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 THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2021	2020	% of changes
	RMB'million	*RMB'million*	
	(Unaudited)	(Unaudited)	
Revenue	**8,778.7**	7,177.3	22.3%
Gross profit	**3,599.3**	1,822.1	97.5%
Profit (loss) for the period	**2,526.0**	(1,924.8)	231.2%
Profit (loss) for the period attributable to owners of the Company	**2,406.7**	(1,996.0)	220.6%

The basic earnings per share and diluted earnings per share for the six months ended 30 June 2021 were RMB9.90 cents and RMB9.89 cents respectively (Six months ended 30 June 2020: basic loss per share and diluted loss per share of RMB10.20 cents).

The board of directors (the "**Board**" or the "**Directors**") of GCL-Poly Energy Holdings Limited (the "**Company**" or "**GCL-Poly**") announces the unaudited condensed interim consolidated results of the Company and its subsidiaries (the "**Group**" or "**GCL-Poly**") for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in the previous year as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Six months ended 30 June	
		2021	2020
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**8,778,674**	7,177,332
Cost of sales		**(5,179,424)**	(5,355,199)
Gross profit		**3,599,250**	1,822,133
Other income		**417,723**	441,183
Distribution and selling expenses		**(47,709)**	(40,946)
Administrative expenses		**(766,917)**	(762,379)
Finance costs		**(1,153,329)**	(1,690,543)
Impairment loss under expected credit loss model, net of reversal		**29,967**	(221,880)
Other expenses, gains and losses, net	*4*	**(385,271)**	(1,469,175)
Share of profits of associates		**933,659**	121,327
Share of losses of joint ventures		**(27,968)**	(65,773)
Profit (loss) before tax		**2,599,405**	(1,866,053)
Income tax expense	*5*	**(73,364)**	(58,760)
Profit (loss) for the period	*6*	**2,526,041**	(1,924,813)

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other comprehensive income (expense):		
Item that will not be reclassified to profit or loss:		
Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income	**5,703**	(12,618)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**14,975**	13,455
Other comprehensive income for the period	**20,678**	837
Total comprehensive income (expenses) for the period	**2,546,719**	(1,923,976)

	NOTE	Six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		**2,406,719**	(1,995,988)
Non-controlling interests		**119,322**	71,175
		2,526,041	(1,924,813)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**2,413,616**	(1,998,700)
Non-controlling interests		**133,103**	74,724
		2,546,719	(1,923,976)
		RMB cents **(Unaudited)**	*RMB cents* (Unaudited)
Earnings/(loss) per share	*8*		
— Basic		**9.90**	(10.20)
— Diluted		**9.89**	(10.20)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	NOTES	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**22,571,102**	36,706,248
Right-of-use assets		**2,732,339**	3,432,600
Investment properties		**58,822**	61,149
Other intangible assets		**196,601**	213,338
Interests in associates		**8,133,641**	7,039,026
Interests in joint ventures		**556,073**	574,158
Other financial assets at fair value through profit or loss		**304,600**	321,267
Equity instruments at fair value through other comprehensive income		**26,775**	21,073
Deferred tax assets		**228,788**	289,814
Deposits, prepayments and other non-current assets		**803,498**	1,712,971
Contract assets		**441,795**	1,227,979
Amounts due from related companies	*11*	**740,529**	740,531
Pledged and restricted bank and other deposits		**603,807**	682,105
		37,398,370	53,022,259
CURRENT ASSETS			
Inventories		**1,010,049**	488,629
Trade and other receivables	*9*	**16,710,601**	16,487,802
Amounts due from related companies	*11*	**534,929**	597,315
Other financial assets at fair value through profit or loss		**522,161**	800,763
Held for trading investments		**1,909**	3,447
Tax recoverable		**1,583**	2,777
Pledged and restricted bank and other deposits		**3,174,900**	3,864,571
Bank balances and cash		**2,105,010**	1,709,585
		24,061,142	23,954,889
Assets classified as held for sale		**9,481,621**	3,525,749
		33,542,763	27,480,638

	NOTES	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	*10*	**11,417,523**	12,530,712
Amounts due to related companies	*11*	**2,298,588**	2,088,157
Loans from related companies		**16,811**	788,668
Contract liabilities		**642,442**	357,461
Bank and other borrowings — due within one year		**10,698,003**	22,884,812
Lease liabilities — due within one year		**412,001**	531,258
Notes and bonds payables — due within one year		**466,998**	3,312,863
Derivative financial instruments		**207,574**	60,561
Deferred income		**39,833**	40,136
Tax payables		**129,235**	134,483
		26,329,008	42,729,111
Liabilities associated with assets classified as held for sale		**6,370,174**	1,919,568
		32,699,182	44,648,679
NET CURRENT ASSETS (LIABILITIES)		**843,581**	(17,168,041)
TOTAL ASSETS LESS CURRENT LIABILITIES		**38,241,951**	35,854,218
NON-CURRENT LIABILITIES			
Contract liabilities		**9,672**	—
Loans from related companies		**54,071**	119,840
Bank and other borrowings — due after one year		**6,250,169**	13,351,853
Lease liabilities — due after one year		**845,832**	1,358,881
Notes and bonds payables — due after one year		**2,646,322**	—
Deferred income		**512,889**	518,448
Deferred tax liabilities		**112,712**	113,991
		10,431,667	15,463,013
NET ASSETS		**27,810,284**	20,391,205

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
CAPITAL AND RESERVES		
Share capital	**2,192,457**	1,862,725
Reserves	**20,420,028**	14,726,394
Equity attributable to owners of the Company	**22,612,485**	16,589,119
Non-controlling interests	**5,197,799**	3,802,086
TOTAL EQUITY	**27,810,284**	20,391,205

NOTES:

1. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "**IASB**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

In prior periods, management services income from operation and management services for solar power plants was included under Other income. From 2021 onwards, such income is presented under Revenue, to more appropriately reflect the nature of such income. The comparative figures have been reclassified to conform with the revised presentation.

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group had cash and cash equivalent of approximately RMB2,296 million (including bank balances and cash classified as assets held for sale of approximately RMB191 million) against the Group's total borrowings (comprising loans from related companies, bank and other borrowings, lease liabilities and notes payables) amounting to approximately RMB25,944 million. The amounts included bank and other borrowings and lease liabilities classified as liabilities directly associated with assets classified as held for sales of RMB4,405 million and RMB149 million, respectively. For the remaining balance of the Group's total borrowings, approximately RMB11,594 million will be due in the coming twelve months from the end of the reporting period. In addition, the Group has entered into agreements which will involve capital commitments and provided financial guarantees to several banks and financial institutions in respect of banking and other facilities of a joint venture, an associate and third parties as at 30 June 2021.

As at 30 June 2021, the Company and certain subsidiaries of the Company guaranteed bank and other borrowings of GCL New Energy Holdings Limited ("**GNE**") and its subsidiaries (collectively "**the GNE Group**") amounting to approximately RMB1,014 million. In addition, as at 30 June 2021, GNE Group has entered into agreements which will involve capital commitments of approximately RMB98 million to construct solar power plants and financial guarantees provided to certain associates and third parties for their banking and other borrowings.

As at 30 June 2021, the GNE Group's total borrowings comprising bank and other borrowings, notes and bonds payables, loans from related companies and lease liabilities amounting to approximately RMB18,101 million. The amounts included bank and other borrowings and lease liabilities classified as liabilities directly associated with assets classified as held for sales of RMB4,405 million and RMB149 million, respectively. For the remaining balance of approximately RMB13,547 million, RMB5,801 million will be due in the coming 12 months from the end of the reporting period, including bank and other borrowings of approximately RMB1,328 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 trigger of the cross default clauses in the agreement of several bank borrowings of the GNE Group given its involvement in several litigation cases either as a defendant or a guarantor relating to claims by relevant claimants exceeded the limit of litigation amount stipulated in the financial covenants by certain bank borrowings.

As at 30 June 2021, GNE Group had an outstanding bank borrowing of US$100 million (approximately RMB646 million) of which US$48 million (approximately RMB310 million) (the "**First Loan Repayment**") and US$52 million (approximately RMB336 million) (the "**Second Loan Repayment**") were repayable on 23 June 2021 and 20 August 2021, respectively. The Group failed to repay the First Loan Repayment on 23 June 2021 and the Second Loan Repayment on 20 August 2021.

Subsequent to the end of the reporting period, the GNE Group repaid approximately US$89 million (approximately RMB575 million) to the bank. According to the written consent obtained from the bank, the GNE Group was (i) granted a grace period to extend the repayment of the the remaining balance of US$11 million (approximately RMB71 million) up to 9 November 2021; and (ii) agree not to take any legal action against the GNE Group in respect of its failure to repay the bank borrowing upon maturity date.

As at 30 June 2021, the GNE Group's (i) pledged bank and other deposits; and (ii) bank balances and cash (including pledged bank and other deposits and balances and cash classified as assets held for sale amounting to approximately of RMB371 million) amounted to approximately RMB1,548 million.

