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)

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

UNAUDITED CONSOLIDATED RESULTS

For the reasons explained below under "**Review of Unaudited Annual Results**", the audit process for the annual results of GCL-Poly Energy Holdings Limited (the "**Company**" or "**GCL-Poly**") and its subsidiaries (collectively the "**Group**" or "**GCL-Poly**") has not been completed. In the meantime, the board of directors (the "**Board**", or the "**Directors**") of the Company is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2019 as follows:

Financial Highlights

	Year ended 31 December		
	2019	2018	% of changes
	RMB'million	*RMB'million*	
	(Unaudited)	(Audited)	
Revenue	**19,249.6**	20,565.4	-6.40%
Gross profit	**4,678.4**	5,032.9	-7.04%
Profit (loss) for the year	**110.8**	(458.4)	124.2%
Loss for the year attributable to owners of the Company	**(197.2)**	(693.4)	-71.6%

The basic loss per share and diluted loss per share for 2019 decreased to RMB1.05 cents and RMB1.05 cents respectively (2018: basic loss per share of RMB3.81 cents and diluted loss per share of RMB3.84 cents).

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

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	**2019** *RMB'000* **(Unaudited)**	2018 *RMB'000* (Audited)
Revenue	*3*	**19,249,621**	20,565,435
Cost of sales		**(14,571,196)**	(15,532,570)
Gross profit		**4,678,425**	5,032,865
Other income		**818,746**	890,844
Distribution and selling expenses		**(126,338)**	(113,271)
Administrative expenses		**(2,051,326)**	(2,019,564)
Finance costs	*4*	**(3,946,920)**	(3,419,011)
Impairment losses under expected credit loss model, net of reversal		**(462,741)**	247,235
Other expenses, gains and losses, net	*5*	**1,058,183**	(1,289,968)
Share of profits of associates		**401,019**	139,246
Share of (losses) profits of joint ventures		**(51,365)**	20,829
Profit (loss) before tax		**317,683**	(510,795)
Income tax (expense) credit	*6*	**(206,848)**	52,361
Profit (loss) for the year	*7*	**110,835**	(458,434)

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
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	**(49,691)**	(34,672)
Financial liabilities designated as at fair value through profit or loss attributable to changes in credit risk	**—**	(108)
	(49,691)	(34,780)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**36,139**	67,605
Fair value loss on investments in debt instruments measured at fair value through other comprehensive income	**—**	(3,540)
Cumulative loss reclassified to profit or loss on sale of investments in debt instruments measured at fair value through other comprehensive income upon disposal	**3,540**	—
	39,679	64,065
Other comprehensive (expense) income for the year	**(10,012)**	29,285
Total comprehensive income (expense) for the year	**100,823**	(429,149)

	NOTE	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Profit (loss) for the year attributable to:			
Owners of the Company		**(197,207)**	(693,399)
Non-controlling interests		**308,042**	234,965
		110,835	(458,434)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**(213,514)**	(681,533)
Non-controlling interests		**314,337**	252,384
		100,823	(429,149)

		2019 RMB cents (Unaudited)	2018 RMB cents (Audited)
Loss per share			
— Basic	*9*	**(1.05)**	(3.81)
— Diluted		**(1.05)**	(3.84)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	NOTES	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**52,412,895**	70,999,823
Right-of-use assets		**4,529,359**	—
Prepaid lease payments		—	1,106,622
Investment properties		**65,804**	70,460
Other intangible assets		**247,723**	801,307
Interests in associates		**7,539,323**	1,814,544
Interests in joint ventures		**706,200**	777,596
Other financial assets at fair value through profit or loss		**357,542**	315,918
Equity instruments at fair value through other comprehensive income		**41,857**	90,716
Convertible bonds receivable		**101,097**	76,001
Deferred tax assets		**291,711**	364,041
Deposits, prepayments and other non-current assets		**2,396,446**	3,727,632
Contract assets		**5,639,898**	4,236,405
Amounts due from related companies	*12*	**826,951**	302,628
Pledged and restricted bank deposits		**1,132,156**	935,469
		76,288,962	85,619,162
CURRENT ASSETS			
Inventories		**751,188**	992,027
Trade and other receivables	*10*	**14,950,112**	13,309,008
Amounts due from related companies	*12*	**1,706,133**	934,216
Prepaid lease payments		—	26,647
Other financial assets at fair value through profit or loss		**477,256**	220,328
Debt instruments at fair value through other comprehensive income		—	65,606
Held for trading investments		**4,339**	108,408
Tax recoverable		**6,651**	116,199
Pledged and restricted bank deposits		**5,797,270**	5,638,363
Bank balances and cash		**1,548,019**	4,075,791
		25,240,968	25,486,593
Assets classified as held for sale		—	1,388,009
		25,240,968	26,874,602

	NOTES	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	11	**15,018,649**	20,959,225
Amounts due to related companies	12	**1,816,308**	578,092
Loans from related companies	12	**743,922**	508,000
Contract liabilities		**224,939**	195,985
Bank and other borrowings — due within one year		**28,069,943**	25,288,840
Lease liabilities/obligations under finance leases — due within one year		**530,655**	277,138
Notes payables — due within one year		**422,175**	984,453
Derivative financial instruments		**133,400**	26,011
Deferred income		**41,885**	57,495
Tax payables		**144,922**	121,907
		47,146,798	48,997,146
Liabilities associated with assets classified as held for sale		**—**	935,463
		47,146,798	49,932,609
NET CURRENT LIABILITIES		**(21,905,830)**	(23,058,007)
TOTAL ASSETS LESS CURRENT LIABILITIES		**54,383,132**	62,561,155

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Contract liabilities	**147,740**	197,411
Loans from related companies	**1,031,639**	3,091,789
Bank and other borrowings — due after one year	**20,285,750**	26,477,062
Lease liabilities/obligations under finance leases — due after one year	**1,910,864**	951,261
Notes and bonds payables — due after one year	**3,470,542**	4,136,665
Deferred income	**628,441**	691,003
Deferred tax liabilities	**186,748**	183,457
	27,661,724	35,728,648
NET ASSETS	**26,721,408**	26,832,507
CAPITAL AND RESERVES		
Share capital	**1,742,850**	1,610,009
Reserves	**20,507,309**	20,255,547
Equity attributable to owners of the Company	**22,250,159**	21,865,556
Non-controlling interests	**4,471,249**	4,966,951
TOTAL EQUITY	**26,721,408**	26,832,507

NOTES:

1. BASIS OF PREPARATION

The unaudited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"). In addition, the unaudited consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

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 RMB21,906 million as at 31 December 2019. The Group had cash and cash equivalents of approximately RMB1,548 million against the Group's total borrowings (comprising loans from related companies, bank and other borrowings, lease liabilities and notes and bonds payables) amounted to approximately RMB56,466 million, out of which approximately RMB29,766 million will be due in the coming twelve months. In addition, the Group provided financial guarantees to several banks and financial institutions in respect of banking and other facilities of its associates as at 31 December 2019.

Included in the Group's bank borrowings totaling approximately RMB557 million, the Group has not been able to meet a financial covenant as stipulated in the relevant loan agreement. The relevant bank borrowing is due within one year in accordance with the original repayment term. In addition, the inability to respect the covenant requirement has triggered the cross default clauses in several other bank borrowings of approximately RMB5,172 million. Among this, approximately RMB3,640 million of the bank borrowings are repayable after one year in accordance with the original repayment terms. On discovery of the breach, the Directors informed the lenders and commenced renegotiation of the terms of the bank borrowing with the relevant bankers and also for waiver on strict compliance on the financial ratio concerned.

Due to the coronavirus pandemic, the approval process of one of the lenders located in Europe was delayed. Accordingly, such application for waiver for the non-compliance of the covenant as stated in the relevant bank loan agreement is still in process by the banks as at the date of approval of these unaudited consolidation financial statements and such bank borrowing is repayable on demand. In light of this, reclassification of long-term borrowings of approximately RMB3,640 million as current liabilities is required at 31 December 2019 under applicable accounting standard because the bank waiver was not obtained at the end of the reporting period. As a result, in the Group's unaudited consolidated statement of financial position as at 31 December 2019, net current liabilities of approximately RMB21,906 million, rather than net current liabilities of approximately RMB18,266 million, were recorded.

Up to the date of approval of these unaudited consolidated financial statements, the banks have not rejected the Group's application for waiver for the non-compliance of the covenant nor demanded for immediate repayment of the entire borrowing. The banks have frequent communications with the Group and also show the positive support on the Group. Therefore, the Directors do not expect to receive any request from the banks for demand for immediate repayment for the entire borrowing of approximately RMB557 million and other bank borrowings of approximately RMB5,172 million with cross default clauses trigged, except for the revised repayment plan of approximately RMB139.5 million, RMB348.8 million and RMB68.7 million of the loan concerned by February 2020, June 2020 and August 2020, respectively, for at least the next twelve months from the date of approval of these unaudited consolidated financial statements. Subsequent to the end of the reporting period, the Company has settled approximately RMB139.5 million on 28 February 2020 as agreed with the banks.

GCL New Energy Holdings Limited ("**GNE**"), whose shares are listed on the Stock Exchange, is a subsidiary of the Company. As at 31 December 2019, the Company and certain subsidiaries of the Company guaranteed bank and other borrowings of GNE and its subsidiaries (collectively referred to as "**GNE Group**") amounted to approximately RMB2,770 million. The Directors have noted the going concern status of GNE Group in preparing these unaudited consolidated financial statements, in light of the fact that, GNE Group's current liabilities exceeded its current assets by approximately RMB11,267 million. In addition, as at 31 December 2019, GNE Group has entered into agreements to construct solar farms which will involve capital commitments of approximately RMB337 million and to make annual contribution in aggregate of approximately RMB68 million to the local anti-poverty funds for those operating solar farms. In the event that GNE Group is successful in expanding the investments in the existing solar farms in the coming twelve months from 31 December 2019, additional cash outflows will be required to settle further committed capital expenditure.

