GCL-Poly Energy Holdings Limited
保 利 協 鑫 能 源 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3800)

INTERIM RESULTS ANNOUNCEMENT FOR SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2016	2015	% of
	RMB'million	*RMB'million*	Changes
	(Unaudited)	(Unaudited) (Restated)	
Continuing operations			
Revenue	**13,158.9**	10,221.2	28.7%
Gross profit	**4,332.1**	2,609.7	66.0%
Profit for the period attributable to owners of the Company	**1,388.9**	584.6	137.6%
Basic earnings per share	**RMB7.64 cents**	RMB3.74 cents	104.3%
Diluted earnings per share	**RMB7.64 cents**	RMB3.56 cents	114.6%
Discontinued operations			
Profit for the period attributable to owners of the Company	**—**	68.0	–100.0%
Continuing and discontinued operations			
Profit for the period attributable to owners of the Company	**1,388.9**	652.6	112.8%
Basic earnings per share	**RMB7.64 cents**	RMB4.18 cents	82.8%
Diluted earnings per share	**RMB7.64 cents**	RMB3.99 cents	91.5%

Note: Discontinued operations represent the results of the Group's non-solar power business, which has been disposed of on 8 December 2015.

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 2016 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 2016

		Six months ended 30 June	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
			(Restated)
Continuing operations			
Revenue	*3*	**13,158,873**	10,221,204
Cost of sales		**(8,826,792)**	(7,611,532)
Gross profit		**4,332,081**	2,609,672
Other income	*4*	**395,769**	364,231
Distribution and selling expenses		**(38,593)**	(35,425)
Administrative expenses		**(923,119)**	(743,330)
Finance costs	*5*	**(1,059,453)**	(1,038,778)
Other expenses, gains and losses, net	*6*	**(657,744)**	(244,026)
Share of profits (losses) of joint ventures		**6,218**	(44,282)
Profit before tax		**2,055,159**	868,062
Income tax expense	*7*	**(494,089)**	(219,108)
Profit for the period from continuing operations	*8*	**1,561,070**	648,954
Discontinued operations			
Profit for the period from discontinued operations	*14*	**—**	139,908
Profit for the period		**1,561,070**	788,862
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**27,461**	(557)
Total comprehensive income for the period		**1,588,531**	788,305

	Note	Six months ended 30 June **2016** **RMB'000** **(Unaudited)**	2015 RMB'000 (Unaudited) (Restated)
Profit for the period attributable to owners of the Company:			
— from continuing operations		**1,388,863**	584,624
— from discontinued operations		**—**	67,979
Profit for the period attributable to owners of the Company		**1,388,863**	652,603
Profit for the period attributable to non-controlling interests:			
— from continuing operations		**172,207**	64,330
— from discontinued operations		**—**	71,929
Profit for the period attributable to non-controlling interests		**172,207**	136,259
		1,561,070	788,862
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,420,220**	651,930
Non-controlling interests		**168,311**	136,375
		1,588,531	788,305

	Note	Six months ended 30 June **2016** **RMB cents** **(Unaudited)**	2015 RMB cents (Unaudited) (Restated)
Earnings per share	*10*		
From continuing and discontinued operations			
Basic		**7.64**	4.18
Diluted		**7.64**	3.99
From continuing operations			
Basic		**7.64**	3.74
Diluted		**7.64**	3.56

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Notes	**As at 30 June 2016 *RMB'000* (Unaudited)**	As at 31 December 2015 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**45,996,089**	41,649,905
Prepaid lease payments		**1,103,214**	1,101,931
Goodwill		**176,528**	176,528
Other intangible assets		**88,212**	54,078
Interests in joint ventures		**708,974**	158,063
Available-for-sale investments		**300,000**	90,000
Convertible bonds receivable		**107,359**	93,707
Deferred tax assets		**83,558**	54,305
Deposits, prepayments and other non-current assets		**3,688,902**	2,685,754
Amounts due from related companies	*13*	**124,700**	129,936
Pledged and restricted bank deposits		**573,320**	442,225
		52,950,856	46,636,432
CURRENT ASSETS			
Inventories		**1,063,621**	1,386,584
Trade and other receivables	*11*	**14,941,125**	14,367,687
Amounts due from related companies	*13*	**46,617**	51,809
Prepaid lease payments		**25,450**	25,127
Available-for-sale investments		**108,671**	38,726
Held for trading investments		**82,903**	14,456
Tax recoverable		**5,799**	2,690
Derivative financial instruments		**1,896**	—
Pledged and restricted bank deposits		**3,534,479**	6,616,105
Bank balances and cash		**8,196,401**	10,259,967
		28,006,962	32,763,151
Assets classified as held for sale		**222,154**	291,907
		28,229,116	33,055,058