The financial resources available to GNE Group as at 30 June 2021 and up to the date of approval of these unaudited condensed interim consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements together with the repayment of borrowings. The GNE Group is undergoing the process of negotiations with the respective borrowers for the extension or renewal of the defaulted bank and other borrowings and as of the date of these unaudited condensed interim consolidated financial statements, the GNE Group has not received any request from any borrowers to accelerate the repayments of bank and other borrowings. The GNE Group is actively pursuing additional financing including, but not limited to, equity financing from issuance of new shares, extension of payment date for bank and other borrowings that are due for maturity and divesting certain of its existing power plant projects in exchange for cash proceeds.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the GNE Group's ability to continue as a going concern and therefore, the directors have reviewed the GNE Group's cash flow projections which cover a period of not less than twelve months from 30 June 2021. They are of the opinion that the GNE Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures, that will be due in the coming twelve months from 30 June 2021, and the on-going covenants compliance upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the GNE Group.

In addition, the Directors have evaluated the Group's current undrawn banking facilities and renewable bank borrowings. During the reporting period, the Group successfully issued 3,900,000,000 shares with net cash proceeds of approximately HK$4,148 million (equivalent to RMB3,491 million). In order to further improve liquidity, the Group continues to pay close attention to 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.

GNE Group continues to implement business strategies, among others, to transform its heavy asset business model to a light-asset model by divesting certain of its existing power plant projects in exchange for cash proceeds and to improve GNE Group's indebtedness position.

For the period ended 30 June 2021, the GNE Group disposed 47 subsidiaries at a consideration in aggregate of approximately RMB2,762 million. Subsequent to the end of the reporting period and up to the date of the approval of this announcement, the GNE Group disposed 22 subsidiaries at a consideration in aggregate of RMB2,218 million. Moreover, there are disposal of 25 subsidiaries at a consideration in aggregate of RMB1,047 million have not yet been completed at the date of approval of this announcement.

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 the GNE Group as described above, the Directors are of the opinion that the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months. The Directors are satisfied that it is appropriate to prepare these unaudited condensed interim consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group and the GNE Group can achieve the plans and measures 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 realisable values, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these unaudited condensed interim consolidated financial statements.

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

During the reporting period, the GNE Group made certain disposals of solar power plant projects with net gain of approximately RMB248 million. Besides, GNE Group entered into several share transfer agreements for disposing of five subsidiaries.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRS**") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2020.

3. SEGMENT INFORMATION

The Group's reportable and operating segments under IFRS 8 *Operating Segment* 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 solar farms located in the United States of America (the "**USA**") and the People's Republic of China (the "**PRC**"). These solar farms were constructed or acquired by the Group prior to obtaining a controlling stake in GNE Group.

(c) New energy business — represents the business operations of GNE Group, 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 segments:

Six months ended 30 June 2021

	Solar Material business *RMB'000* (Unaudited)	Solar Farm business *RMB'000* (Unaudited)	New Energy business *RMB'000* (Unaudited) *(Note)*	Elimination *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue	6,778,118	92,682	1,917,953	(10,079)	8,778,674
Segment profit	2,432,954	9,061	160,440	—	2,602,455
Elimination of inter-segment profit					(99,550)
Unallocated income					23,455
Unallocated expenses					(8,193)
Gain on fair value change of financial assets at fair value through profit or loss ("**FVTPL**")					3,451
Loss on fair value change of held for trading investments					(1,503)
Share of profits of joint ventures					5,926
Profit for the period					2,526,041

Six months ended 30 June 2020

	Solar Material business *RMB'000* (Unaudited)	Solar Farm business *RMB'000* (Unaudited)	New Energy business *RMB'000* (Unaudited) *(Note)*	Elimination *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue	4,189,055	239,045	2,768,696	(19,464)	7,177,332
Segment (loss) profit	(2,023,124)	41,070	172,133	—	(1,809,921)
Elimination of inter-segment profit					(81,900)
Unallocated income					5,144
Unallocated expenses					(50,157)
Loss on fair value change of convertible bonds receivable					(403)
Gain on fair value change of FVTPL					1,756
Loss on fair value change of held for trading investments					(148)
Share of profit of an associate					10,191
Share of profits of joint ventures					625
Loss for the period					(1,924,813)

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) of each respective segment excluding unallocated income, unallocated expenses (including certain change in fair value of certain financial assets at FVTPL, exchange losses and unallocated tax expense), change in fair value of convertible bonds receivable, change in fair value of held for trading investments, 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.

Disaggregation of revenue

Six months ended 30 June 2021

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	**3,792,447**	**—**	**—**	**3,792,447**
Sales of electricity *(Note)*	**—**	**92,682**	**1,891,721**	**1,984,403**
Sales of polysilicon	**2,110,939**	**—**	**—**	**2,110,939**
Processing fees	**669,903**	**—**	**—**	**669,903**
Others (comprising the sales of ingots and management services income)	**204,829**	**—**	**16,153**	**220,982**
Total	**6,778,118**	**92,682**	**1,907,874**	**8,778,674**

Six months ended 30 June 2020

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	2,572,834	—	—	2,572,834
Sales of electricity *(Note)*	—	239,045	2,731,140	2,970,185
Sales of polysilicon	1,015,188	—	—	1,015,188
Processing fees	357,390	—	—	357,390
Others (comprising the sales of ingots and management services income)	243,643	—	18,092	261,735
Total	4,189,055	239,045	2,749,232	7,177,332

Note: Sales of electricity included RMB1,152,334,000 (Six months ended 30 June 2020: RMB1,814,474,000) tariff adjustment received and receivable from the state grid companies in the PRC based on the prevailing nationwide government policies on renewable energy for solar farms.

4. OTHER EXPENSES, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Research and development costs	**478,501**	231,780
Exchange losses, net	**5,071**	92,654
Loss on fair value change of convertible bonds receivable	**—**	403
Loss on fair value change of convertible bond payable	**3,712**	—
Gain on fair value change of other financial assets at FVTPL	**(3,382)**	(14,783)
Loss on fair value change of held for trading investments	**1,503**	148
Loss on fair value change of derivative financial instruments	**115,381**	28,600
Loss on measurement of assets classified as held for sale to fair value less cost to sell	**235,327**	153,339
Impairment loss on property, plant and equipment	**—**	740,596
(Gain)/loss on disposal of property, plant and equipment	**(53,026)**	15,074
Gain on disposal of right-of-use assets	**(8,368)**	—
Loss on disposal of subsidiaries	**—**	84,225
(Gain)/loss on disposal of subsidiaries with solar farm projects	**(247,999)**	87,738
Gain on disposal of an associate	**(141,449)**	—
Loss on deemed disposal of an associate	**—**	49,408
Gain on early termination of a lease	**—**	(7)
	385,271	1,469,175

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("**EIT**")		
Current tax	**62,807**	95,397
(Over)/Under provision in prior periods	**(702)**	1,107
PRC dividend withholding tax	**920**	7,158
	63,025	103,662
USA Federal and State Income Tax		
Current tax	**306**	27
Underprovision in prior periods	**3**	5
	309	32
Deferred tax expense (credit)	**10,030**	(44,934)
	73,364	58,760

6. PROFIT/(LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit/(loss) for the period has been arrived at after charging the following items:		
Depreciation of property, plant and equipment	**1,085,185**	1,702,885
Depreciation of right-of-use assets	**142,936**	163,318
Depreciation of investment properties	**2,327**	2,327
Amortisation of other intangible assets	**16,737**	16,745
Total depreciation and amortisation	**1,247,185**	1,885,275
Add/Less: amounts absorbed in opening and closing inventories, net	**4,211**	(5,082)
	1,251,396	1,880,193

7. DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

8. EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share		
Earnings/(loss) for the period attributable to owners of the Company	**2,406,719**	(1,995,988)

	Six months ended 30 June	
	2021	2020
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**24,305,728**	19,568,050
Adjustment for share options	**36,450**	—
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**24,342,178**	19,568,050

For the six months ended 30 June 2021 and 2020, the weighted average number of ordinary shares for the purpose of calculation of basic and diluted loss per share has been adjusted for the effect of 322,998,888 ordinary shares purchased by Computershare Hong Kong Trustees Limited (the "**Trustee**") from the market pursuant to the Share Award Scheme (the "**Scheme**").

Diluted loss per share for the six months ended 30 June 2020 does not assume the exercise of share options granted by the Company, since the exercise would decrease the loss per share for the respective period.

Diluted earnings per share of GNE did not assume the exercise of the share options since the exercise price is higher than the average share price for six months ended 30 June 2021 and 2020, respectively.

Diluted loss per share for the six months ended 30 June 2021 and 2020 did not assume the exercise of 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 respective period.