As at 31 December 2019, GNE Group's total borrowings comprising bank and other borrowings, lease liabilities, bonds and notes payables and loans from the Company and related companies amounted to approximately RMB38,494 million, out of which approximately RMB13,600 million will be due in the coming twelve months, including bank borrowings of approximately RMB1,597 million, which shall be due after twelve months from the end of the reporting period in accordance with the scheduled repayment dates as set out in the respective loan agreements but are reclassified to current liabilities as a result of the inability to respect the covenant requirement by the Company, the guarantor of certain bank borrowings of GNE Group and thereby triggered the cross default of these bank borrowings. GNE Group's pledged and restricted bank deposits and bank balances and cash amounted to approximately RMB1,709 million (including pledged deposit of RMB8 million placed at an associate of the Company for its loans advanced to GNE Group) and RMB1,073 million as at 31 December 2019, respectively. The financial resources available to GNE Group as at 31 December 2019 and up to the date of approval of these unaudited consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements. GNE Group is 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 31 December 2019. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations that will be due in the coming twelve months from 31 December 2019.

In addition, 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 have also noted the measures being undertaken by GNE Group to improve their liquidity position, which include:

(i) Subsequent to 31 December 2019, GNE Group successfully obtained new borrowings of approximately RMB50 million from banks and other financial institutions in the PRC;

(ii) 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 interbank bond market in the PRC before their expiry date in June 2020. It is expected that the notes will be issued in one or more tranches and that each tranche of the notes shall have a maturity of three years. GNE Group is also negotiating with banks and other financial institutions for credit facilities;

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

On 18 November 2019, GNE and China Huaneng Group Limited ("**China Huaneng**") entered into a cooperation framework agreement (the "**Cooperation Framework Agreement**") regarding the disposal of (i) certain solar farms of GNE Group in the PRC (the "**Power Plants**") or (ii) certain project companies of GNE Group which operate the Power Plants (the "**Framework Disposal**").

On 21 January 2020, GNE Group entered into a series of six share purchase agreements with 華能工融一號（天津）股權投資基金合夥企業（有限合夥）Huaneng Gongrong No.1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("**Hua Neng No. 1 Fund**") and 華能工融二號（天津）股權投資基金合夥企業（有限合夥）Huaneng Gongrong No. 2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("**Hua Neng No. 2 Fund**"), pursuant to which GNE Group agreed to sell 60% and 40% of the equity interest in six wholly-owned subsidiaries of GNE Group to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, respectively, of which these subsidiaries own 7 solar farms in the PRC with aggregate installed capacity of approximately 294MW, for a consideration in aggregate of RMB850,500,000 (the "**Disposal**"). Pursuant to the Listing Rules, this transaction is considered as a major transaction of GNE, and it is subject to the approval by the shareholders of GNE in the special general meeting as well as the shareholders of the Company in an extraordinary general meeting. Further details of the Disposal are set out in the announcement of the Company published on 21 January 2020.

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

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

(iv) GNE Group still owns 172 solar farms with an aggregate grid connected capacity of approximately 5.2GW upon completion of the Disposal and Divestments. Those operational solar farms are expected to generate operating cash inflows to GNE Group.

Taking into account the undrawn banking facilities, renewal of existing banking facilities, the Group's cash flow projections for the coming twelve months, and the successful implementation of measures of GNE Group as described above, the Directors are of the opinion that the credit risk on the financial guarantee contracts is limited and 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 consolidated financial statements on a going concern basis.

* English name for identification only

Notwithstanding the above, significant uncertainties exist as to whether the Group and GNE Group can achieve the plans and measures described above to generate adequate cash inflow as scheduled. The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of approval of these unaudited consolidated financial statements for issuance is dependent on the Group's ability to generate adequate financing and operating cash flows through successful renewal of its bank borrowings upon expires, compliance with the covenants under the borrowing agreements or obtaining waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements, successful securing of the financing from banks with repayment terms beyond twelve months from the date of approval of these unaudited consolidated financial statements, and other short-term or long-term financing, on default of the financial guarantee contracts provided by the Group to its associates, as well as the successful implementation of measures of GNE Group as described above. 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 consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS STANDARDS")

New and amendments to IFRS Standards that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRS Standards and an interpretation issued by the IASB for the first time in the current year:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to International Accounting Standard ("**IAS**") 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2015–2017 Cycle

Except for IFRS 16 *Leases* as described below, the application of the new and amendments to IFRS Standards and the interpretation in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these unaudited consolidated financial statements.

Impacts and changes in accounting policies on application of IFRS 16 *Leases*

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid lease payments by applying IFRS 16.C8(b)(ii) transition. When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application.

3. SEGMENT INFORMATION

The Group's reportable and operating segments under IFRS 8 *Operating Segments* 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.

Segment revenue and results

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

Year ended 31 December 2019

	Solar material business *RMB'000* (Unaudited)	**Solar farm business** *RMB'000* (Unaudited)	**New energy business** *RMB'000* (Unaudited) *(Note)*	**Total** *RMB'000* (Unaudited)
Segment revenue				
Revenue from external customers	**12,708,118**	**489,516**	**6,051,987**	**19,249,621**
Segment (loss) profit	**(418,799)**	**116,028**	**569,649**	**266,878**
Elimination of inter-segment profit				**(162,000)**
Unallocated income				**58,203**
Unallocated expenses				**(117,005)**
Gain on fair value change of convertible bonds receivable				**29,820**
Gain on fair value change of financial assets at fair value through profit or loss ("FVTPL")				**31,367**
Loss on fair value change of held for trading investments				**(28,053)**
Share of profits of associates				**21,154**
Share of profits of joint ventures				**10,471**
Profit for the year				**110,835**

Year ended 31 December 2018

	Solar material business *RMB'000* (Audited)	Solar farm business *RMB'000* (Audited)	New energy business *RMB'000* (Audited) *(Note)*	Total *RMB'000* (Audited)
Segment revenue				
Revenue from external customers	14,435,552	497,486	5,632,397	20,565,435
Segment (loss) profit	(1,011,419)	115,976	707,924	(187,519)
Elimination of inter-segment profit				(135,029)
Unallocated income				80,600
Unallocated expenses				(154,128)
Loss on fair value change of convertible bonds receivable				(1,910)
Loss on fair value change of convertible bonds issued by the Company				(40,768)
Gain on fair value change of financial assets at FVTPL				55,766
Loss on fair value change of held for trading investments				(15,201)
Loss on deemed disposal of an associate				(77,894)
Share of profits of associates				12,286
Share of profits of joint ventures				5,363
Loss for the year				(458,434)

Note: The operating results of new energy business included allocated corporate expenses.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) profit of each respective segment excluding unallocated income, unallocated expenses (including certain exchange losses (gains) and 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 certain financial assets at FVTPL, change in fair value of held for trading investments, loss on deemed disposal of an associate, share of profits of certain interests in associates and joint ventures. This is the measure reported to the chief operating decision maker 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 segment:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Segment assets		
Solar material business	**41,155,374**	45,991,159
Solar farm business	**3,541,357**	3,653,291
New energy business	**55,436,429**	61,109,942
Total segment assets	**100,133,160**	110,754,392
Other financial assets as at FVTPL	**427,543**	391,925
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")	**41,857**	90,716
Debt instruments at FVTOCI	**—**	65,606
Held for trading investments	**4,339**	108,408
Convertible bonds receivable	**101,097**	76,001
Interests in associates	**384,611**	362,286
Interests in joint ventures	**198,594**	98,728
Unallocated bank balances and cash	**138,275**	532,387
Unallocated corporate assets	**100,454**	13,315
Consolidated assets	**101,529,930**	112,493,764
Segment liabilities		
Solar material business	**27,477,455**	32,286,905
Solar farm business	**1,915,576**	1,994,059
New energy business	**45,187,240**	51,339,150
Total segment liabilities	**74,580,271**	85,620,114
Unallocated corporate liabilities	**228,251**	41,143
Consolidated liabilities	**74,808,522**	85,661,257

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

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

- All liabilities are allocated to operating segments, other than unallocated corporate liabilities of the management companies and investment holding companies.

Disaggregation of revenue from contracts with customers

For the year ended 31 December 2019

Segments	**Solar material business** *RMB'000* **(Unaudited)**	**Solar farm business** *RMB'000* **(Unaudited)**	**New energy business** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Types of goods or services				
Sales of wafer	**8,787,186**	**—**	**—**	**8,787,186**
Sales of electricity	**—**	**489,516**	**6,051,987**	**6,541,503**
Sales of polysilicon	**2,324,761**	**—**	**—**	**2,324,761**
Processing fees	**811,472**	**—**	**—**	**811,472**
Others (comprising the sales of ingots and silicon rods)	**784,699**	**—**	**—**	**784,699**
Total	**12,708,118**	**489,516**	**6,051,987**	**19,249,621**

For the year ended 31 December 2018

Segments	Solar material business *RMB'000* (Audited)	Solar farm business *RMB'000* (Audited)	New energy business *RMB'000* (Audited)	Total *RMB'000* (Audited)
Types of goods or services				
Sales of wafer	11,679,412	—	—	11,679,412
Sales of electricity	—	484,852	5,632,397	6,117,249
Sales of polysilicon	1,579,383	—	—	1,579,383
Processing fees	629,228	—	—	629,228
Others (comprising the sales of ingots and modules)	547,529	12,634	—	560,163
Total	14,435,552	497,486	5,632,397	20,565,435

Geographical information

The Group's revenue from external customers by customers location is detailed below:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
The PRC	**17,923,038**	17,794,575
Others	**1,326,583**	2,770,860
	19,249,621	20,565,435

Information about major customers

There were no customer contributing over 10% of total sales of the Group for both years.

4. FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interest on financial liabilities at amortised cost:		
— Bank and other borrowings	**3,224,570**	2,957,016
— Notes and bonds payables and senior notes	**329,054**	490,738
Interest on lease liabilities/obligations under finance leases	**167,374**	90,671
— Loans from related companies	**274,922**	83,530
Total borrowing costs	**3,995,920**	3,621,955
Less: interest capitalised	**(49,000)**	(202,944)
	3,946,920	3,419,011

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.80% (2018: 6.32%) per annum to expenditure on qualifying assets.

