Credit Risk

Each major operating business 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.

Most of the solar farms of the Group are located in China and the credit risk of sales of electricity is concentrated on a limited number of local electric power bureaus. The local electric power bureaus are state-owned with low default risk. Therefore, the credit risk of sales of electricity is no significant.

In order to minimize the credit risk, the Group reviews the recoverable amount of each individual trade debt periodically to ensure that adequate impairment losses are made for irrecoverable amounts.

Foreign Currency Risk

Most of the Group's business is located in the PRC and the presentation currency of the consolidated financial statements of the Company is expressed in RMB. Substantially all of the Group's revenue, cost of sales and operating expenses are denominated in RMB, and the majority of the Group's assets and liabilities are denominated in RMB, while the rest are mainly denominated in US dollar and Hong Kong dollar. Any depreciation/appreciation of RMB against US dollar or any other foreign currencies may result in 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 Group.

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

Pledge of Assets

As at 30 June 2018, the following assets were pledged for certain bank and other borrowings, obligations under finance leases, bills payable, short-term letters of credit for trade and other payables granted to the Group:

– Property, plant and equipment of RMB37,702 million (31 December 2017: RMB37,957 million)

– Prepaid lease payments of RMB450 million (31 December 2017: RMB343 million)

– Aircraft of RMB223 million (31 December 2017: RMB236 million)

– Trade receivable and contract assets of RMB8,324 million (31 December 2017: RMB6,815 million)

– Pledged and restricted bank deposits of RMB5,039 million (31 December 2017: RMB4,907 million)

– Deposit paid to a related company of RMB121 million (31 December 2017: N/A)

Capital Commitments

As at 30 June 2018, the Group's capital commitments in respect of purchase of property, plant and equipment contracted for but not provided amounted to RMB9,130 million (31 December 2017: RMB7,185 million).

Contingencies

Financial guarantees contracts

As at 30 June 2018 and 31 December 2017, the Company and certain of its subsidiaries guaranteed bank and other borrowings of certain subsidiaries of GNE which amounted to RMB3,755 million and RMB4,355 million, respectively.

Contingent liability

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

Material Acquisitions and Disposals of Subsidiaries and/or Associated Companies

a. Acquisitions by GNE Group

For the six months ended 30 June 2018, GNE Group had two business acquisitions due to business expansion, in acquiring a controlling stake in certain companies for a total consideration of approximately RMB90,000. Details are set out in the results announcement of GNE Group.

* *English name for identification only*

Events After the End of The Reporting Period

Other than disclosed elsewhere in the announcement, the Group also has the following significant events after the end of reporting period:

On 9 August 2018, GNE Group entered into certain agreements regarding a sales and leaseback arrangement with 北銀金融租賃有限公司 ("Beijing Financial Leasing"). GNE Group sold to Beijing Financial Leasing certain assets at a consideration of RMB360 million, which is classified as other loans, and leased back the equipment for a term of 8 years at an estimated total rent of RMB482.1 million. In addition, GNE Group will pay Beijing Financial Leasing an asset management fee of RMB34.6 million. Details of the transaction have been set out in the Company's announcement dated 9 August 2018.

GNE Group as a customer and 韓華新源啟東有限公司 Hanwha Q CELLS (Qidong) Co., Ltd. and 無錫尚德太陽能有限公司 Wuxi Suntech Power Co., Ltd. as suppliers entered into module purchase framework agreements on 31 July 2018 for the supply and purchase of 100 MW of solar module from each supplier at a unit price of not higher than RMB2.03 per watt and RMB2.0 per watt respectively for certain solar power plant projects of the GNE Group at a total consideration of not higher than RMB203 million and RMB200 million respectively.

During the six months ended 30 June 2018, the Company received a notice from the bondholders to redeem the outstanding 2019 Convertible Bonds in full in the principal amount of US$125,000,000 (equivalent to approximately RMB839,615,000) at the redemption price of US$132,593,750 (equivalent to approximately RMB877,321,000). The redemption has been subsequently completed on 23 July 2018 and accordingly, the 2019 Convertible Bonds are fully redeemed.

On 20 July 2018, the three-year convertible bonds issued by GNE Group at a nominal value of HK$200,000,000 (equivalent to approximately RMB157,720,000) was matured and redeemed at HK$224,000,000 (equivalent to RMB188,854,000).

Employees

We consider our employees to be our most important resource. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2018 (Six months ended 30 June 2017: nil).