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021	As at 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables *(note a)*	**11,486,352**	13,504,618
Other receivables:		
— Refundable value-added tax	**324,092**	621,048
— Consideration receivables	**3,233,311**	1,349,641
— Receivables for modules procurement	**56,297**	63,376
— Prepayments and deposit	**459,507**	252,671
— Deposit for acquisition of additional interest in subsidiaries	**200,000**	—
— Other	**1,771,765**	1,547,138
	17,531,324	17,338,492
Less:		
Allowance for credit loss		
— Trade	**(79,969)**	(109,936)
— Non Trade	**(740,754)**	(740,754)
	16,710,601	16,487,802

Note a:

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

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:

	As at 30 June 2021 *RMB'000* (Unaudited)	As at 31 December 2020 *RMB'000* (Audited)
Within 3 months	**502,205**	259,570
3 to 6 months	**58,374**	42,536
Over 6 months	**45,816**	129,557
	606,395	431,663

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:

	As at 30 June 2021 *RMB'000* (Unaudited)	As at 31 December 2020 *RMB'000* (Audited)
Unbilled *(Note)*	**3,023,524**	6,717,763
Within 3 months	**104,243**	197,194
3 to 6 months	**23,275**	177,946
Over 6 months	**314,891**	282,419
	3,465,933	7,375,322

Note: The 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 List (the "**List**"). The Directors expect the unbilled tariff adjustments would be generally billed and settled within one year from the end of the reporting period.

10. TRADE AND OTHER PAYABLES

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

	As at 30 June 2021 *RMB'000* **(Unaudited)**	As at 31 December 2020 *RMB'000* (Audited)
Within 3 months	**2,778,980**	1,461,865
3 to 6 months	**2,398,808**	1,912,708
More than 6 months	**99,549**	229,736
	5,277,337	3,604,309

Note: The credit period for trade payables is within 3 to 6 months (31 December 2020: 3 to 6 months).

11. 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 for credit losses, at the end of the reporting period, presented based on the invoice date which approximated the respective revenue recognition dates:

	As at 30 June 2021 *RMB'000* **(Unaudited)**	As at 31 December 2020 *RMB'000* (Audited)
Within 3 months	**94,134**	66,648
3 to 6 months	**5,154**	6,052
More than 6 months	**39,602**	138,050
	138,890	210,750

Note: The amounts due from related companies are unsecured, non-interest bearing and the credit period is normally within 30 days (31 December 2020: 30 days).

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

	As at 30 June 2021	As at 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**261,234**	137,517
3 to 6 months	**22,125**	37,976
More than 6 months	**66,153**	38,805
	349,512	214,298

Note: The amounts due to related companies are unsecured, non-interest bearing and the credit period is normally within 30 days (31 December 2020: 30 days).

CHAIRMAN'S STATEMENT AND CEO REVIEW OF OPERATIONS AND OUTLOOK

2021 is the first year of the "14th Five-Year Plan" and a year of special significance. The National Development and Reform Commission has formulated a macro-strategy of "carbon peak by 2030 and carbon neutrality by 2060", which has a significant impact on the development goals, rationale, paths and methods of renewable energy such as photovoltaic power generation.

In the context of "carbon neutrality", the National Development and Reform Commission has clearly proposed that the volume of renewable energy power generation, mainly wind and solar, should be substantially increased on top of the scale achieved under the "13th Five-Year Plan".

During the period of "14th Five-Year Plan" and the "15th Five-Year Plan", the new total installed capacity of the wind and solar is projected to be approximately 1,200–1,300GW. According to the research report of the China Photovoltaic Industry Association (CPIA), the current carbon emission of photovoltaic per kWh is only 33–50g, which is 420g less as compared with coal-fired power generation.

As an important source of low-carbon energy, photovoltaic power will have great development potential and industry prospects in the future. The world has also embarked on a campaign of "carbon neutrality". Major economies have introduced new policies to embrace "carbon neutrality". The United States has rejoined the "Paris Agreement" and the European Union has continued to implement the "European Green Deal". According to the latest industry analysis reports of various third-party organizations, under the most optimistic estimation, global new installed capacity is expected to exceed 200GW in 2021 and global annual new installed capacity is expected to reach 400GW by 2025, with a compound average annual growth rate of more than 20%.

Under the global campaign of "carbon neutrality", carbon trading and carbon tax are the main carbon control measures for countries, and the major economies in the world continue to expand the scale of carbon trading. The overseas carbon emissions trading markets started earlier and the carbon pricing system is operating with growing maturity. The trading price of carbon emission quota in the EU's carbon market has exceeded 50 Euros per tonne following continuous growth since the beginning of this year, reflecting the fervent sentiments of carbon trading in the global market.

On 16 July 2021, China's trading market of carbon emission rights was officially launched for trading, with the highest trading price reaching RMB61.07 per tonne within one month, up about 27 percent after the trading price opened at RMB48 per tonne. In the medium to long term, the domestic prices of carbon trading will rise steadily, with a greater growth margin compared with the current EU carbon price.

The upstream material end of the photovoltaic industry is a typical high energy-consuming manufacturing industry. Against the background of carbon neutrality, "deep decarbonization on the supply side" has become a new focus of technological innovation in the photovoltaic industry. The characteristics of "low cost, low energy consumption, and low emissions" of granular silicon products not only offer an excellent cost-effective advantage in the era of affordable grid access, but also meet the policy requirements of reducing carbon emissions better compared with rod silicon: each 10,000 tonnes of granular silicon produced will reduce carbon emissions by 448,000 tonnes, which is 74% lower than the improved Siemens process and can save 166,400 tonnes of coal, which is tantamount to an additional planting of 2.186 million trees per year. Granular silicon products that meet the trend of "dual control" of energy consumption will command a more advantageous market position when carbon emission rights trading is fully implemented in the future, which can effectively solve the critical shortcoming of high energy consumption and large carbon emissions at the front end of the photovoltaic industry chain for polysilicon in the past, thus realizing the industrial transformation to "low energy consumption and high efficiency" at the raw material production end of the photovoltaic industry.

As an innovation-driven photovoltaic new materials company, GCL-Poly has always been concerned with energy technology innovation and energy conservation and emission reduction, with the aim of reducing unit energy consumption in the photovoltaic manufacturing process, improving production technology and product conversion efficiency in active response to the call of the country's "four revolutions, one cooperation" new energy security strategy. The FBR based granular silicon technology which the Company has been developing with intensive effort for a decade also officially achieved stable production and operation with a production capacity of 10,000 metric tonnes in early 2021; meanwhile, the Company has completed strategic layouts in Xuzhou of Jiangsu, Leshan of Sichuan, and Baotou of Inner Mongolia, through which various bases with a 100,000 metric tonnes capacity have been established in a "Tripod" formation.

In the process of project construction, the Company will always leverage the driving force of "dual carbon" in firm adherence to scientific research and innovation, with a view to cost reduction and efficiency enhancement and the creation of a "GCL engine" for scientific and technological development by unleashing innovation-driven efficiency and bringing into play its technological advantages. In the future, GCL-Poly, which has undergone technological progress, industrial upgrading, market evolution, and structure reshaping, is set to embrace a new era of development with a stronger, healthier and systematic new profile.

Business Review for the First half of 2021

During the first half of 2021, GCL-Poly produced 23,284 MT of polysilion (this production volume does not include 25,160 MT of polysilion produced from Xinjiang GCL); and total of 18,712 MW of wafers. As of 30 June 2021, GCL-Poly recorded revenue of RMB8,779 million, representing an increase of 22.3% as compared with the same period in 2020; gross profit amounted to approximately RMB3,599 million, representing an increase of 97.5% as compared with the same period in 2020; profit for the period attributable to owners of the Company amounted to approximately RMB2,407 million and basic earnings per share was approximately RMB9.90 cents.

During the period, GNE's total PV installed capacity was approximately 3,041 MW. Total revenue from PV power generation business and operation and management services for solar power plants amounted to approximately RMB1,918 million, representing a decrease of 30.7% as compared with the same period in 2020. Profit attributable to shareholders of GNE Group amounted to approximately RMB53 million and basic earnings per share was approximately RMB0.26 cents.

GCL-Poly focuses on the principal business of silicon materials with a special emphasis on granular silicon

Since the second half of 2020, the polysilicon supply market has been generally subject to undersupply, giving rise to the anticipation of an ongoing positive trend in the price of silicon materials. GCL-Poly accurately grasped this industry supply trend in line with its initial objective and strategically refocused on the silicon material segment in which the Company excelled with a special emphasis on the FBR based granular silicon which the Company had been developing with intensive effort for a decade, on the back of the well-experienced Chinese and foreign scientific research, operation, and management teams in the field of silicon-based materials trained by the Company over the years. Benefitting from the polysilicon manufacturing model underpinned by the three integrated advantages of "high-end capacity + low cost + scale production" as well as advantages in technology, talent and capital, our granular silicon products are in a world-leading position in terms of production cost, product quality, application status and production scale. GCL-Poly will embark on further ventures on the back of granular silicon for further expansion in the silicon chemical ecosystem, as it continues to provide high-quality, low-cost raw materials and premium services to the market in a bid to become a leading technology company for low-carbon silicon-based materials.