5. OTHER EXPENSES, GAINS AND LOSSES, NET

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Research and development costs	**736,521**	521,442
Exchange losses, net	**126,621**	479,501
(Gain) loss on fair value change of convertible bonds receivable	**(29,820)**	1,910
Loss on fair value change of convertible bonds payables	**—**	46,292
Gain on fair value change of other financial assets at FVTPL	**(42,300)**	(84,420)
Loss on fair value change of held for trading investments	**28,053**	15,201
Loss on fair value change of derivative financial instruments	**107,389**	10,112
Impairment loss on goodwill	**—**	176,528
Impairment loss on property, plant and equipment *(Note 1)*	**2,130,781**	526,105
Impairment loss on other intangible assets *(Note 1)*	**479,090**	—
(Gain) on disposal of property, plant and equipment	**(52,090)**	(583)
Bargain purchase from business combination	**(73,858)**	—
Loss on deemed disposal of an associate	**—**	77,894
Gain on disposal of subsidiaries *(Note 2)*	**(4,405,876)**	(444,868)
Gain on disposal of joint ventures	**(35,263)**	—
Gain on disposal of solar farm projects, net	**(26,924)**	(35,146)
Gain on early termination of a lease	**(7)**	—
	(1,058,183)	1,289,968

Note:

(1) Due to the continuing unfavourable market conditions during the year, the polysilicon and wafer faced a stronger than expected price pressure and the solar material business segment recognised a segment loss of approximately RMB419 million during the year. With the impairment indicators identified, the Directors conducted a review of the recoverable amounts of the several CGUs of solar material business segment to which the property, plant and equipment, right-of-use assets and intangible assets belonged to as at 31 December 2019.

The recoverable amounts of the property, plant, machinery and other intangible assets mainly belonging to the production plants of polysilicon and wafer in the solar material business segment are determined based on value in use calculations by the Directors with reference to the valuation reports of an independent valuer, on the production plants in relation to the production of polysilicon and wafer of the solar material business segment as at 31 December 2019. The calculation uses cash flow projections covering the useful lives of those property, plant and equipment in relation to the production of polysilicon and wafer based on financial budgets approved by management. Key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows include discount rate, budgeted sales and gross margin. Such estimation is based on past performance and management's expectations for the market. In the opinion of the Directors, the fair value less costs to sell of the property, plant and machinery in relation to the production of polysilicon and wafer is lower than the value in use. As a result, an impairment loss of approximately RMB2,073,545,000 and RMB479,090,000 are recognised on property, plant and equipment and other intangible assets in relation to the production of polysilicon in the solar material business respectively during the year ended 31 December 2019 accordingly.

(2) For the year ended 31 December 2019, the gain on disposal of a subsidiary of RMB4,406 million, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of the 38.5% retained interest of Xinjiang GCL and (ii) the carrying amount of the assets, and liabilities of Xinjiang GCL attributable to the owners of the Company, comprises: The amount of approximately RMB1,982 million realised gain on disposal of 31.5% equity interest in a Xinjiang GCL; Gain on fair value uplift on an associate of approximately RMB2,424 million as the fair value of the 38.5% equity interest in Xinjiang GCL at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

6. INCOME TAX EXPENSE (CREDIT)

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
PRC Enterprise Income Tax ("**EIT**")		
Current tax	**170,404**	126,118
Overprovision in prior years	**(47,833)**	(21,890)
	122,571	104,228
USA Federal and State Income Tax		
Current tax	**21**	237
Underprovision in prior years	**2**	3
	23	240
Hong Kong Profits Tax		
Current tax	**277**	312
PRC dividend withholding tax	**49,494**	—
Deferred tax	**34,483**	(157,141)
	206,848	(52,361)

The PRC EIT for the year 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 the PRC subsidiaries is 25%, except for those subsidiaries described below. The overprovision of EIT in prior years arose mainly as a result of completion of tax clearance procedures by certain PRC subsidiaries with the respective tax authorities.

Certain subsidiaries operating in the PRC have been accredited as a "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 years. 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 solar photovoltaic projects, under the PRC Tax Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. For the year ended 31 December 2019, certain subsidiaries of GNE engaged in solar photovoltaic 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%, respectively, for both years.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million is taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the unaudited consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

The Group's subsidiaries, associates 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 tax resident immediate holding companies registered in Hong Kong and the British Virgin Islands ("**BVI**"), respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008.

7. PROFIT (LOSS) FOR THE YEAR

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Profit (loss) for the year has been arrived at after charging (crediting) the following items:		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**1,684,210**	2,041,303
Retirement benefits scheme contributions	**90,414**	92,048
Share-based payment expenses	**9,412**	32,752
Total staff costs	**1,784,036**	2,166,103
Depreciation of property, plant and equipment	**4,235,163**	4,178,623
Depreciation of right-of-use assets	**343,768**	—
Depreciation of investment properties	**4,656**	4,656
Amortisation of prepaid lease payments	**—**	28,509
Amortisation of other intangible assets (included in cost of sales)	**101,711**	98,068
Total depreciation and amortisation	**4,685,298**	4,309,856
Less: amounts absorbed in opening and closing inventories, net	**(54,882)**	(21,148)
	4,630,416	4,288,708
Auditor's remuneration	**13,833**	13,088

8. DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2019 (2018: nil).

9. LOSS PER SHARE

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

Loss figures are calculated as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss		
Loss for the purpose of basic loss per share		
— Loss for the year attributable to owners of the Company	**(197,207)**	(693,399)
Effect of dilutive potential ordinary shares:		
— Adjustment to the share of profit of GNE Group attributable to the Company based on dilution arising on convertible bonds issued by GNE	**—**	(4,981)
Loss for the purpose of dilutive loss per share	**(197,207)**	(698,380)

	2019	2018
	'000	*'000*
	(Unaudited)	(Audited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and dilutive loss per share	**18,822,564**	18,179,089

For the year ended 31 December 2019, the weighted average number of ordinary shares for the purpose of calculation of basic loss per share has been adjusted for the effect of the 322,998,888 ordinary shares purchased by Computershare Hong Kong Trustees Limited ("Trustee") from the market pursuant to the Share Award Scheme (the "Scheme").

For the year ended 31 December 2018, the weighted average number of ordinary shares for the purpose of calculation of basic loss per share has been adjusted for the effect of the 322,998,888 ordinary shares purchased by the Trustee from the market pursuant to the Scheme and the 262,424,000 shares repurchased by the Company during the year ended 31 December 2018.

Diluted loss per share for the year ended 31 December 2019 did not assume the exercise of share options granted by the Company and share options granted by GNE, since the exercise price of the relevant share options is higher than the share price of the respective entities for the year ended 31 December 2019.

Diluted loss per share for the year ended 31 December 2018 did not assume the conversion of the convertible bonds issued by the Company and the exercise of 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 year ended 31 December 2018.

10. TRADE AND OTHER RECEIVABLES

The following is an aged analysis of trade receivables (excluding sales of electricity and bills held by the Group for future settlement), net of allowances for credit losses, presented based on the invoice date at the end of the reporting period:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**559,711**	573,358
3 to 6 months	**29,048**	20,365
Over 6 months	**76,740**	127,683
	665,499	721,406

For sales of electricity, 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.

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unbilled *(Note)*	**2,524,359**	2,454,010
Within 3 months	**280,503**	337,718
3 to 6 months	**147,892**	252,612
Over 6 months	**504,380**	370,786
	3,457,134	3,415,126

Note: Amount represents unbilled basic tariff receivables for solar farms operated by the Group, and tariff adjustment receivables of those solar farms already registered in the Renewable Energy Tariff Subsidy Catalogue (the "**Catalogue**"). The Directors expect the unbilled tariff adjustments would be billed and settled within one year from the end of the reporting period.

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables (excluding bills presented by the Group for fee settlement and endorsed to banks with recourse) presented based on the invoice date at the end of the reporting period:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**2,005,385**	1,862,007
3 to 6 months	**2,046,535**	1,246,563
Over 6 months	**207,719**	126,690
	4,259,639	3,235,260

12. BALANCES WITH RELATED COMPANIES

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**103,108**	163,249
3 to 6 months	**17,306**	399,286
Over 6 months	**111,573**	43,264
	231,987	605,799

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:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**1,151,455**	341,761
3 to 6 months	**38,711**	69,350
Over 6 months	**71,215**	55,783
	1,261,381	466,894

Note: The amounts due from/to related companies are unsecured, non-interest bearing and the credit period for trade-related balances are normally within 30 days (2018: 30 days).

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2019, the PV industry chain witnessed technological progress, quality and efficiency enhancement and cost reduction along all sections, as the industry welcomed the first year of the era of grid parity. Globally, demand was growing steadily with total installed capacity growing 16.8%, year-on-year, to 121.35GW. Not only the traditional PV markets in China, the United States, India and a number of other European, American and Asian countries, but the emerging markets demonstrated robust growth. Nations covered by the "Belt and Road" initiative become hotly contested markets, while South American and Middle Eastern countries could provide a major driver for the future growth of the PV market, offering strong support for the sustained development of China's PV sector. Despite the decline in installed capacity in the domestic PV market owing to policy changes, China's PV manufacturers industry continued to report steady expansion, ongoing technological innovation and accelerating export growth in 2019 thanks to the growth of overseas markets. Meanwhile, a number of policies in China were carried out by the central government and local governments, accelerating the upgrade of the PV manufacturers industry from quantitative to qualitative growth. First of all, the government stipulated that "the installed capacity shall be determined by the amount of subsidy", aiming to optimise the allocation of resources through the adoption of market-oriented approaches such as competitive bidding. Second, the "quota system" was implemented and the "Notice on the Development and Perfection of a Mechanism for Assuring Consumption of Electricity from Renewable Energy" was announced to specify the target percentage of electricity consumption to be accounted for by electricity generated by renewable energy in each provincial region, aiming to develop and perfect the mechanism for assuring consumption of electricity from renewable energy. **Such policy assurances and transformation have provided GCL-Poly with opportunities for transformation. We will spare no effort in exploring approaches for implementing changes and adjust its strategic business presence in a proactive and timely fashion, in fulfilment of the social responsibility required of a leading PV enterprise in the attainment of the ultimate goal of general grid parity.**

Business Review for 2019

During 2019, GCL-Poly's total production of polysilicon and wafers were 57,394 MT and 31,852 MW, respectively. For the year ended 31 December 2019, GCL-Poly recorded revenue of RMB19,250 million, representing a decrease of 6.4% as compared with 2018; gross profit was approximately RMB4,678 million, representing a decrease of 7% as compared with 2018. Loss attributable to shareholders of the Company amounted to approximately RMB197 million and basic loss per share was approximately RMB1.05 cents.