	Notes	**As at 30 June 2016 *RMB'000* (Unaudited)**	As at 31 December 2015 *RMB'000* (Audited)
CURRENT LIABILITIES			
Trade and other payables	*12*	**15,262,120**	15,698,110
Amounts due to related companies	*13*	**134,433**	206,171
Advances from customers		**529,781**	478,773
Bank and other borrowings — due within one year		**16,673,292**	22,314,968
Obligations under finance leases — due within one year		**880,103**	934,578
Notes and bonds payables — due within one year		**889,200**	1,008,716
Derivative financial instruments		**—**	12,575
Deferred income		**73,918**	105,330
Tax payables		**282,518**	233,857
		34,725,365	40,993,078
Liabilities directly associated with assets classified as held for sale		**16,684**	51,462
		34,742,049	41,044,540
NET CURRENT LIABILITIES		**(6,512,933)**	(7,989,482)
TOTAL ASSETS LESS CURRENT LIABILITIES		**46,437,923**	38,646,950
NON-CURRENT LIABILITIES			
Advances from customers		**192,449**	202,735
Bank and other borrowings — due after one year		**15,134,612**	12,120,725
Obligations under finance leases — due after one year		**2,103,760**	2,499,828
Notes payables — due after one year		**3,676,656**	3,670,615
Convertible bonds payables		**1,803,072**	2,018,472
Deferred income		**355,079**	352,002
Deferred tax liabilities		**346,728**	223,089
		23,612,356	21,087,466
NET ASSETS		**22,825,567**	17,559,484
CAPITAL AND RESERVES			
Share capital		**1,631,804**	1,372,260
Reserves		**18,530,894**	14,481,912
Equity attributable to owners of the Company		**20,162,698**	15,854,172
Non-controlling interests		**2,662,869**	1,705,312
TOTAL EQUITY		**22,825,567**	17,559,484

NOTES:

1. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting issued by International Accounting Standard Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of International Financial Reporting Standards ("IFRSs") financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2015.

The Group changed its presentation currency from Hong Kong Dollar ("HK$") to Renminbi ("RMB") effective from 1 July 2015 with details disclosed in the Company's 2015 annual report. Therefore, the comparative information in these unaudited condensed interim consolidated financial statements has been restated to reflect such change in presentation currency accordingly, in accordance with International Accounting Standard 21 *The Effects of changes in Foreign Exchange rates*.

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group's current liabilities exceeded its current assets by RMB6,513 million as at 30 June 2016 and the Group had cash and cash equivalents of RMB8,249 million (including bank balances and cash classified as assets held for sale of RMB52 million) against the Group's total borrowings (comprising bank and other borrowings, convertible bonds payable, notes and bonds payable and obligations under finance leases) amounted to approximately RMB41,161 million, out of which approximately RMB18,443 million will be due in the coming twelve months. The Directors have evaluated the Group's current undrawn banking facilities and renewable bank borrowings. In order to improve liquidity, the Group continues to pay close attention 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.

In 2014, the Group acquired GCL New Energy Holdings Limited ("GNE"), whose shares are listed on the Stock Exchange. As at 30 June 2016, certain subsidiaries of the Company guaranteed bank and other borrowings of GNE Group amounted to RMB4,560 million. The Directors have evaluated the going concern status of GNE and its subsidiaries (collectively referred to as "GNE Group") in preparing these unaudited condensed interim consolidated financial statements, in light of the fact that, as at 30 June 2016, GNE Group's current liabilities exceeded its current assets by RMB8,694 million. In addition, GNE Group has entered into agreements to acquire and construct solar farm sites and other assets which will involve total capital expenditures of approximately RMB8,878 million.

In addition, subject to the availability of additional financial resources, GNE Group is currently looking for further opportunities to increase the scale of its solar farm operations through mergers and acquisitions. In the event that GNE Group is successful in securing more solar farm investments or expanding the investments in the existing solar farms in the coming twelve months from 30 June 2016, additional cash outflows will be required to settle further committed capital expenditure. As at 30 June 2016, GNE Group's total borrowings comprising bank and other borrowings, convertible bonds payable, bonds payable, obligations under finance leases, loan from a shareholder and loans from fellow subsidiaries amounted to RMB17,874 million, out of which RMB7,316 million will be due in the coming twelve months from 30 June 2016. GNE Group is required to comply with certain restrictive financial covenant and undertaking requirements under certain borrowing agreements. GNE Group's pledged and restricted bank deposits and bank balances and cash amounted to approximately RMB1,350 million and RMB2,939 million as at 30 June 2016, respectively. The financial resources available to GNE Group as at 30 June 2016 and up to the date of approval of these unaudited condensed interim consolidated financial statements may not be sufficient to satisfy the above capital expenditures requirement and other financial obligations. GNE Group is actively pursuing additional financing including, but not limited to, equity and debt financing and bank borrowings.