Granular silicon as a new-generation low-carbon silicon-based material with prominent advantages in carbon footprint

As a new generation silicon-based raw material that best meets the energy consumption standard under the dual-carbon target, granular silicon can help the photovoltaic industry achieve the goal of "low cost, low energy consumption, and low emissions". On 29 May 2021, China Quality Certification Center issued the first carbon footprint certificate for granular silicon in accordance with relevant verification procedures. The certificate shows that the carbon footprint value of granular silicon per functional unit is only 20.74 kilograms of CO_2 equivalent, breaking the previous record of 57.559 kilograms of CO_2 equivalent per functional unit in the world, and far lower than the approximately 70–90 kilograms of CO_2 equivalent for rod silicon. This is the first domestic "carbon footprint ID card" and authoritative appraisal certificate obtained by granular silicon since the Ministry of Ecology and Environment issued a document on 17 May, which is an important endorsement for GCL's FBR based granular silicon to obtain an absolute advantage in carbon emission big data.

The leading place in the carbon footprint data of granular silicon is mainly due to its low power consumption advantage in production. Currently, granular silicon has reduced the power consumption per kilogram to less than 18kWh, which is about two-thirds lower than that of the improved Siemens process, and can effectively reduce the cost of photovoltaic per kWh. In addition, granular silicon has achieved significant reduction in terms of unit investment intensity, floor space and labor costs and an approximately 30% reduction in overall production cost compared to rod silicon with substantial room for further reduction given continuous technological upgrades. Boosted by the dual advantages of low cost and high efficiency and excellent carbon footprint performance, GCL-Poly's FBR based granular silicon will continue to gain market share and become the next-generation low-carbon silicon-based new material.

Strong recognition from downstream customers with a high coverage ratio for long-term orders and plans for implementation of 100,000 metric tonnes production capacity for granular silicon set up in multiple regions

FBR-based granular silicon, as the advanced productivity and development direction of the green development of the photovoltaic silicon material industry, has not only obtained the endorsement and certification from the authorities for its advantages in carbon reduction, but has also been widely recognized by customers in the downstream application end, with a high coverage rate of long-term orders for its production capacity. The granular silicon pulling test has been passed by major world-wide downstream manufacturers. The metal content, carbon content, donor impurities and acceptor impurities all meet the N-type material standards, while the requirements of electronic grade polysilicon have also been met, with quality-related data exceeding the expectations of downstream manufacturers. It has been proved that granular silicon has obvious advantages in the applications of downstream manufacturers.

For example, granular silicon has physical advantages. Its spherical silicon material of about 2mm has good fluidity and does not require crushing during the production process, thus avoiding crushing losses, reducing crushing costs and eliminating the risk of generating impurities during the crushing process. Secondly, granular silicon has transportation advantages. Granular silicon particles can effectively reduce packaging and manual work, realize automatic feeding and reduce the possibility of secondary pollution. The multiple advantages of using granular silicon can enable downstream customers to greatly improve the quality uniformity and stability of czochralski monosilicon, and reduce the cost of monocrystal pulling by nearly 20%. In the future, with the promotion and application of the side feeding mode and continuous czochralski monosilicon technology (CCZ) and other processes, granular silicon will offer the feeding advantage of "continuous production and continuous harvest", which is expected to further reduce the overall cost.

In May of this year, the Company signed the first long-term purchase order for pure granular silicon with JA Solar Technology Co., Ltd. The total purchase is estimated to be approximately 145,800 tonnes, which fully reflects downstream customers' recognition of the technological maturity and product quality of granular silicon. Coupled with the long-term orders of polysilicon materials containing granular silicon of no less than 441,400 tonnes signed by the Company with Tianjin Zhonghuan Semiconductor Co., Ltd.* (天津中環半導體股份有限公司) together with its subsidiaries and LONGi Green Energy Technology Co., Ltd. together with its subsidiaries, the actual accumulated orders for the Company's polysilicon products, including granular silicon, have reached nearly 600,000 tonnes at present. Excellent manufacturers in the downstream of the industrial chain have highly affirmed the quality and application of GCL-Poly's new silicon materials, which will help the Company continue to strive towards the goal of making more refined products, delivering better quality and further reducing cost in the building of GCL-Poly's world-class polysilicon brand.

In addition, the granular silicon production capacity implementation plan with a multi-regional layout has made significant and substantial progress. Xuzhou Granular Silicon Base has reached the 10,000 metric tonnes production capacity scale in February this year and has achieved stable operation. In the second half of this year, the construction of an additional 20,000 metric tonnes production capacity is expected to be completed. It is estimated that in 2022, Xuzhou's 54,000 metric tonnes production capacity of granular silicon will become fully operational. At that time, GCL-Poly will officially enter a new era of granular silicon products with "better production technology process, more refined production process and lower manufacturing cost". At the same time, construction of the Leshan Phase I granular silicon construction project officially commenced in the first half of this year, and the first phase of the project is in full swing as planned. In Baotou, Inner Mongolia, the Company has officially signed a letter of intent with Wuxi Shangji Automation Co., Ltd. for strategic cooperation, with the intention to jointly invest and construct a 300,000-metric tonne granular silicon project in Inner Mongolia, with a total investment of RMB18 billion. The preparation and construction work of the first phase of 60,000-metric tonne production capacity have been fully launched. The full implementation of the granular silicon projects in Xuzhou, Leshan and Baotou is of great significance to the roll-out of a large-scale industrialization model for granular silicon.

Partnership system and multi-dimensional technical protection providing a buffer to safeguard the granular silicon technology

GCL-Poly has been deeply engaged in the research and development of FBR-based granular silicon technology for a decade, and has been able to overcome technical barriers and successfully achieve large-scale mass production. The Company has implemented a modularized management plan for technical personnel to allot core technologies to the application end of each link, effectively avoiding the risk of core technology loss. At the same time, in order to better motivate and retain outstanding employees, further enhance the Company's governance structure, improve the long-term effective incentive and restraint mechanism of the Company, and promote the implementation of the benefit-sharing mechanism, GCL-Poly has launched three major partnership systems, namely, business partners, technology partners and talented partners, aiming to increase incentives for scientific and technological R&D personnel, young officers and senior management personnel through long-term incentive plans such as stock incentive plans, so as to realize benefit sharing, responsibility sharing and co-creation between employees and enterprises, and enhance staff unity and the core competitiveness of the Company. In the factory construction stage, the Company has procured the proper implementation of technology protection in terms of the four aspects of design, technology, project site control and legal enforcement and set up a sound personnel, technology and equipment management mechanism structure complemented by strict internal control procedures to build a "protective buffer" for granular silicon technology.

GNE: Tackling problems through transformation to unveil the world of GNE hydrogen energy

GNE, a subsidiary of GCL-Poly, embarked on the asset-light transformation featuring "tackle of problems through transformation and transition towards an asset-light approach" in 2020. Subsequently, its US$500 million debt restructuring plan was officially approved by the Bermuda Court in June 2021, and it successfully completed the interim goal of "restructuring, reducing debts and maintaining balance". At present, GNE has announced or completed the disposal of solar power plant assets with a total capacity of over 5.6 GW and successfully realized the asset-light transformation with significantly improved liquidity.

At present, major economies around the world are actively promoting energy policies to curb carbon emissions, and China has also adopted an effective energy policy by proposing a "dual carbon" goal. Hydrogen energy, as one of the cleanest sources of energy recognized in the world, will become an important solution for decarbonization. According to industry forecasts, the global demand for hydrogen energy has immense potential for growth, and the next decade is expected to provide a key strategic opportunity for the investment and utilization of hydrogen energy. GNE will seize this historical opportunity to transform itself into a fully market-oriented zero-carbon technology pioneer enterprise independent of subsidies, and unveil the world of GNE hydrogen energy.

Outlook

Today, Nature is ringing alarm to mankind with the aggravating climate problem and frequent occurrences of extreme weather conditions and other natural disasters. António Guterres, the UN Secretary-General, announced that the core goal of the United Nations in 2021 will be to respond to the worsening climate crisis by establishing a global alliance aimed at helping countries achieve net zero emissions of greenhouse gases. In response, major economies around the world have formed a consensus to maintain ecological balance by way of "carbon neutrality".

According to the trend of global energy revolution, electricity will be the most important form of end energy consumption in the next 30 years, and more than 90% of electricity will be supplied by a new power system fueled mainly by new energy. Upon entering the era of low-cost grid access, photovoltaic power as the new energy power with the lowest cost and the greatest development potential at present will be highly anticipated by the market.