GNE's total installed PV capacity was 7,145 MW for the period, representing a decrease of 2.2% as compared with 2018. Total revenue from PV power generation business was approximately RMB6,052 million, representing an increase of 7.5% as compared with 2018. Profit attributable to shareholders of the GNE Group amounted to approximately RMB295 million and basic earnings per share were approximately RMB1.54 cents.

Strategic Transformation Starting to Pay Dividends with Advantages Restored

GCL-Poly was ready to overcome challenges and embrace innovation with firm belief and commitment in 2019. Guided by technologies and driven by innovation and delicacy management, we explored new business models, opened up new channels, snatched up new market shares and engaged ourselves in new endeavours. During the reporting period, the polysilicon project in Xinjiang started to operate at full capacity and attained the most advanced standard in the industry in terms of cost. The Company persisted in the strategy of producing both mono wafers and multi-wafers and achieved mass production and application of quasi-mono wafer, a product well received by the market. In the meantime, our new granular silicon process, the first of its kind in the domestic market, became fully ready and provided a new driving force for grid parity in PV power generation. **GCL-Poly has completed adaptive preparations and transformative business presence for the Company's next cycle of stable development.**

Leveraging existing strengths with a strong focus on the principal business

In polysilicon materials, the 48,000-ton phase-one polysilicon project in Xinjiang started to operate at full capacity in 2019 and reported the highest level of materials for mono wafer in the industry, while delivering top-notch quality by foreign as well as domestic standards. The Xinjiang Project will maintain its position as a first-tier silicon materials manufacturer with a distinct competitive edge. In addition, our proprietary silicon materials technology was fully ready for planned production after we had reported continuous stable run and mass production with sound quality using this technology. **We are convinced that we can operate our principal business of polysilicon materials in a more refined and industrialised manner at lower costs. We will resort to our principal business and continue to build a world-class polysilicon base.**

In ingot and wafer cutting, GCL-Poly maintained stable market shares by supplying downstream customers with products featuring superior cost efficiency through a diversified product portfolio comprising multi-wafers, quasi-mono wafers and mono wafers. In particular, **we have achieved a significant breakthrough in our quasi-mono wafer technology, meaning that the approach of making mono products with ingot technologies is officially ready for mass production.** Quasi-mono wafer does not only share the merits of multi-wafers products in size flexibility, low energy consumption in process, low cost and low LID (light induced degradation), but is also at par with mono wafers plus PERC module in terms of output performance, positioning itself as a widely acclaimed dark horse in the PV market in 2019 offering robust cost efficiency. The Company has entered into supply agreements with a number of downstream module manufacturers, forming a stable customer base to which deliveries are made in mass volumes. The outstanding cost efficiency of quasi-mono wafer has been widely acknowledged by solar farm customers. **It is also worth mentioning that the size flexibility of quasi-mono wafer allows it to align seamlessly with the trend of large-size wafers without the need for machine-processed adaptation — enhancing performance of the module, lowering manufacturing costs of the industry chain and highlighting superior cell conversion efficiency. This unique advantage is set to make quasi-mono wafer a much sought after product for grid parity in the coming era of large sizes.**

Optimising our assets liabilities structure to facilitate industrial upgrade

GCL-Poly has also set the optimisation of its assets liabilities structure and the lowering of its gearing ratio of the listed company as a main objective of the holding company for the year. During the year, we successfully completed the disposal of 31.5% equity interests in Xinjiang GCL. Upon completion of the transaction, the Company received an RMB4.4 billion one-off gain from disposal and net cash inflow of RMB1.33 billion, improving significantly its profitability and liquidity while lowering the gearing ratio of its PV materials business to help facilitate the transformation and upgrade of the business. During the year, we announced the "Joint Establishment of Investment Fund with Leshan Government" and "Joint Establishment of Investment Funds with Xuzhou City Industrial Development Guidance Fund Co., Ltd.* (徐州市產業發展引導基金有限公司) and Xuzhou Economic and Technological Development Zone Jinlong Lake City Investment Co., Ltd.* (徐州經濟技術開發區金龍湖城市投資有限公司)", through which we sought to realise the value of existing assets in reuse and achieve value preservation by channeling premium capital, thereby further optimising our asset structure. During the year, we received the recognition and strong support of major financial institutions, as evidenced by the RMB2.5 billion syndicate loan for the GCL-Poly Xinjiang Polysilicon Project, which has facilitated the further optimisation of GCL-Poly's debt structure and provided financial assurance and buffer for the Company's future business expansion and transformation.

GNE, the subsidiary of GCL-Poly, dispose of its subsidiary solar farms to recoup capital and lower its debt, so as to alleviate the pressure of project financing and further increase its rate of return on capital. During the year, the disposal of assets with an aggregate capacity of approximately 1.6 GW was completed to cash in funds amounting to approximately RMB2.95 billion, while providing a model for cooperation with China Huaneng Group. On 21 January 2020, the Group announced that it had entered into the first batch of share purchase agreements with Huaneng, upon the completion of which, further disposals will be actively carried forward and more cooperation opportunities could be discussed. These foresaid achievements have not only allowed the Group overcome cash flow pressure, but has also marked a huge step in GNE's future move towards an asset-light approach.

Outlook

Surprisingly the COVID-19 outbreak in early 2020, but fortunately PV enterprises seems not to be heavily affected in a negative way. With the epidemic generally coming under control in China, various industries have been speeding up to resume production. Globally, increasingly more efforts in lots of nations have been put to combat the epidemic. If it comes under effective control in 1–2 months' time, there will be sufficient time in the second half of the year to make up for the delays in the early months, and the global demand for installed capacity in 2020 is not expected to decrease.

In connection with government policies, the "Circular on the Construction of Wind and PV Power Generation Projects in 2020" was officially promulgated by the NEA on 10 March, a much earlier date compared to its 2019 counterpart, and the details of the announcement were largely in line with market expectations. Coupled with the series of heavy-weight policies announced at the beginning of the year, this has indicated the underlying principle, direction and resolve of the State to support the stable, orderly and qualitative development of the PV industry. Elsewhere in the world, the growth trend of the PV industry will remain unchanged in the medium to long term. Traditional overseas markets such as the United States and Europe will rebound once the epidemic comes under effective control. Emerging markets, especially nations covered by the "Belt and Road" initiative, are set to become hotly contested markets, while South American and Middle Eastern countries could provide a major driver for the future growth of the PV market.

As the PV industry continues to benefit from rapid technological upgrades, substantial cost reductions and an expanding market for applications, PV is assuming increasing importance in the global energy regime and is set to become a major form of alternative energy in the not too distant future. Capitalising on this historic opportunity, GCL-Poly will leverage its existing strengths and focus on the solar material business. We will address market demands and work in tandem with developments in the industry, in a bid to enhance our competitiveness on the back of our core products in silicon materials and wafers. In the meantime, we will facilitate the disposal of assets, introduction of new businesses and optimisation of existing business by reusing existing assets and developing assets at the incubation period, with a view to enhancing asset value. We firmly believe that, following the technological progress, industrial upgrade, market optimisation and reshaping of business landscape in the future, GCL-Poly will embrace the new era of development in a stronger, healthier and more orderly fashion.

Finally, I wish to express sincere appreciation to the Company's Board of Directors, management team and all staff for their hard work and dedication in 2019. I am also deeply grateful to the Company's shareholders and partners for their ardent support.

CEO'S REVIEW OF OPERATIONS AND OUTLOOK

On behalf of the management of the Company, I hereby announce the following results achieved by GCL-Poly for the full year of 2019: as of 31 December 2019, GCL-Poly recorded revenue of RMB19,250 million, representing a 6.4% decrease as compared with the same period in 2018. Gross profit was approximately RMB4,678 million, representing a 7.0% decrease as compared with the same period in 2018. Loss attributable to shareholders of the Company amounted to approximately RMB197 million and basic loss per share was approximately RMB1.05 cents. In 2019, the Company completed a total production of 57,394 MT of polysilicon, and a total production of 31,852 MW of silicon wafer.

As of 31 December 2019, GNE's total grid-connected installed capacity was 7,145 MW, a decrease of 7.5% as compared with the same period of last year. In terms of results, GNE's total revenue for 2019 was approximately RMB6,052 million, up by 7.5% as compared with the same period of last year. Profit attributable to shareholders of the GNE Group amounted to approximately RMB295 million and basic earnings per share were approximately RMB1.54 cents.

The mechanism of bidding introduced for subsidised PV projects in 2019 has signified a new development cycle for the PV industry. Following multiple rounds of reshuffling in the major sections along the industry chain, there was an increasing level of industry consolidation under the Matthew effect. GCL-Poly is fully aware that the company must foster strengths in technology, cost, management and scale if it intends to cement its leading position in the industry and energise itself for long-term development. During the year, the Company continued to optimise and expedite reforms, making persistent efforts to introduce new growing drivers and leverage existing assets in an active move to address the complicated landscape of market competition, as we explored new business models, launched new products, opened up new channels and snatched up new market shares.

The Xinjiang polysilicon base operating at full capacity; increasing industry consolidation; the fluidized bed reactor (FBR) technology is ready for commercialisation

GCL-Poly's Xinjiang polysilicon base started to operate at full capacity in 2019 to provide 48,000T in output. Entirely delivered by high-quality constructing process employing the best-in-class proprietary GCL technology for ultra-large scale clean polysilicon production, coupled with the benefit of low power costs in Zhundong region, Xinjiang, the project is an industry leader in terms of human resources, technology, cost and quality. Guided by technologies and driven by innovation and delicacy management, the Xinjiang project will continue to seek further reductions in the consolidated cost of polysilicon production and enhance its competitiveness in the global market in pursuit of the goal of domestication of high-quality polysilicon manufacturing. By then, the project will provide a stable source of profitability for GCL-Poly.