The Directors have evaluated the measures being undertaken by GNE Group to improve their liquidity position, which include:

(i) Subsequent to 30 June 2016, GNE Group successfully obtained new borrowings with an aggregate amount of approximately RMB950 million from banks in both Hong Kong and the People's Republic of China (the "PRC");

(ii) GNE Group has been actively negotiating with the banks for the renewal of its current borrowings as necessary when they fall due in the coming twelve months. Based on the past experience, GNE Group did not encounter any significant difficulties in renewing the borrowings and the directors of GNE are confident that all borrowings can be renewed upon the application when necessary;

(iii) GNE Group is currently negotiating with several banks in both Hong Kong and the PRC for additional financing. It has received detailed proposals from certain banks for total banking facilities with repayment periods for more than one year. GNE Group also received letters of intent from certain other banks which indicated that these banks preliminarily agreed to offer banking facilities to GNE Group;

(iv) In February 2016, GNE Group completed a rights issue for a net proceeds of approximately RMB1,941 million ("GNE Rights Issue"). In addition, GNE Group proposed in July 2016 an issuance of non-public corporate bonds to qualifying investors in the maximum principal amount of RMB2,000 million which shall have a term of up to 3 years. GNE Group is also negotiating with other private investors for additional financing in the form of equity or debt or a combination of both; and

(v) GNE Group has completed construction of 68 solar farms with approval for on-grid connection up to 30 June 2016. In addition, GNE Group has additional 8 solar farms under construction targeting to achieve on-grid connection within the coming twelve months from the date of approval of these unaudited condensed interim consolidated financial statements. The abovementioned solar farms have an aggregate installed capacity of approximately 3.4 GW and are expected to generate operating cash inflows to GNE Group.

Although the directors of GNE identified going concern as an area of significant uncertainty, the Directors are of the opinion that, taking into account the above undrawn banking facilities, renewal of existing banking facilities, the Group's cash flow projection for the coming year, and the successful implementation of measures of GNE Group as described above, the uncertainty from GNE Group will not have significant impact to the Group and the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months. Accordingly, these unaudited condensed interim consolidated financial statements have been prepared on a going concern basis.

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.

Except as described below, the accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments issued by IASB that are relevant for the preparation of the Group's unaudited condensed interim consolidated financial statements:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception

The application of the above amendments in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these unaudited condensed interim consolidated financial statements.

3. SEGMENT INFORMATION

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

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

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

(c) New energy business — represents the business operations of GNE, which is principally engaged in the development, construction, operation and management of solar farms, as well as manufacturing and selling of printed circuit boards.

An operating segment regarding the development, construction, management and operation of power plants and sales of coals in the PRC (collectively referred to as the "non-solar power business") was discontinued in December 2015. The segment information reported below does not include any amounts for these discontinued operations which are described in more detail in note 14.

Segment revenue and results

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

Six months ended 30 June 2016

Continuing operations

	Solar material business *RMB'000* (Unaudited)	Solar farm business *RMB'000* (Unaudited)	New energy business *RMB'000* (Unaudited) *(Note)*	Total *RMB'000* (Unaudited)
Segment revenue	11,220,594	267,244	1,671,035	13,158,873
Segment profit (loss)	1,755,940	(241,058)	161,739	1,676,621
Unallocated income				23,105
Unallocated expenses				(72,305)
Gain on fair value change of convertible bonds receivable				13,652
Loss on fair value change of convertible bonds payable issued by the Company				(81,832)
Gain on fair value change of held for trading investments				1,829
Profit for the period from continuing operations				1,561,070

Six months ended 30 June 2015 (Restated)

Continuing operations

	Solar material business *RMB'000* (Unaudited)	Solar farm business *RMB'000* (Unaudited)	New energy business *RMB'000* (Unaudited) *(Note)*	Total *RMB'000* (Unaudited)
Segment revenue	9,020,058	303,855	897,291	10,221,204
Segment profit (loss)	784,273	(58,971)	71,959	797,261
Elimination of inter-segment profit				(25,088)
Unallocated income				20,756
Unallocated expenses				(62,599)
Loss on fair value change of convertible bonds receivable				(21,341)
Loss on fair value change of convertible bonds payable issued by the Company				(70,665)
Gain on fair value change of held for trading investments				10,630
Profit for the period from continuing operations				648,954

Notes:

The operating results of new energy business includes operating results of GNE Group, allocated corporate expenses and the effect arising from fair value adjustments relating to the assets and liabilities of GNE acquired in 2014, which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets.