In the future, the compound growth rate of global photovoltaic installed capacity will continue to remain at 20%, and the total installed capacity will grow to more than 20 times the current capacity. On the basis of its world-leading comprehensive strengths developed over the years, China's photovoltaic industry will also continue to lead the world in the era of "carbon neutrality". When China achieves "carbon neutrality" in 2060, China's photovoltaic installed capacity is expected to reach 70 times or more of the current capacity, ushering in a "30-year golden development period".

On the golden track of the photovoltaic industry chain, clean energy supply is the key and the silicon-based material revolution driving low-price photovoltaic grid is the most critical factor among all. Given its ability to significantly reduce carbon emissions, granular silicon is the silicon-based material required for genuine photovoltaic "green electricity" and perfectly fits the trend of the low-cost on-grid era. On the basis of this black technology, GCL-Poly will forge ahead to help achieve the goal of "carbon neutrality" and achieve a future of negative carbon emission.

Finally, I would like to express sincere appreciation to the Company's Board of Directors, management team and all staff for their hard work and dedication in the first half of 2021. We are also deeply grateful to the Company's shareholders and partners for their strong support. GCL-Poly will continue to embark on new journeys with high aspirations, entrepreneurship and hope, going forward dauntlessly against any obstacles.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The first half of 2021 was promising. The solar products market demand has increased significantly, together with the rebound of selling price of solar products during the period under review. The positive market sentiment has turned around the solar industry from the bottom, which significantly improved our performance.

Results of the Group

For the period ended 30 June 2021, the revenue and gross profit of the Group were approximately RMB8,779 million and RMB3,599 million respectively, representing an increase of 22.3% and 97.5% respectively as compared with approximately RMB7,177 million and RMB1,822 million in the corresponding period in 2020.

The Group recorded a profit attributable to the owners of the Company of approximately RMB2,407 million as compared to loss attributable to owners of the Company of approximately RMB1,996 million in 2020.

Fund raising activities

In January 2021, a placement of 3.9 billion new shares of the Company at a price of HK$1.08 per share with net proceeds of approximately HK$4.148 billion (equivalent to approximately RMB3.419 billion) was completed. Most of the net proceeds have been used for repayment of borrowings and development of the Company's FBR based granular silicon production business and production capacity.

In February 2021, the GNE Group completed a top-up placing and subscriptions of 2 billion shares at HK$0.455 per share, raising a net proceeds of approximately HK$895 million (equivalent to RMB747 million) after deducting placing commission and related expenses. The net proceeds have been used for repayment of borrowings.

Segment Information

The Group reported on the three operating segments as follows:

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

b) Solar Farm business — manages and operates in the PRC and the USA. 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**").

c) New Energy business — represents the business operations of GNE Group, 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:

	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Revenue	**Segment profit**	Revenue	Segment (loss) profit
	RMB million	***RMB million***	*RMB million*	*RMB million*
Solar Material Business	**6,778**	**2,433**	4,189	(2,023)
Solar Farm Business	**93**	**9**	239	41
Sub-total	**6,871**	**2,442**	4,428	(1,982)
New Energy Business[1]	**1,908**	**160**	2,749	172
Total	**8,779**	**2,602**	7,177	(1,810)

1. The segment profit from operations of the New Energy business includes reported net profit of GNE Group of approximately RMB178 million (six months ended 30 June 2020: RMB191 million) and allocated corporate expenses of approximately RMB18 million (six months ended 30 June 2020: RMB19 million).

Business Structure

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

The Group owns 49.24% equity interest in GNE. GNE is a listed company in Hong Kong (Stock code: 0451). Except for the solar farms 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 cost of investment in GNE and the perpetual notes receivable from GNE as non-current assets, the effect of de-consolidated GNE Group as at 30 June 2021 would be as follows:

	The Group *RMB million*	**GNE Group** *RMB million*	**Deconsolidated adjustment** *(Note)* *RMB million*	**The effect of de-consolidated GNE Group** *RMB million*
Total assets	70,941	32,088	(4,799)	43,652
Total liabilities	43,131	22,817	(107)	20,421
Bank balances and cash, pledged and restricted bank and other deposits	5,884	1,177	—	4,707
Bank balance and cash, pledged and other deposits classified as held for sale	371	371	—	—
Subtotal	6,255	1,548	—	4,707
Bank and other borrowings	16,948	9,750	—	7,198
Lease liabilities	1,258	613	—	645
Notes and bonds payables	3,113	3,113	—	—
Loans from related companies	71	71	—	—
Indebtedness for solar farm projects classified as held for sale	4,554	4,554	—	—
Subtotal	**25,944**	**18,101**	**—**	**7,843**
Net debts	**19,689**	**16,553**	**—**	**3,136**

Note:

Deconsolidation adjustments mainly included:

— The Group's cost of investment in GNE amounted to RMB2,065,898,000.

— 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 the solar industry supply chain, wafers are further processed by downstream manufacturers to produce solar cells and modules.

Polysilicon

As at 30 June 2021, annual production capacity of rod silicon and granular silicon of the Group was 36,000 MT and 10,000 MT respectively, and annual production capacity of granular silicon is expected to reach 30,000 MT by the end of 2021. During the six months ended 30 June 2021, the Group produced approximately 23,284 MT of polysilicon, representing an increase of 14.6% as compared to 20,323 MT for the corresponding period in 2020.

Wafer

As at 30 June 2021, the Group's annual wafer production capacity was 40 GW. During the six months ended 30 June 2021, the Group produced 18,712 MW of wafers in aggregate (including 10,969 MW of OEM wafers), representing an increase of approximately 30.6% from 14,328 MW of wafers in aggregate (including 7,288 MW of OEM wafers) for the corresponding period in 2020, while the production volume of wafers (excluding OEM wafer) recorded an increase of 10.0%.

Sales Volume and Revenue

During the six months ended 30 June 2021, the Group sold 19,275 MT of polysilicon and 17,517 MW of wafers (including OEM wafer of 10,366 MW), representing an increase of 0.1% and an increase of 21.5%, respectively, as compared with 19,252 MT of polysilicon and 14,419 MW of wafers (including OEM wafer of 7,132 MW) for the corresponding period in 2020, while sales volume of wafers (excluding OEM wafer) recorded an decrease of 1.9%.

The average selling prices (excluding tax) of rod silicon and wafer were approximately RMB108.2 (equivalent to US$16.76) per kilogram and RMB0.530 (equivalent to US$0.082) per W respectively for the six months ended 30 June 2021. The corresponding average selling prices of rod silicon and wafer for the six months ended 30 June 2020 were approximately RMB53.2 (equivalent to US$7.56) per kilogram and RMB0.353 (equivalent to US$0.055) per W respectively.

Revenue from external customers of the Solar Material business amounted to approximately RMB6,778 million for the six months ended 30 June 2021, representing an increase of 61.8% from approximately RMB4,189 million for the corresponding period in 2020. It was mainly attributable to an increase in selling price of rod silicon and wafers (excluding OEM wafer).

Cost and Segment Result

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 application of new technologies, the decrease in raw and auxiliary material costs, technological advancements and further increase in production volume, the overall manufacturing cost decreased. The Group will continue to push forward cost reduction and control measures.

Due to the rebound of price of solar products, gross profit margin for the Solar Material business changed from negative gross profit margin of −4.3% to positive gross profit margin of 34.2% due to the sharp increase in selling prices of photovoltaic products in the first half of the year. As the impacts of the global pandemic gradually subside, prices along the full industry chain surged, as demonstrated by the rebound in selling prices of photovoltaic products in the first half of 2021, while production in the industry has recovered to pre-pandemic levels.

Solar Farm Business

Overseas Solar Farms

As at 30 June 2021, the Solar Farm business includes 18 MW of solar farms in the United States. Besides, 150 MW solar farms in South Africa, which partners with CAD Fund, commenced operation in 2014 with the total effective ownership of 9.7% held by the Group.

PRC Solar Farms

As at 30 June 2021, the Solar Farm business also includes 5 solar farms in the PRC, with both installed capacity and attributable installed capacity at 133.0 MW.

Sales Volume and Revenue

For the six months ended 30 June 2021, the electricity sales volume of Solar Farm business overseas and in the PRC were 13,947 MWh and 97,091 MWh respectively (2020: 14,834 MWh and 238,611 MWh, respectively).

For the six months ended 30 June 2021, revenue for Solar Farm business was approximately RMB93 million (2020: RMB239 million).

New Energy Business

Reference is to made to the Company's announcement dated 21 May 2021, 28 May 2021 and 4 October 2021 in relation to the exercise of security interests over the pledged shares in GNE, such shares has been forfeited.

As at 30 June 2021, approximately 49.24% of the total issued shares capital of GNE comprising 10,376,602,000 shares in GNE, were held by the Group.

The Company is of the view that it continues to control the operations of GNE. The GNE will continue to be accounted for and consolidated in the consolidated financial statements of the Company as a subsidiary.