In 2019, GCL made a major technological breakthrough in its exclusively-owned and patented granular silicon technology, which is now ready for commercial production. Granular silicon boast a number of inherent competitive advantages, such as high product adaptability, which allows it to better fulfill the demand of downstream mono wafer manufacturers for silicon materials. Moreover, unlike the traditional Siemens process for polysilicon production, the unit cost of the production process for granular silicon is significantly lower than that for silicon rod. The Company is confident that this proprietary, innovative new granular silicon production process, which is the first of its kind in China, will provide a new driving force for the grid parity of PV power generation, as well as a new niche for profit growth for the Company.

New generations of wafer products coming on stream as quasi-mono wafer claims advantage in compatibility with large-size wafers

In 2019, we completed the entire process of new product marketing, comprising mass production, downstream client testing and certification, large-scale application and sole pricing discretion, in respect of quasi-mono wafer, providing customers with a third alternative other than multi-wafers and mono wafers. Aiming always to enhance efficiency and adhere to the customer-centric principle, we officially launched the fourth-generation (G4) quasi-mono wafer in November 2019 through secondary innovation. On the basis of G3, the gap with mono cells was further reduced while the advantage afforded by the full-wafer size was extended with significant improvements in efficiency distribution in a further enhancement of cost efficiency.

As it has become a consensus of the industry that large-size wafers will become a dominant trend, the economic benefits of quasi-mono wafer products with flexible scalability has become increasingly attractive with its evident advantage, as it could be used to produce 166mm or 210mm large size wafers without any need for machine-processed adaptation. Moreover, the further decline in the prices of polysilicon means that wafers will be able to maintain its cost competitiveness in the longer term, such that a favourable gross profit margin for cell and module could be achieved even if the unit per watt selling price trends lower. With the age of large sizes, superior efficiency and grid parity dawning, we can anticipate broader prospects for quasi-mono wafer products in the global PV market.

Adjusting the asset structure to lower the gearing ratio

Against the backdrop of instability in the international arena coupled with curbed economic growth and looming structural corrections for industries in China, the Company opted to pursue “stability” in its operations, seeking to stabilise fundamental management and bring the strengths of its business into play. In the meantime, we stepped up with our efforts in asset consolidation, treasury operation and equity optimisation in a bid to increase efficiency by unloading, make progress by taking steps back and convert inventories into growth drivers. In September 2019, the Company completed the disposal of 31.5% equity interests in Xinjiang GCL to Xuzhou Zhongping

GCL Industrial Upgrading Equity Investment Fund LLP ("**Xuzhou Fund**"). While ensuring the retention of a controlling stake in the Xinjiang project, the deal has brought an RMB4.4 billion one-off gain from disposal and net cash inflow of RMB1.33 billion in a significant improvement to its profitability and liquidity, while lowering the gearing ratio of its PV materials business to help facilitate the transformation and upgrade of the business. Meanwhile, steady progress has been made in the cooperative fund launched in joint venture with the Leshan Government and Shanghai Zhongping Capital Co. Ltd. By delivering value through the reuse of assets on the back of the unique strengths of the company, the government and the financial institution, we have facilitated the upgrade of polysilicon production while preserving and enhancing our asset value.

Debt reduction coupled with an asset-light approach: GNE seizing market opportunities through diversified developments

During the reporting period, GNE Group, subsidiary of GCL-Poly continued to make progress towards an asset-light operation. At the holding company as well as the regional companies, a diverse range of innovative funding methods were adopted, as we explored approaches such as the high-turnover model and equity cooperation, while expanding into O&M services with a view to improving our asset mix and financial structure. During the period, GNE completed the disposal of solar farms at the levels of the domestic holding company and of the project companies, with the both controlling stakes in solar farms totally over 1GW PV were disposal to Wuling Electric and Shanghai Rongyao New Energy, respectively. In addition to generating cash flow, the disposal has also moved certain debt off the balance sheet to reduce our indebtedness and alleviate the pressure of project financing.

The Company continued to explore possibilities for cooperation with Huaneng Group. To accomplish the objective of combining strengths and reaping mutual benefits through cooperation, an asset acquisition scheme was announced in November 2019, followed by the first 294 MW PV solar farm share purchase agreements in early 2020. Pursuant to the first batch of share purchase agreements, two indirect subsidiaries of GNE agreed to dispose of 60% and 40% of the sales shares to Huaneng Fund I and Huaneng Fund II, respectively, for a total consideration of approximately RMB850 million. The modification of the cooperation plan has expedited the process of facilitating strategic complementary synergies and resource sharing. While effectively helping GNE to optimise its asset structure and lower its financial risks, the deal has also bolstered the influence of both parties in the energy sector to provide a solid foundation on which to develop an amiable long-term partnership.

Outlook

Year 2019 was a crucial year for the PV industry to strive for cost reduction and efficiency enhancement, while in 2020 the industry is expected to welcome a major resurgence in demand. According to the "Circular on the Construction of Wind and PV Power Generation Projects in 2020" officially promulgated by the NEA on 10 March

2020, the total budget amount of subsidies for new PV power generation projects in 2020 has been set at RMB1.5 billion, out of which RMB1.0 billion will be allocated to price bidding projects, while RMB500 million will be allocated to residential power projects. In this connection, the deadline for bidding projects submitting applications has been extended to 15 June. According to market estimates, the aggregate installed capacity of bidding projects in 2020 could reach 30 GW, while the total installed capacity of residential projects and grid parity projects is estimated at 6.25 GW and 1 GW, respectively. Adding approximately 15 GW from projects brought forward from 2019 and taking into consideration the impact of the epidemic, a conservative estimate would put new installed capacity in China in 2020 at approximately 35–45 GW. Elsewhere in the overseas market, the growth trend for the medium to long term is not likely to change, despite near-term uncertainties in the development of the epidemic. Once the epidemic comes effectively under control, traditional overseas markets such as the United States and Europe will rebound, while emerging economies, especially nations covered by the "Belt and Road" initiative, will become hotly contested markets, as South American and Middle Eastern countries could provide a major driver for the future growth of the PV market. On a global basis, new installed capacity in 2020 is conservatively estimated at 108–143 GW.

Year 2020 is destined to be a most extraordinary year. The year started with an unexpected epidemic that brought the entire society to an abrupt standstill. While the whole PV industry has inevitably been subject to the impact of the epidemic, the path of growth for competitive PV enterprises will not be altered, and neither will the trajectory of China's economic growth. Year 2020 is the concluding year for the general accomplishment of moderate prosperity and the 13th FYP, as well as the year of the fulfilment of our nation's goals in its first 100 years of hard-fought endeavours. The attainment of the nation's goals as scheduled has revealed a simple truth: the path of the great way is a long one, but the destination can surely be reached if one perseveres. GCL-Poly will continue to deepen its management reforms to ensure the effective implementation of its strategies. New products with superior cost efficiency will be launched to win over market shares by virtue of differentiation. We will drive technological development in an ongoing effort to enhance our competitive edge. As we embrace the year of the Rat, the first year of the Chinese zodiac that signifies a new beginning with new hope for everything in the universe, let us steer through the storm and strive forward with pure courage.

Finally, I would like to express sincere gratitude to the Directors, management team and all staff members of the Company for their hard work and dedication during 2019. I also wish to extend my gratitude to our shareholders and business partners for their strong support.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

2019 is a year to rectify. Solar product was affected by the issuance of Notice on Matters Related to Photovoltaic Power Generation ("**531 PV New Policy**") issued by the PRC government in 2018, its selling price in 2019 is still under pressure, hence the performance from operation of the Group was greatly impacted.

Results of the Group

For the year ended 31 December 2019, the revenue and gross profit of the Group were approximately RMB19,250 million and RMB4,678 million, respectively, representing an decrease of 6.4% and 7.0% respectively as compared with approximately RMB20,565 million and RMB5,033 million in the corresponding period in 2018.

The Group recorded a loss attributable to the owners of the Company of approximately RMB197 million as compared to loss attributable to owners of the Company of approximately RMB693 million in 2018.

Material Disposals

Solar Material Business

1) On 26 June 2019, Jiangsu Zhongneng, entered into a share purchase agreement with Xuzhou Zhongping GCL Industrial Upgrading Equity Investment Fund LLP* (徐州中平協鑫產業升級股權投資基金(有限合夥)) and Xinjiang GCL New Energy Materials Technology Co., Ltd.* (新疆協鑫新能源材料科技有限公司) ("**Xinjiang GCL**") in relation to the sale of 31.5% of the equity interests in Xinjiang GCL (the "**Sale Shares**") for a consideration of RMB2,490,850,000 (equivalent to approximately HK$2,831,058,159). The disposal was completed during the year.

   After the transaction, Xinjiang GCL will cease to be a subsidiary of the Company, and the profits and loss as well as assets and liabilities of Xinjiang GCL will no longer be consolidated into the consolidated financial statements of the Group. Upon completion of the transaction, the Company received an RMB4.4 billion one-off gain from disposal.

GNE Group

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

   During the year, the disposals of the above subsidiaries are completed.

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

3) Reference is made to the announcement on 23 May 2019 and the circular dated 28 June 2019 in relation to the disposal of 70% equity interest in a number of subsidiaries of the GNE Group of which these subsidiaries own 23 operational solar power plants in the PRC with an aggregate installed capacity of approximately 977MW. This transaction is approved by the shareholders of the Company in the special general meeting, and also the shareholders of GCL-Poly in the extraordinary meeting, respectively, on 19 July 2019. The Disposal is completed during the year.

* *English name for identification only*

Material Investment

On 12 April 2019, the Group entered into a partnership agreement with independent investors for 40.27% equity interest in Xuzhou Zhongping GCL Industrial Upgrading Equity Investment Fund LLP (徐州中平協鑫產業升級股權投資基金 ("Zhongping GCL") for a consideration of RMB1,350 million and is fully injected. The Group can exercise significant influence over Zhongping GCL and it is therefore classified as an associate of the Group.

Placing of new shares

During the year under review, the Company placed 1,511,000,000 shares at a price of HK$0.45 per share, raising approximately RMB588 million after deducting placing commission and related expenses. The net proceeds have been used for repayment of borrowings.

Segment Information

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

Solar Material business — mainly manufactures and sales of polysilicon and wafer to companies operating in the solar industry.

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 GCL New Energy Holdings Limited ("**GNE Group or GNE**").