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

The following is an extract of the independent auditor's report on review of the Group's interim financial information for the six months ended 30 June 2018 which has included a material uncertainty related to going concern paragraph, but without qualification:

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the unaudited condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Material Uncertainty Related to Going Concern

We draw attention to note 1 to the unaudited condensed interim consolidated financial statements which indicates that as of 30 June 2018, the Group's current liabilities exceeded its current assets by RMB14,398 million and has capital commitments of approximately RMB9,679 million, primarily due to its non-wholly owned subsidiary, GCL New Energy Holdings Limited ("GNE"), whose shares are listed on The Stock Exchange of Hong Kong Limited, and whose current liabilities exceeded its current assets by approximately RMB9,054 million and which has capital commitments of approximately RMB5,838 million as at 30 June 2018. These events or conditions, along with other matters as set forth in note 1 to the unaudited condensed interim consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

CODE ON CORPORATE GOVERNANCE PRACTICES

The corporate governance report of the Company has been set out in the Company's 2017 Annual Report. During the six months ended 30 June 2018, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules with the exception of the following areas:

(i) Code provision A.6.7

Code provision A.6.7 stipulates that (including but not limited to) independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Two of our independent non-executive directors were unable to attend he extraordinary general meeting of the Company held on 5 January 2018 due to other engagement.

(ii) Code provision E.1.2

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Mr. Zhu Gongshan, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 28 May 2018 as he had to attend certain business abroad. Mr. Zhu had invited Mr. Yeung Man Chung, Charles, an executive Director, Chief Financial Officer and Company Secretary of the Company to attend and act as the chairman of such meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the model code for securities transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company announced on 15 July 2015 that it proposed to issue an aggregate principal amount of US$225 million of 0.75% convertible bonds due 2019 (the "2019 Convertible Bonds"), the issuance of which was completed on 22 July 2015. The 2019 Convertible Bonds was listed and quoted on the Singapore Stock Exchange with effect from 22 January 2016. Thereafter, the Company entered into agreements with the bondholder to purchase each of US$50 million in the principal amount of the 2019 Convertible Bonds (the "Repurchased Bonds") at the purchase price of US$47,625,000 and US$49,375,000 in cash (the "Partial Buy-back") on 26 April 2016 and 7 April 2017, respectively. After the Partial Buy-back, the Repurchased Bonds were cancelled by the Company and the principal amount of the 2019 Convertible Bonds which remains outstanding amounts to US$125 million. At 1 January 2018, the outstanding principal amount of the 2019 Convertible Bonds was US$125 million (the "Outstanding 2019 Convertible Bonds").

Pursuant to a notice delivered to the Company by the Bondholders in accordance with the terms and conditions of the 2019 Convertible Bonds, on 23 July 2018, the Company has completed the redemption of the 2019 Convertible Bonds in full in the aggregate principal amount of US$125,000,000 for a total redemption price of US$132,593,750 ("Full Redemption") in cash. After Full Redemption, the Outstanding 2019 Convertible Bonds were cancelled by the Company.

For the six months ended 30 June 2018, the trustee of the Share Award Scheme pursuant to the trust deed and the Share Award Scheme purchased an aggregate of 100,000,000 shares from the market at a total consideration of approximately HK$81,385,000.

For the six months ended 30 June 2018, the Company bought-back 232,424,000 shares ("June Repurchased Shares") at the total consideration of HK$176,274,190 (excluding commission fee and etc.) and at the highest and lowest prices of HK$0.78 and HK$0.73 per share respectively. June Repurchased Shares were cancelled by the Company on 13 July 2018.

In July 2018, the Company also bought-back 30,000,000 shares ("July Repurchased Shares") at the total consideration of HK$20,304,620 (excluding commission fee and etc.) and at the highest and lowest prices of HK0.69 and HK0.67 per share respectively. July Repurchased Shares are expected to be cancelled by end of August 2018.

Other than disclosed above, during the six months ended 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDITOR'S AND AUDIT COMMITTEE'S REVIEW

The unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2018 have been reviewed by the Group's external auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee of the Company which consists of three independent non-executive Directors, namely Mr. Yip Tai Him, Dr. Raymond Ho Chung Tai and Dr. Shen Wenzhong. The Audit Committee expressed no disagreement with the accounting policies and principles adopted by the Group.

By order of the Board
GCL-Poly Energy Holdings Limited
Zhu Gongshan
Chairman

Hong Kong, 29 August 2018

As at the date of this announcement, the Board comprises Mr. Zhu Gongshan (Chairman), Mr. Zhu Zhanjun, Mr. Ji Jun, Mr. Zhu Yufeng, Ms. Sun Wei, Mr. Yeung Man Chung, Charles, Mr. Jiang Wenwu and Mr. Zheng Xiongjiu as executive Directors; Dr. Raymond Ho Chung Tai, Mr. Yip Tai Him, Dr. Shen Wenzhong and Mr. Wong Man Chung, Francis as independent non-executive Directors.