Capacity and Electricity Generation

During the period, the Group's asset-light transformation pace was accelerated. As at 30 June 2021, the total installed capacity of the Group's subsidiary power plants was approximately 3,041MW (31 December 2020: 4,964MW), and the total attributable installed capacity of associates was approximately 517MW (31 December 2020: 500MW). Details of capacity, electricity sales volume and revenue for the six months ended 30 June 2021 are set out below.

Subsidiaries by provinces	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	4	189	189	226	0.72	163
Qinghai	1	—	—	—	38	0.84	32
Ningxia	1	2	60	60	48	0.63	30
		6	**249**	**249**	**312**	**0.72**	**225**
Shaanxi	2	15	931	931	732	0.69	503
Yunnan	2	8	282	279	203	0.64	129
Qinghai	2	4	98	98	102	0.64	66
Jilin	2	4	51	51	40	0.74	30
Sichuan	2	1	50	50	51	0.88	45
Liaoning	2	3	60	47	31	0.69	21
Gansu	2	1	20	20	24	0.72	17
Xinjiang	2	—	—	—	16	0.80	13
		36	**1,492**	**1,476**	**1,199**	**0.69**	**824**
Jiangsu	3	34	425	410	239	0.84	201
Shandong	3	5	161	149	102	0.82	84
Henan	3	6	157	157	280	0.73	205
Guangdong	3	9	169	96	89	0.72	64
Hunan	3	5	102	101	40	0.83	33
Fujian	3	3	56	56	27	0.82	22
Guizhou	3	5	30	30	84	0.79	66
Others	3	11	66	55	188	0.78	148
		78	**1,166**	**1,054**	**1,049**	**0.78**	**823**
Subtotal		**120**	**2,907**	**2,779**	**2,560**	**0.73**	**1,872**
US		**2**	**134**	**134**	**94**	**0.41**	**38**
Total of Subsidiaries		**122**	**3,041**	**2,913**	**2,654**	**0.72**	**1,910**

	Revenue *(RMB million)*
Representing:	
Electricity sales	777
Tariff adjustment — government subsidies received and receivable	1,133
Total revenue of subsidiaries for electricity sales	1,910
Less: effect of discounting tariff adjustment to present value[3]	(18)
Total revenue of the solar power plants, after discounting	1,892
Management service income	26
Total revenue of the GNE Group	1,918

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

(2) Certain portions of the tariff adjustment (government subsidies) is discounted.

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 has a low default risk. Therefore, the Directors of GNE Group considered that the credit risk of trade receivables was minimal.

Revenue and Gross Profit

During the six months ended 30 June 2021, the revenue of GNE Group comprised sales of electricity and related tariff adjustment (i.e. government subsidies) amounting to approximately RMB1,892 million (2020: RMB2,731 million), and service income from the provision of the solar power plants operation and management services amounting to approximately RMB26 million (2020: RMB38 million) respectively. The decrease in revenue was mainly attributable to the disposal of solar power plants during 2020 and 2021. The grid connected capacity decreased from 5.5 GW as at 30 June 2020 to 2.9 GW as at 30 June 2021. The average tariff (net of tax) for the PRC was approximately RMB0.73/kWh (2020: RMB0.76/kWh).

During the six months ended 30 June 2021, the GNE Group provided operation and maintenance services for some of the disposed solar power plant projects and generated management service income. As at 30 June 2021, the GNE Group had entered into a contract to provide operation and maintenance services for solar power plants with total installed capacity of approximately 2,390 MW.

GNE Group's gross margin for the six months ended 30 June 2021 was 63.9%, as compared to 67.8% for the six months ended 30 June 2020. The cost of sales mainly consisted of depreciation, which accounted for 78.8% (2020: 82.8%) of cost of sales, with the remaining costs being operation and maintenance costs of solar power plants.

Outlook

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

Financial Review

Revenue

Revenue for the six months ended 30 June 2021 amounted to approximately RMB8,779 million, representing an increase of 22.3% as compared with approximately RMB7,177 million for the corresponding period in 2020. The increase was mainly due to the increase in revenue in solar material business as a result of the increase in selling price of rod silicons and wafer (excluding OEM wafer), partially offset by the decrease in sales of the GNE Group due to the disposal of solar power plants during 2020 and 2021.

Gross Profit Margin

The Group's overall gross profit margin for the six months ended 30 June 2021 was 41.0%, as compared with 25.4% for the corresponding period in 2020. Gross profit amounted to approximately RMB3,599 million, representing an increase of 97.5% as compared with the same period in 2020.

Gross profit margin for the Solar Material business changed from negative gross profit margin of −4.3% for the six months ended 30 June 2020 to positive gross profit margin of 34.2% for the six months ended 30 June 2021. The increase was mainly attributable to the increase in the average selling price of photovoltaic products.

Solar Farm business has a gross profit margin of 36.8% for the period ended 30 June 2021, 16.8% lower than the corresponding period in 2020. The decrease was mainly due to disposal of subsidiaries in 2020.

The gross profit margin for the New Energy business was 63.9% for the six months ended 30 June 2021 and 67.8% for the corresponding period in 2020.

Other Income

For the six months ended 30 June 2021, other income mainly comprised bank and other interest income and interest arising from contracts containing significant financing components of approximately RMB106 million (six months ended 30 June 2020: RMB248 million), sales of scrap materials of approximately RMB212 million (six months ended 30 June 2020: RMB53 million), government grants of approximately RMB41 million (six months ended 30 June 2020: RMB57 million), management and consultancy fee income of approximately RMB33 million (six months ended 30 June 2020: RMB29 million), compensation income of approximately RMB4 million (six months ended 30 June 2020: RMB44 million).

Distribution and Selling Expenses

Distribution and selling expenses increased from approximately RMB41 million for the six months ended 30 June 2020 to approximately RMB48 million for the six months ended 30 June 2021.

Administrative Expenses

Administrative expenses amounted to approximately RMB767 million for the six months ended 30 June 2021, representing an increase of 0.1% from approximately RMB762 million for the corresponding period in 2020.

Impairment losses under expected credit loss model, net of reversal

The Group recognised reversal of approximately RMB30 million impairment losses under expected credit loss model for the six months ended 30 June 2021 (six months ended 30 June 2020: impairment losses of RMB222 million). The impairment losses for six months ended 30 June 2020 comprised of impairment of consideration receivables from disposal of approximately RMB140 million and impairment of amounts due from related companies of approximately RMB60 million.

Other Expenses, Gains and Losses, Net

The other expenses, gains and losses, net represents net losses of approximately RMB385 million for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB1,469 million). The net losses for the current period mainly comprises of: (i) research and development costs of approximately RMB479 million (six months ended 30 June 2020: RMB232 million); (ii) loss on measurement of assets classified as held for sale to fair value less cost to sell of RMB235 million (six months ended 30 June 2020: RMB153 million); (iii) profit on disposal of subsidiaries with solar farm projects of approximately RMB248 million (six months period ended 30 June 2020: loss of approximately RMB88 million); (iv) gain on disposal of an associate of approximately RMB141 million (six months period ended 30 June 2020: loss on deemed disposal of an associate and loss on disposal of subsidiaries of approximately RMB134 million); (v) loss on fair value change of derivative financial instruments of approximately RMB115 million (six months ended 30 June 2020: RMB29 million); (vi) net exchange loss of approximately RMB5 million (six months period ended 30 June 2020: RMB93 million); and (vii) impairment loss on property, plant and equipment of nil amount (six months ended 30 June 2020: RMB741 million).

Finance Costs

Finance costs for the six months ended 30 June 2021 were approximately RMB1,153 million, decreased by 31.8% as compared to approximately RMB1,691 million for the corresponding period in 2020. The decrease was mainly due to the decrease in interest-bearing debts during the period.

Share of Profits of Associates

The Group's share of profits of associates for the six-month period ended 30 June 2021 was approximately RMB934 million, mainly contributed by associates, Xinjiang GCL New Energy Materials Technology Co., Ltd.* ("**Xinjiang GCL**") (新疆協鑫新能源材料科技有限公司), 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), Xuzhou Zhongping GCL Industrial Upgrading Equity Investment Fund LLP and share of profits from associates of GNE Group as a result of the disposal of majority of equity interests in these solar farms in late 2020.

Share of Losses of Joint Ventures

The Group's share of loss of joint ventures for the six-month period ended 30 June 2021 was approximately RMB28 million, mainly due to the share of loss from Jiangsu Xinhua Semiconductor Material Technology Co., Ltd.* ("江蘇鑫華半導體材料科技有限公司"), partly offset by the profit contribution of the joint venture in South Africa.

Income Tax Expense

Income tax expense for the six-month period ended 30 June 2021 was approximately RMB73 million, representing an increase of 23.7% as compared with approximately RMB59 million for the corresponding period in 2020. There is an 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 and income tax expenses from Solar Material Business recorded during the period.