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 operations by business segments:

	2019			2018		
	Revenue	**Segment (loss) profit**	**Adjusted EBITDA[3]**	Revenue	Segment profit	Adjusted EBITDA[3]
	RMB million	***RMB million***	***RMB million***	*RMB million*	*RMB million*	*RMB million*
Solar Material Business	**12,708**	**(419)**	**1,320**	14,436	(1,011)	2,648
Solar Farm Business	**490**	**116**	**431**	497	115	423
Corporate/intersegment transactions[1]	**N/A**	**N/A**	**24**	N/A	N/A	34
Sub-total	**13,198**	**(303)**	**1,775**	14,933	(896)	3,105
New Energy Business[2]	**6,052**	**570**	**5,405**	5,632	708	4,898
Total	**19,250**	**267**	**7,180**	20,565	(188)	8,003

1. The corporate items that are not a reportable segment primarily included unallocated income, unallocated expenses and intersegment transactions.

2. The segment profit of the New Energy business includes reported net profit of GNE Group of approximately RMB605 million (2018: RMB750.8 million) and allocated corporate expenses of approximately RMB35 million (2018: RMB42.8 million).

3. Calculation of the adjusted EBITDA is detailed in the Business Review Section in this report.

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 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 and the perpetual notes receivable from GNE as non-current assets, the effect of de-consolidated GNE Group as at 31 December 2019 would be as follows:

	The Group *RMB million*	GNE Group *RMB million*	Deconsolidation adjustment *(note)* *RMB million*	The effect of de-consolidated GNE Group *RMB million*
Total assets	**101,530**	**55,509**	**(4,900)**	**50,921**
Total liabilities	**74,809**	**45,540**	**(352)**	**29,621**
Bank balances and cash, pledged and restricted bank deposits	**8,477**	**2,775**	**—**	**5,702**
Pledged deposit at related companies	**38**	**8**	**—**	**30**
Subtotal	**8,515**	**2,783**	**—**	**5,732**
Indebtedness				
Bank and other borrowings	**48,356**	**32,026**	**—**	**16,330**
Lease liabilities/Obligations under finance leases	**2,441**	**1,162**	**—**	**1,279**
Notes and bonds payables	**3,893**	**3,742**	**(272)**	**423**
Loan from related parties	**1,776**	**1,564**	**—**	**212**
Subtotal	**56,466**	**38,494**	**(272)**	**18,244**
Net Indebtedness	**46,858**	**34,618**	**(272)**	**12,512**

Note:

Deconsolidation adjustments mainly included:

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

— The GNE's perpetual notes of RMB1,800,000,000 subscribed by the subsidiaries of the Group and its relevant interest accrual.

— The transaction balances with GNE Group and other eliminations.

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 also produces wafer by using polysilicon that are produced by the Group. In the solar industry supply chain, wafers are further processed by downstream manufacturers to produce solar cells and modules.

Polysilicon

As at 31 December 2019, the annual production capacity of polysilicon of the Group's Xuzhou base remained at 70,000 MT. The group has disposed 31.5% of equity interest in Xinjiang GCL during the year and remained 38.5% equity interest on hand to promote the industrial transformation and upgrade of Jiangsu Zhongneng and the competitiveness of Xuzhou subsidiaries in the photovoltaic and other clean energy industries.

During the year ended 31 December 2019, the Group produced approximately 57,394 MT of polysilicon, representing a decrease of 7.1% as compared to 61,785 MT for the corresponding period in 2018.

Commercialisation of Fluidized bed reactor (FBR) Technology

Utilizing the accumulated silicon material technology with independent intellectual property rights, together with the acquisition of Fluidized Bed Reactor (FBR) technology patent owned by SunEdison of the United States in 2017, the Xuzhou production base will expand production according to market demand and production and operation conditions and gradually upgrade itself as the FBR silicon base. Granular silicon has many natural competitive advantages. The first is its high product applicability, which can better meet the needs of downstream monocrystalline silicon manufacturers for silicon materials, and 100% meet the RCZ and CCZ materials. Second, the granular silicon cost index per unit is significantly lower than that of rod silicon. GCL-Poly is confident that this new particle silicon process, which is entirely dependent on independent innovation, can fills in the domestic blanks and will provide brand-new technology boost for photovoltaic generation, and also bring new profit growth points for the company.

Wafer

As at 31 December 2019, the Group's annual wafer production capacity maintains 35 GW. During the twelve months ended 31 December 2019, the Group produced approximately 31,852 MW of wafers, representing an increase of 31.7% from 24,189 MW for the corresponding period in 2018.

Ingot Monosilicon ("quasi-mono wafer")

The Group has firmly implemented the strategy of developing both mono wafers and multi-wafers. At present, quasi-mono wafer is widely recognised in the market and large-scale applications of quasi-mono wafer are available. The launch of the new generation of "quasi-mono wafer G4" product is expected in the year. With numerous outstanding advantages of quasi-mono wafer, including low production cost, high conversion rate, low lumen depreciation, flexible size, great fulfilment of the requirement for customisation, more concentrated distribution of resistivity as well as production techniques of highly adaptable PERC solar cells, the quasi-mono wafer is widely recognised and highly recommended. Given the increase in production volume of ingot monosilicon, there is still an enormous room for cost reduction. As production cost will further decline significantly, such cost advantage will be more noticeable.

In addition, on-going scale expansion of production capacity of mono wafer and closer strategic alliance and cooperation with upstream and downstream manufacturers allow the Group to establish the largest production base of highly effective mono wafer for the solar energy in the world.

During the year ended 31 December 2019, the Group's monosilicon entered mass production and a capacity expansion was underway, making monosilicon a new profit driver.

Sales Volume and Revenue

During the twelve months ended 31 December 2019, the Group sold 38,789 MT of polysilicon and 31,969 MW of wafers, representing an increase of 93.5% and 29.1% respectively, as compared with 20,041 MT of polysilicon and 24,761 MW of wafers for the corresponding period in 2018.

The average selling prices (excluding tax) of polysilicon and wafer were approximately RMB59.9 (equivalent to US$8.7) per kilogram and RMB0.422 (equivalent to US$0.061) per W respectively for the twelve months ended 31 December 2019. The corresponding average selling prices of polysilicon and wafer for the twelve months ended 31 December 2018 were approximately RMB78.8 (equivalent to US$11.73) per kilogram and RMB0.570 (equivalent to US$0.087) per W respectively.

Revenue from external customers of the solar materials business amounted to approximately RMB12,708 million for the year ended 31 December 2019, representing a decrease of 11.9% from RMB14,436 million in 2018. Despite the increase in the sales volume of both polysilicon and wafers during the year, the drop in average selling prices following the implementation of the 531 PV New Policy in 2018 led to the decrease in revenue.

Cost and Segment Gross 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. Benefited from the decrease in cost of raw material, the commencement in production from Xinjiang factory and further increase in production volume, the overall manufacturing cost decreased. The Group will continue to push forward cost reduction and control measures.

Despite the increase in sales volume of polysilicon and wafer, and the decrease in manufacturing cost, average selling prices of polysilicon and wafers dropped following the implementation of the 531 PV New Policy, Solar Material business recorded segment gross profit of RMB423 million for the year ended 31 December 2019, as compared with a profit of RMB995 million for the year ended 31 December 2018 which indicate a significant decrease in performance of Solar Material business.

Solar Farm Business

Overseas Solar Farms

As at 31 December 2019, 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 and with the total effective ownership of 9.7% owned by the Group.

PRC Solar Farms

As at 31 December 2019, the solar farm business also includes 10 solar farms in the PRC and its installed capacity and attributable installed capacity were remained unchanged at 353.0 MW and 289.3 MW, respectively.

Sales Volume and Revenue

For the year ended 31 December 2019, the electricity sales volume of the solar farm business in overseas and the PRC were 27,931 MWh and 488,869 MWh respectively (2018: 30,473 MWh and 492,950 MWh, respectively).

For the year ended 31 December 2019, revenue for the solar farm business was approximately RMB490 million (2018: RMB497 million).

New Energy Business

As at 31 December 2019, the Group owns 11,880 million shares of GNE (approximately 62.28% of GNE's issued capital). As at 31 December 2019, the aggregated installed capacity of grid-connected solar farms of the GNE Group decreased by 2.2% to 7,145 MW (31 December 2018: 7,309 MW). Details of capacity, electricity sales volume and revenue for the year ended 31 December 2019 are set out below.

Places	**Tariff Zones**	**Number of solar power plant**	**Aggregate Installed Capacity(1)** *(MW)*	**Grid-connected Capacity(1)** *(MW)*	**Electricity Sales Volume** *(million kWh)*	**Average Tariff (Net of Tax)** *(RMB/kWh)*	**Revenue** *(RMB million)*
Inner Mongolia	1	11	358	358	606	0.75	452
Qinghai	1	3	107	107	150	0.83	125
Xinjiang	1	2	81	81	124	0.69	85
Ningxia	1	6	233	233	248	0.94	232
	Zone 1	22	779	779	1,128	0.79	894
Inner Mongolia(4)	2	—	—	—	46	0.65	30
Qinghai	2	6	179	179	239	0.69	165
Shanxi(4)	2	—	—	—	127	0.87	110
Xinjiang	2	2	47	47	62	0.73	45
Shaanxi	2	18	1,018	1,018	1,166	0.78	912
Hebei(4)	2	—	—	—	241	0.74	178
Yunnan	2	8	279	279	378	0.62	235
Jilin	2	4	51	51	77	0.75	58
Sichuan	2	2	85	85	132	0.75	99
Liaoning	2	3	47	47	60	0.72	43
Gansu	2	2	39	39	49	0.69	34
	Zone 2	45	1,745	1,745	2,577	0.74	1,909
Jiangsu	3	41	565	565	660	0.81	536
Jiangxi	3	5	192	192	203	0.97	197
Shanxi(4)	3	—	—	—	465	0.69	320
Shaanxi	3	1	6	6	6	0.67	4
Hebei	3	1	21	21	223	0.87	193
Hubei	3	4	165	165	201	0.85	171
Hainan	3	3	80	80	101	0.84	85
Zhejiang	3	3	62	62	59	1.07	63
Shandong	3	6	190	190	260	0.77	201
Anhui	3	12	410	410	501	0.84	423

Places	Tariff Zones	Number of solar power plant	Aggregate Installed Capacity[(1)] *(MW)*	Grid-connected Capacity[(1)] *(MW)*	Electricity Sales Volume *(million kWh)*	Average Tariff (Net of Tax) *(RMB/ kWh)*	Revenue *(RMB million)*
Henan	3	14	584	584	751	0.74	557
Guizhou	3	6	235	235	226	0.81	182
Guangdong	3	8	219	133	139	0.81	113
Hunan	3	5	101	101	96	0.95	91
Guangxi	3	3	160	160	157	0.77	121
Fujian	3	3	55	55	53	0.81	43
Shanghai	3	1	7	7	7	1.14	8
	Zone 3	116	3,052	2,966	4,108	0.81	3,308
Subtotal		183	5,576	5,490	7,813	0.78	6,111
Japan		—	—	—	4	2.25	9
US		2	134	134	217	0.38	83
Total of Subsidiaries		**185**	**5,710**	**5,624**	**8,034**	**0.77**	**6,203**
Joint ventures and associates[(2)]							
PRC		28	1,435	1,435	724	0.84	606
Japan		—	—	—	4	2.00	8
Total		**213**	**7,145**	**7,059**	**8,762**	**0.78**	**6,817**

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

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

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

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

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

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

Revenue

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

In terms of revenue generated by tariff zone from the PRC, for the year ended 31 December 2019, approximately 10%, 21% and 69% of revenue were generated from zone 1, zone 2 and zone 3 respectively (2018: 16% for zone 1, 29% for zone 2 and 55% for zone 3). In consistent with our prevailing strategy, the GNE Group focused more on developing solar farms in well-developed areas with strong domestic power demand (i.e. zone 2 and zone 3) to minimise the grid curtailment risk in zone 1 area.

Gross Profit

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

Outlook

The Group's outlook and likely future developments of the Group's business, is set out in the CEO's Review of Operations and Outlook section of this report.

FINANCIAL REVIEW

Revenue

Revenue for the year ended 31 December 2019 amounted to approximately RMB19,250 million, representing a decrease of 6.4% as compared with approximately RMB20,565 million for the corresponding period in 2018. The decrease was mainly due to the drop in revenue in solar material business as a result of the downward average selling price for wafer and polysilicon products, partially offset by the combined effect of increase in sales volume of both polysilicon and wafer and growth in revenue from the GNE Group.

Gross Profit Margin

The Group's overall gross profit margin for the year ended 31 December 2019 was 24.3%, as compared with 24.5% for the corresponding period in 2018.

Gross profit margin for the Solar Material Business decreased from 6.9% for the year ended 31 December 2018 to 3.3% for the year ended 31 December 2019. The decrease was mainly attributable to the decrease in the average selling price of wafer, partially offset by the reduction of production costs.

The gross profit margin for the Solar Farm Business slightly increased from 52.4% for the year ended 31 December 2018 to 53.0% for the year ended 31 December 2019.

The gross profit margin for the New Energy Business was 65.3% for the year ended 31 December 2019 and 66.5% for the corresponding period in 2018.

Distribution and Selling Expenses

Distribution and selling expenses increased from approximately RMB113 million for the year ended 31 December 2018 to approximately RMB126 million for the year ended 31 December 2019.

Administrative Expenses

Administrative expenses amounted to approximately RMB2,051 million for the year ended 31 December 2019, representing a increase of 1.5% from approximately RMB2,020 million for the corresponding period in 2018.

Impairment losses under expected credit loss model, net of reversal

The Group recognized the amount of approximately RMB463 million impairment loss under expected credit loss model for the year ended 31 December 2019, mainly included the amounts due from related companies of approximately RMB275 million, trade receivable (net of reversal) of approximately RMB48 million and consideration receivable of approximately RMB140 million.

Other Expenses, Gains and Losses, Net

For the year ended 31 December 2019, net gains of approximately RMB1,058 million in other expenses, gains and losses were recorded as compared to net losses of approximately RMB1,290 million for the year ended 31 December 2018. The changes were mainly due to:

Gain on disposal of subsidiaries of RMB4.4 billion, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of the 38.5% retained interest of Xinjiang GCL and (ii) the carrying amount of the assets, and liabilities of Xinjiang GCL attributable to the owners of the Company, comprises:

— The amount of approximately RMB1,982 million realised gain on disposal of 31.5% equity interest in a Xinjiang GCL;

— Gain on fair value uplift on an associate of approximately RMB2,424 million as the fair value of the 38.5% equity interest in Xinjiang GCL at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

Decreased in exchange losses from approximately RMB480 million to approximately RMB127 million.

There were partially offset by:

— Increased in impairment loss on property, plant and equipment and other intangible assets from approximately RMB526 million to approximately RMB2,610 million. It was mainly due to the continuing unfavourable market conditions during the year, the products of solar material business segment faced a stronger than expected price pressure as a result, Solar material business recognised impairment loss of approximately RMB2,074 million and RMB479 million on property, plant and equipment and other intangible assets respectively. In addition, the GNE Group recognised impairment loss of approximately RMB57 million on property, plant and equipment.

— Increased in research and development cost by RMB215 million.

Finance Costs

Finance costs for the year ended 31 December 2019 were approximately RMB3,947 million, which increased by 15.4% as compared to approximately RMB3,419 million for the corresponding period in 2018. The increase was mainly related to less expenses being capitalized and the increase of average bank and other borrowings from the GNE Group during the year.

Share of Profits of Associates

The Group's share of profits of associates for the year ended 31 December 2019 was approximately RMB401 million, mainly contributed by an associate, Inner Mongolia Zhonghuan — GCL Solar Material Co., Ltd.* ("**Mongolia Zhonghuan — GCL**") (內蒙古中環協鑫光伏材料有限公司) and Xinjiang GCL.

Share of (Loss)/profits of Joint Ventures

The Group's share of loss of joint ventures for the year ended 31 December 2019 was approximately RMB51 million, mainly contributed by the share of loss from "江蘇鑫華半導體材料科技有限公司", partially offset by the contribution of joint venture in South Africa.

Income Tax (Credit) Expense

Income tax expense for the year ended 31 December 2019 was approximately RMB207 million as compared with approximately RMB52 million of income tax credit for the corresponding period in 2018. There is a increase in income tax expenses mainly because some of the solar farms in GNE Group had passed the three year's exemption period for the PRC income tax, partially offset by the income tax credit from Solar Material Business recorded during the year.

Loss attributable to Owners of the Company

As a result of the above factors, loss attributable to owners of the Company amounted to approximately RMB197 million for the year ended 31 December 2019 as compared with a loss of approximately RMB693 million for the corresponding period in 2018.

Adjusted EBITDA and Adjusted EBITDA Margin

	2019 *RMB million*	2018 *RMB million*
For the year ended 31 December:		
Profit (loss) for the year	**111**	(458)
Adjust: non-operating or non-recurring items:		
Impairment loss of property, plant and equipment and other intangible assets	**2,610**	526
Loss (gain) on fair value change of convertible bonds receivable	**(30)**	2
Loss on fair value change of convertible bonds payables	**—**	46
Loss on fair value change of held for trading investments	**28**	15
Loss on deemed disposal of an associate	**—**	78
Impairment loss on goodwill	**—**	177
Gain on disposal of subsidiaries	**(1,982)**	(445)
Gain on fair value change for an associate	**(2,424)**	—
Gain on disposal of joint ventures of the GNE Group	**(35)**	—
Gain on fair value change of other financial assets at fair value through profit or loss	**(42)**	(84)
Loss on fair value change of derivative financial instruments, net	**107**	10
Bargain purchase	**(74)**	—
Exchange losses, net	**127**	480
	(1,604)	347
Add:		
Finance costs	**3,947**	3,419
Income tax expense (credit)	**207**	(52)
Depreciation and amortisation	**4,630**	4,289
Adjusted EBITDA	**7,180**	8,003
Adjusted EBITDA Margin	**37.3%**	38.9%

Property, Plant and Equipment

Property, plant and equipment decreased from approximately RMB71,000 million as at 31 December 2018 to approximately RMB52,413 million as at 31 December 2019. Decrease in property, plant and equipment was mainly attributable to disposal of subsidiaries and increase in depreciation and impairment during the period. In addition, certain property, plant and equipment was reclassified to right-of-use assets after the adoption of IFRS 16.

Deposits, Prepayments and Other Non-current Assets

Non-current portion for deposits, prepayments and other non-current assets decreased from approximately RMB3,728 million as at 31 December 2018 to approximately RMB2,396 million as at 31 December 2019. The is due to decrease in refundable value-added tax and decrease in deposit paid for EPC contracts and constructions.

Right-of-use Assets

The Group has applied IFRS 16 and recognised right-of-use assets since 1 January 2019. As at 31 December 2019, the right-of-use assets amounted to approximately RMB4,529 million (31 December 2018: nil).

Contract Assets

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

Contract assets increased from approximately RMB4,236 million as at 31 December 2018 to approximately RMB5,640 million as at 31 December 2019, because some solar farms were waiting for registration in the coming 8th batch or after of Subsidy Catalogue which is not yet open for registration.

Interests in Associates

Interests in associates increased from approximately RMB1,815 million as at 31 December 2018 to approximately RMB7,539 million as at 31 December 2019. The increase was mainly due to:

1. The Group retained 38.5% equity interest in Xinjiang GCL and interest in an associate of approximately RMB3,061 million was recognised after completion of disposal of 31.5% equity interest in an subsidiary of Xinjiang GCL.

2. The Group invested the amount of RMB1,350 million for 40.26% equity interest in Xuzhou Zhongping GCL Industrial Upgrading Equity Investment Fund LLP.

3. During the year, the GNE Group recognised several interests in associates resulting from completion of partial disposal of subsidiaries while the GNE Group retained certain percentage of equity interests.

Trade and Other Receivables

Trade and other receivables increased from approximately RMB13,309 million as at 31 December 2018 to approximately RMB14,950 million as at 31 December 2019. The increase was mainly due to increase in bills recovered held by the Group for future settlement of trade receivables, from solar material business and increase in tariff receivables of GNE Group.