Profit attributable to Owners of the Company

As a result of the above factors, the profit attributable to owners of the Company amounted to approximately RMB2,407 million for the six-month period ended 30 June 2021 as compared with a loss of approximately RMB1,996 million for the corresponding period in 2020.

Property, Plant and Equipment

Property, plant and equipment decreased from approximately RMB36,706 million as at 31 December 2020 to approximately RMB22,571 million as at 30 June 2021. Decrease in property, plant and equipment was mainly attributable to disposal of subsidiaries and depreciation charged during the period.

Deposits, Prepayments and Other Non-current Assets

Non-current portion for deposits, prepayments and other non-current assets decreased from approximately RMB1,713 million as at 31 December 2020 to approximately RMB803 million as at 30 June 2021. It was due to decrease in refundable value-added tax.

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 farms are still pending for registration in the Catalogue. Any amount previously recognized as contract assets is reclassified as trade receivables at the point at which it is registered in the Subsidy Catalogue.

Contract assets decreased from approximately RMB1,228 million as at 31 December 2020 to approximately RMB442 million as at 30 June 2021, because a number of solar power plants were disposed of and some solar power plants entered into the project list of subsidy for renewable energy power plants in 2021 and transferred to trade receivables.

Interests in Associates

Interests in associates increased from approximately RMB7.0 billion as at 31 December 2020 to approximately RMB8.1 billion as at 30 June 2021. The increase was mainly due to share of profits of associates during the period, but partial offset by disposal of associates.

Interests in associates as at 30 June 2021 mainly consists of the below:

- The Group 38.5% equity interest in Xinjiang GCL of RMB3.58 billion;
- The Group 40.27% equity interest in Xuzhou Zhongping GCL Industrial Upgrading Equity Investment Fund LLP of RMB1.53 billion;
- The Group 12.19% equity interest in Inner Mongolia Zhonghuan — GCL Solar Material Co., Ltd of RMB1.25 billion; and
- The Group 40.08% equity interest in Leshan Zhongping Polysilicon Photovoltaic Information Industry Investment Fund Partnership (Limited Partnership)* (樂山市仲平多晶硅光電資訊產業基金合夥企業(有限合夥)) (the "**Leshan Fund**") of RMB490 million.
- The GNE Group equity interest in interests in associates of RMB1.29 billion.

Trade and Other Receivables

Trade and other receivables increased from approximately RMB16,488 million as at 31 December 2020 to approximately RMB16,711 million as at 30 June 2021. The increase was mainly due to transfer from Contract Assets as a result of decrease in unbilled trade receivables of GNE Group.

Trade and Other Payables

Trade and other payables decreased from approximately RMB12,531 million as at 31 December 2020 to approximately RMB11,418 million as at 30 June 2021. The decrease was mainly due to the settlement of trade payables during the period.

Loans from Related Companies

Loans from related companies decreased from approximately RMB909 million as at 31 December 2020 to approximately RMB71 million as at 30 June 2021. The decrease was mainly due to the repayment of loans during the period.

Liquidity and Financial Resources

As at 30 June 2021, the total assets of the Group were about RMB70.9 billion, of which the aggregate pledged and restricted bank and other deposits and bank balances and cash amounted to approximately RMB6.3 billion (including pledged bank deposits and bank balances and cash classified as assets held for sale).

For the period ended 30 June 2021, the Group's main source of funding was cash generated from operating activities.

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 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 unaudited condensed interim consolidated financial statements, the Group will have sufficient working capital to meet its cash flow 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

	As at 30 June 2021 *RMB million*	As at 31 December 2020 *RMB million*
Current liabilities		
Bank and other borrowings — due within one year	**10,698**	22,885
Lease liabilities — due within one year	**412**	531
Notes and bonds payables — due within one year	**467**	3,313
Loans from related parties — due within one year	**17**	789
	11,594	27,518
Non-current liabilities		
Bank and other borrowings — due after one year	**6,250**	13,352
Lease liabilities — due after one year	**846**	1,359
Notes and bonds payables — due after one year	**2,646**	—
Loans from related parties — due after one year	**54**	120
	9,796	14,831
Indebtedness associated with assets classified as held for sale	**4,554**	1,768
Total indebtedness	**25,944**	44,117
Less: Pledged and restricted bank and other deposits and bank balances and cash (including bank balances and cash classified as held for sale)	**(6,255)**	(6,348)
Net debts	**19,689**	37,769

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

	As at 30 June 2021	As at 31 December 2020
	RMB million	*RMB million*
Secured	**12,042**	33,356
Unsecured	**4,906**	2,881
	16,948	36,237

As at 30 June 2021, 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 30 June 2021	As at 31 December 2020
Current ratio	**1.03**	0.62
Quick ratio	**0.99**	0.61
Net debt to total equity attributable to owners of the Company	**87.1%**	227.7%

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

Policy Risk

Policies made by the Government have a pivotal role in the solar power industry. Any alternation such as 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.

Credit risk on sales of polysilicon and wafer products is not significant as the major customers are listed entities with good repayment history. In order to minimize the credit risk, 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 expedite technology development and implement cost control measures in order to lower development cost for new projects.

Risk related to High Gearing Ratio

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

Risk related to Interest Rate

Interest risk may result from fluctuations in bank loan rates. Given that the Group highly relies on external financing in order to obtain investment capital for new solar power project development, any interest rate changes will have an impact on the 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 ventures may involve risks associated with the possibility that our joint venture partners may have financial difficulties or have disputes with us as to the scope of their responsibilities and obligations. We may encounter problems with respect to our joint venture partners which may have an adverse effect on our business operations, profitability and prospects.

Pledge of or Restrictions on Assets

As at 30 June 2021, the following assets were pledged for certain bank and other borrowings, loans from a related company, lease liabilities or restrictions on assets, issuance of bills, short-term letters of credit for trade and other payables granted to the Group and bank and other borrowings of an associate and a joint venture:

— Property, plant and equipment of RMB15.9 billion (31 December 2020: RMB21.9 billion)

— Right-of-use assets of approximately RMB0.7 billion (31 December 2020: RMB0.8 billion)

— Investment properties of approximately RMB0.06 billion (31 December 2020: RMB0.06 billion)

— Trade receivables and contract assets of approximately RMB6.7 billion (31 December 2020: RMB10.6 billion)

— Pledged and restricted bank and other deposits of approximately RMB4.0 billion (31 December 2020: RMB4.6 billion)

In addition, lease liabilities of approximately RMB1.3 billion are recognised with related right-of-use assets of approximately RMB1.7 billion as at 30 June 2021 (31 December 2020: lease liabilities of approximately RMB1.9 billion are recognised with related right-of-use assets of approximately RMB2.4 billion).

Capital Commitments

As at 30 June 2021, the Group's capital commitments in respect of purchase of property, plant and equipment contracted for but not provided amounted to approximately RMB698 million (31 December 2020: RMB501 million) and other commitments to contribute share capital to investments of approximately RMB1,064 million (31 December 2020: RMB1,689 million).

Contingencies

Financial guarantees contracts

As at 30 June 2021 and 31 December 2020, the Company and certain of its subsidiaries guaranteed bank and other borrowings of certain subsidiaries of GNE amounted to RMB1,014 million and RMB1,820 million, respectively.

As at 30 June 2021, the Group provided a total guarantee with maximum amount of approximately RMB3,319 million and RMB900 million (31 December 2020: RMB4,064 million and RMB900 million) to several banks and financial institutions in respect of banking and other facilities of Xinjiang GCL, an associate of the Group and Jiangsu Xinhua, a joint venture of the Group respectively.

As at 30 June 2021, GNE Group provided guarantees to certain associates for bank and other borrowings in proportion to the Group's equity interests in these associates with maximum amount of RMB2,339 million (31 December 2020: RMB3,050 million). In addition, the Group also provided financial guarantees of RMB3,552 million (31 December 2020: RMB2,005 million) to certain sold subsidiaries for their bank and other borrowings during the interim period.

Contingent liability

As at 30 June 2021 and 31 December 2020, the Group and the Company did not have any significant contingent liabilities.

Material Disposals

GCL-Poly Group

On 5 January 2021, a sale of 638,298,000 GNE shares at price of HK$0.235 per share with net proceeds of approximately HK$145 million (equivalent to approximately RMB122 million) was completed.

GNE Group

During the six months ended 30 June 2021, the GNE Group has entered into various share transfer agreements with different third parties to dispose of equity interests in companies which hold various solar power plants. Material disposals are summarised as below:

Agreements signed in 2021	Name of buyers	Percentage of disposed equity interest	Capacity of solar power plants *(MW)*	Consideration *(RMB million)*	Disposal status as at 30 June 2021
March–April	Three Gorges Asset Management Co., Ltd* (三峽資產管理有限公司)	50%–100%	832	1,687	To be completed
April	State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd.* (國家電投集團貴州金元威寧能源股份有限公司) and Guangdong Jinyuan New Energy Co., Ltd.* (廣東金元新能源有限公司)	88%–100%	310	457	To be completed
May	State Power Investment Corporation Chongqing Electric Power Co., Ltd.* (國家電投集團重慶電力有限公司)	100%	86	193	Completed
June	Chongqing Lvxin Energy Development Co., Ltd.* (重慶綠欣能源發展有限公司)	51%–100%	149	275	Completed
May–July	Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司)	80%–100%	392	344	To be completed
July	Yixing Hechuang New Energy Co., Ltd.* (宜興和創新能源有限公司)	100%	301	481	To be completed
	Others		122	246	
		Total	2,192	3,683	

Note: For details, please refer to the respective announcements published by the GNE Group.

Save as disclosed above, there were no other significant investments during the six months ended 30 June 2021, or plans for material investments as at the date of this report, nor were there other material acquisitions and disposals of subsidiaries during the six months ended 30 June 2021.

Events after the Reporting Period

Save as disclosed elsewhere in the Interim Financial Information, the following significant events took place after the end of the reporting period.

(a) On 5 July 2021, the GNE Group entered into an agreement with Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司) to sell its equity interests in Eshan GCL Solar Power Generation Company Limited*（峨山永鑫光伏發電有限公司） for a consideration of RMB43,100,000 and repayment of corresponding interest in shareholder's loan as at the date of disposal.

(b) On 6 July 2021, the GNE Group entered into an agreement with Sumin Ruineng Wuxi Equity Investment Partnership (Limited Partnership)* (蘇民睿能無錫股權投資合夥企業（有限合夥）) to acquire approximately 5.835% equity interest in Suzhou GCL New Energy for a consideration of RMB1,219,000,000.

(c) Deloitte Touche Tohmatsu ("**Deloitte**") has resigned as auditor of the GNE Group with effect from 14 July 2021. The Board has passed the resolution in relation to the appointment of Crowe (HK) CPA Limited ("**Crowe**") as the new auditor of the Company with effect from 15 July 2021 to fill the casual vacancy following the resignation of Deloitte and to hold office until the conclusion of the next annual general meeting of the GNE Group.

(d) On 21 July 2021, the GNE Group entered into sixteen share transfer agreements with Yixing Hechuang New Energy Co., Ltd.* (宜興和創新能源有限公司) to sell its equity interests in those sixteen subsidiaries for a consideration in aggregate of RMB481,313,800 and repayment of corresponding interest in shareholder's loan as at the date of disposal.

(e) On 28 July, 2021, the GNE Group has announced that it has established the hydrogen energy business unit to actively conduct the research and development of hydrogen energy ("**Hydrogen Energy**") and related businesses. Please refer to the announcement of the Company dated 28 July 2021 for more details.

(f) On 30 August 2021, the GNE Group entered into share transfer agreements with Ningxia Hanguang New Energy Co., Ltd.* (寧夏含光新能源有限公司), to sell its equity interests in certain subsidiaries at consideration in aggregate of RMB301,037,700 and repayment of corresponding interest in shareholder's loan as at the date of disposal.

(g) During the period from July 2021 to September 2021, the GNE Group entered in a series of six share transfer agreement with State Power Investment Corporation Guizhou Jinyuan Weining to dispose of its equity interests in six subsidiaries at consideration in aggregate of RMB288,548,000. During the Subsequent Reporting Period, the disposal of one subsidiary with a consideration of RMB170,387,000 were completed. The disposals of remaining subsidiaries have not been completed at the date of approval of these consolidated financial statements.

* *English name for identification purpose only*

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 interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

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

The following is an extract of the independent auditor's report ("**Auditor's Report**") on review of the Group's interim financial information for the six months ended 30 June 2021 which has included a material uncertainty related to going concern paragraph, but without qualification:

CONCLUSION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1 to the unaudited condensed interim consolidated financial statements, which indicates that the Group (i) had cash and cash equivalent of approximately RMB2,296 million (including bank balances and cash classified as assets held for sale of approximately RMB191 million) against the Group's total borrowings (comprising loans from related companies, bank and other borrowings, lease liabilities and notes payables) amounted to approximately RMB25,944 million; (ii) the GNE Group's involvement in several litigation cases either as a defendant or a guarantor relating to claims by relevant claimants exceeded the limit of litigation amounts stipulated in the financial covenants of certain bank borrowings; (iii) the Group has entered into agreements which will involve capital commitments and provided financial guarantees to several banks and financial institutions in respect of banking and other facilities of a joint venture, associates and third parties. In addition, at 30 June 2021, (iv) GNE Group had an outstanding bank borrowing of US$100 million (approximately RMB646 million) of which US$48 million (approximately RMB310 million) (the "**First Loan Repayment**") and US$52 million (approximately RMB336 million) (the "**Second Loan Repayment**") are repayable on 23 June 2021 and 20 August 2021, respectively. The GNE Group failed to repay the First Loan Repayment on 23 June 2021 and the Second Loan Repayment on 20 August 2021. Subsequent to the end of the reporting period, the GNE Group repaid approximately US$89 million (approximately RMB575 million) to the bank. According to the written consent obtained from the bank, the GNE Group was (i) granted a grace period to extend the repayment of the the remaining balance of US$11 million (approximately RMB71 million) up to 9 November 2021; and (ii) agree not to take any legal action against the GNE Group in respect of its failure to repay the bank borrowing upon maturity date.

The Company is undertaking a number of financing plans and other measures as described in note 1 to the unaudited condensed interim consolidated financial statements in order to ensure it is able to meet its commitments in the next twelve months. The directors of the Company are of the opinion that based on the assumptions that these financing plans and other measures as set forth in note 1 to the unaudited condensed interim consolidated financial statements can be successfully executed, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the foreseeable future. However, the likelihood of successful implementation of these financing plans and other measures, including the Group's on-going compliance with its borrowing covenants, and along with other matters as set forth in note 1 to the unaudited condensed interim consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

The aforesaid "note 1 to the unaudited condensed interim consolidated financial statements" in the extract from the Auditor's Report is disclosed as note 1 to this Results Announcement.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2021, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules with the exception of the following area:

Pursuant to Rules 13.49(1) and 13.46 of the Listing Rules, the Company was required to publish the annual results of the Group for the financial year ended 31 December 2020 (the "**2020 Annual Results**") on or before 31 December 2021, and to despatch the annual report for the financial year ended 31 December 2020 (the "**2020 Annual Report**") to the Shareholders on or before 30 April 2021.

As disclosed in the Company's announcements dated 31 March 2021, 6 April 2021, 11 April 2021, 19 April 2021, 28 April 2021, 7 May 2021, 14 July 2021 and 25 October 2021, amongst others, the Company required additional time to address issues raised by the Company's former auditor, Deloitte, in its auditor letter dated 9 April 2021 (the "**Audit Issues**"), including but not limited to the engagement of an independent forensic accountant to conduct an forensic investigation on the Audit Issues, in order to complete the audit for the Company's consolidated financial statements for the year ended 31 December 2020 and to finalise the 2020 Annual Results and the 2020 Annual Report. The 2020 Annual Results were published on 25 October 2021 and the 2020 Annual Report will be despatched to the Shareholders in due course.

The Board acknowledges that the delay in publication of the 2020 Annual Results and despatch of the 2020 Annual Report constituted non-compliance of Rules 13.49(1) and Rule 13.46 of the Listing Rule, respectively.

Further, the Company has failed to convene an annual general meeting ("**AGM**") and lay the 2020 Annual Results before the Shareholders at the AGM within the period of 6 months after the financial year ended on 31 December 2021 in accordance with the requirement under Rule 13.46(2)(b) of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the model code for securities transactions by Directors (the "**Model Code**") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2021.

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

On 14 January 2021, the Company and the placing agent entered into the placing agreement to place out 3,900,000,000 placing shares at a placing price of HK$1.08 per placing share to no fewer than six independent placees. The net proceeds of the placing, after taking into account all related costs, fees, expenses and commission of the placing, is approximately HK$4.148 billion. The placing was completed on 21 January 2021. Upon completion, the placing shares represent approximately 15.57% of the Company's issued share capital as enlarged by the placing.

Other than disclosed above, during the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDITOR'S AND AUDIT COMMITTEE'S REVIEW

The unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2021 have been reviewed by the Group's external auditor, Crowe, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee of the Company which consists of four independent non-executive Directors, namely Mr. Yip Tai Him, Ir. Dr. Ho Chung Tai, Raymond, Dr. Shen Wenzhong and Mr. Wong Man Chung, Francis. The Audit Committee expressed no disagreement with the accounting policies and principles adopted by the Group.

PUBLICATION OF 2021 INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Company (www.gcl-poly.com.hk) and HKExnews (www.hkexnews.hk). The 2021 Interim 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.

CONTINUED SUSPENSION OF TRADING

Trading is shares in the Company was suspended from 9:00 a.m. on 1 April 2021 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 25 October 2021

* *English name for identification only*

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 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.