Trade and Other Payables

Trade and other payables decreased from approximately RMB20,959 million as at 31 December 2018 to approximately RMB15,019 million as at 31 December 2019. The decrease was mainly due to significant decrease in construction payables during the year, partly offset by an increase in trade payables.

Balances with related companies

The related companies included associates and joint ventures of the Group and companies controlled by Mr. Zhu Gongshan and his family members which hold in aggregate approximately 32% (2018: 34%) of the Company's share capital as at 31 December 2019 and exercise significant influence over the Company.

Amounts due from related companies increased from approximately RMB1,237 million as at 31 December 2018 to approximately RMB2,533 million as at 31 December 2019. The increase was mainly due to loans to Xinjiang GCL. These loans to Xinjiang GCL were reclassified to amounts due from associates as a result of the disposal of 31.5% equity interests in Xingjiang GCL.

Amounts due to related companies increased from approximately RMB578 million as at 31 December 2018 to approximately RMB1,816 million as at 31 December 2019. The increase was mainly due to significant increase in balances with associates during the year. Same as above, the balances were mainly due to the reclassification of balances as a result of the disposal of 31.5% equity interests in Xingjiang GCL.

Loans from related companies

Loan from related companies decreased from approximately RMB3,600 million as at 31 December 2018 to approximately RMB1,776 million as at 31 December 2019. The decrease was mainly due to repayment of loans during the year.

Liquidity and Financial Resources

As at 31 December 2019, the total assets of the Group were about RMB101.5 billion, of which the aggregate restricted and unrestricted cash and bank balances amounted to approximately RMB8.5 billion.

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 RMB21,906 million as at 31 December 2019 and the Group had cash and cash equivalents of approximately RMB1,548 million against the Group's total borrowings (comprising bank and other borrowings, lease liabilities, notes and bonds payables, loans from related companies) amounted to approximately RMB56,466 million. For the remaining balance of the Group's total borrowings, approximately RMB29,767 million will be due in the coming twelve months.

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 are of the opinion that, taking into account the registered short-term commercial paper and corporate bonds that are available for issuance, undrawn banking, renewal of existing banking facilities, the Group's cash flow projection for the coming year, and the successful implementation of measures of the GNE Group as described in Note 1 "Basis of Preparation" to the consolidated financial statements, 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 consolidated financial statements on a going concern basis.

For detailed information, please refer to "Basis of Preparation" section of this report.

Indebtedness

Details of the Group's indebtedness are as follows:

	As at 31 December 2019 *RMB Million*	As at 31 December 2018 *RMB Million*
Current liabilities		
Bank and other borrowings — due within one year	**28,070**	25,289
Lease liabilities/obligations under finance leases — due within one year	**531**	277
Notes and bonds payables — due within one year	**422**	984
Indebtedness associated with assets classified as held for sale	**—**	873
Loans from related parties — due within one year	**744**	508
	29,767	27,931
Non-current liabilities		
Bank and other borrowings — due after one year	**20,286**	26,477
Lease liabilities/obligations under finance leases — due after one year	**1,911**	951
Notes and bonds payables — due after one year	**3,470**	4,137
Loans from related parties — due after one year	**1,032**	3,092
	26,699	34,657
Total indebtedness	**56,466**	62,588
Less: Pledged and restricted bank deposits and bank balances and cash (including bank balances of related companies and cash classified as assets held for sale)	**(8,515)**	(10,837)
Net indebtedness	**47,951**	51,751

Below is a table showing the bank and other borrowing structure and maturity profile of the Group.

	2019	2018
	RMB million	*RMB million*
Secured	**42,091**	40,331
Unsecured	**6,265**	11,435
	48,356	51,766
Maturity profile of bank and other borrowings		
On demand or within one year	**28,070**	25,289
After one year but within two years	**3,374**	4,617
After two years but within five years	**10,777**	10,724
After five years	**6,135**	11,136
Group's total bank and other borrowings	**48,356**	51,766

As at 31 December 2019, 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.

Key Financial Ratios of the Group

	As at 31 December 2019	As at 31 December 2018
Current ratio	**0.53**	0.54
Quick ratio	**0.51**	0.52
Net debt to equity attributable to owners of the Company	**211.0%**	236.7%

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

Policy risk

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

Credit Risk

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

In order to minimize the credit risk on sales of polysilicon and wafer products, the Group reviews the recoverable amount of each individual trade receivables periodically to ensure that adequate expected credit losses are made. Credit risk of sales of electricity is also not significant as most of the revenue is obtained from the subsidiaries of State Grid Corporation of China (the "**State Grid**"). The State Grid is a state-owned enterprise in China, which possesses low default risk.

Grid curtailment risk

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

Risk associated with tariff

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

Risk related to high gearing ratio

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

Risk related to interest rate

Interest risk may result from fluctuations in bank loan rates. Given the Group highly relies on external financing in order to obtain investment capital for new solar power project development and plants, any interest rate changes will have impact on the capital expenditure and finance expenses of the Group, hence, affecting our operating results.

Foreign Currency Risk

Most of the Group's businesses are located in the PRC and the presentation currency of the consolidated financial statements of the Company is 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 a change in value of the monetary assets and liabilities that are denominated in foreign currencies and affect the earnings and value of the net assets of the 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 minimised. The majority of the Group's borrowings are denominated in RMB. Foreign currency forward contracts will be utilised when it is considered as appropriate to hedge against foreign currency risk exposure.

Risk related to disputes with joint venture partners

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

Pledge of or restrictions on assets

As at 31 December 2019, the following assets were pledged for certain bank and other borrowings, lease liabilities or restrictions on assets, obligations under finance leases, issuance of bills, short-term letters of credit for trade and other payables granted to the Group:

— Property, plant and equipment of RMB27.1 billion (31 December 2018: RMB40.6 billion)

— Right-of-use assets of approximately RMB2.1 billion (31 December 2018: nil)

— Aircraft reclassified to Right-of-use assets (31 December 2018: RMB0.2 billion)

— Prepaid lease payments reclassified to Right-of-use assets (31 December 2018: RMB0.4 billion)

— Trade receivables and contract assets of approximately RMB7.6 billion (31 December 2018: RMB9.8 billion)

— Pledged and restricted bank deposits of approximately RMB6.9 billion (31 December 2018: RMB6.6 billion)

— Deposit paid to a related company of approximately RMB0.04 billion (31 December 2018: RMB0.1 billion)

In addition, lease liabilities of approximately RMB2.4 billion are recognised with related right-of-use assets of approximately RMB2.1 billion as at 31 December 2019.

Capital and other Commitments

As at 31 December 2019, the Group's capital commitments in respect of purchase of property, plant and equipment contracted for but not provided amounted to approximately RMB663 million respectively (2018: RMB2,893 million) and other commitment for anti-poverty funds of approximately RMB1,175 million (2018: 1,705 million).

Contingencies

Financial guarantees contracts

As at 31 December 2019 and 2018, the Company and certain of its subsidiaries guaranteed bank and other borrowings of certain subsidiaries of GNE which amounted to approximately RMB2,770 million and approximately RMB2,971 million, respectively.

At 31 December 2019, the Group provided financial guarantees to several banks and financial institutions in respect of banking and other facilities of its associates as at 31 December 2019.

Contingent liability

As at 31 December 2019 and 2018, the Group and the Company did not have any significant contingent liabilities.

Events After the End of The Reporting Period

(a) Reference is made to the announcement on 21 January 2020 and the circular dated on 28 June 2019 in relation to the disposal of 100% equity interest in a number of subsidiaries of the GNE Group, of which these subsidiaries owning 7 operational solar power plants in the PRC with an aggregate installed capacity of approximately 294MW. This transaction was pending the approval by the shareholders of the Company in special general meetings, and also the shareholders of GCL-Poly in extraordinary general meeting, respectively. The Disposal is expected to be completed in 2020.

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

Based on available information up to this date, the management of the Group considers that COVID-19 has limited impact on the Group's solar farm business and new energy business, while the Group's solar material business in the PRC are negatively affected. Therefore, management may need to reassess accounting estimates such as potential impairment on the long-lived assets and ECL loss on trade receivables of solar material business. Given the dynamic nature of these circumstances, the related impact on our Group's consolidated results of operations, cash flows and financial condition could not be reasonably estimated at this stage and will be reflected in the Group's 2020 interim and annual financial statements.

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 including but not limited to discretionary bonuses, with share options granted to eligible employees.

DIVIDEND

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

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions as stipulated in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2019 save for the deviation from the following code provisions of the CG Code:

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 12 June 2019 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.

AUDIT COMMITTEE AND UNAUDITED FINANCIAL INFORMATION

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

REVIEW OF UNAUDITED ANNUAL RESULTS

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

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

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

On 10 June 2019, the Company and the placing agent entered into the placing agreement to place out 1,511,000,000 placing shares at a placing price of HK$0.45 per placing share with an aggregate value of approximately HK$680 million to no fewer than six independent placees. The placing was completed on 18 June 2019. Upon completion, the placing shares represent approximately 7.62% of the Company's issued share capital as enlarged by the placing.

Other than disclosed above, during the year ended 31 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES

The Company has established its model code (the "**Code**") in terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 to the Listing Rules. Having made specific inquires of all Directors, the Company has received from all Directors confirmations of compliance with the required standard as set out in the Code throughout the year ended 31 December 2019.

FURTHER ANNOUNCEMENT(S)

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

PUBLICATION OF INFORMATION ON HKEXNEWS WEBSITE

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

GLOSSARY OF TERMS

"Board" or "Board of Directors"	our board of Directors
"China" or "PRC"	the People's Republic of China, for the purposes of this announcement, excludes Hong Kong and Macau Special Administrative Region of the PRC
"Company" or "GCL-Poly"	GCL-Poly Energy Holdings Limited
"Director(s)"	director(s) of the Company or any one of them
"GNE"	GCL New Energy Holdings Limited, a limited liability company incorporated in Bermuda with its shares listed in The Stock Exchange Hong Kong Limited (Stock Code: 451)
"GNE Group"	GNE and its subsidiaries
"Group"	the Company and its subsidiaries
"GW"	gigawatts
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MT"	metric tonnes
"MW"	megawatts
"MWh"	megawatt hour

"PV"	photovoltaic
"W"	watts

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

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

Hong Kong, 31 March 2020

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