The revenue of the new energy business for the current period mainly comprised sales of electricity (including tariff adjustments) amounting to approximately RMB929 million (six months ended 30 June 2015: RMB279 million) and sales of printed circuit boards amounting to approximately RMB742 million (six months ended 30 June 2015: RMB618 million).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) from continuing operations represents the profit (loss) of each respective segment excluding unallocated income, unallocated expenses (including certain exchange losses (gain), depreciation of an aircraft and respective finance costs under the sale and finance leaseback arrangements), change in fair value of convertible bonds receivable, change in fair value of convertible bonds payable issued by the Company and change in fair value of held for trading investments. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

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

	As at 30 June 2016 *RMB'000* **(Unaudited)**	As at 31 December 2015 *RMB'000* (Audited)
Segment assets		
Solar material business	**41,533,911**	47,161,479
Solar farm business	**4,384,996**	4,709,445
New energy business *(Note)*	**31,637,299**	23,194,743
Total segment assets	**77,556,206**	75,065,667
Assets classified as held for sale	**222,154**	291,907
Convertible bonds receivable	**107,359**	93,707
Held for trading investments	**82,903**	14,456
Available-for-sale investments	**108,671**	38,726
Unallocated bank balances and cash	**2,853,358**	3,989,362
Unallocated corporate assets	**249,321**	197,665
Consolidated assets	**81,179,972**	79,691,490
Segment liabilities		
Solar material business	**28,372,330**	36,246,293
Solar farm business	**2,469,283**	3,843,939
New energy business *(Note)*	**26,172,426**	20,422,363
Total segment liabilities	**57,014,039**	60,512,595
Liabilities directly associated with assets classified as held for sale	**16,684**	51,462
Convertible bonds payable issued by the Company	**1,054,364**	1,285,616
Unallocated corporate liabilities	**269,318**	282,333
Consolidated liabilities	**58,354,405**	62,132,006

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

- All assets are allocated to operating segments, other than assets classified as held for sale, corporate bank balances and cash and other assets (including an aircraft, convertible bonds receivable, held for trading investments and certain available-for-sale investments) of the management companies and investment holdings companies; and

- All liabilities are allocated to operating segments, other than liabilities directly associated with assets classified as held for sale and other liabilities (including convertible bonds payables issued by the Company and certain obligations under finance leases) of the management companies and investment holdings companies.

Note: The segment assets and liabilities of new energy business included the segment assets and liabilities of GNE Group and the effect arising from fair value adjustments relating to the assets and liabilities of GNE acquired in 2014, which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets.

Revenue from major products

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Sales of wafer	**10,346,561**	7,841,602
Sales of electricity *(Note)*	**1,193,816**	571,016
Sales of polysilicon	**640,552**	717,969
Others (comprising the sales of ingots, modules, printed circuit boards and processing fees)	**977,944**	1,090,617
	13,158,873	10,221,204

Note: Sales of electricity included RMB816,747,000 (Six months ended 30 June 2015: RMB358,331,000) 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. Details of settlement arrangement of tariff is disclosed in note 11.

4. OTHER INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Government grants	**130,315**	60,331
Sales of scrap materials	**115,529**	99,833
Bank and other interest income	**108,343**	149,156
Interest income from a related party	**—**	13,469
Management and consultancy fee income	**17,513**	428
Waiver of other payables	**3,065**	7,614
Others	**21,004**	33,400
	395,769	364,231

5. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Interest on:		
Bank and other borrowings	**887,495**	574,690
Discounted bills receivable and letters of credit	**98,235**	457,404
Obligations under finance leases	**106,673**	41,462
Notes and bonds payables	**162,630**	54,304
Total borrowing costs	**1,255,033**	1,127,860
Less: Interest capitalised	**(195,580)**	(89,082)
	1,059,453	1,038,778

6. OTHER EXPENSES, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continued operations		
Research and development costs	**118,856**	108,893
Exchange loss (gain), net	**11,636**	(8,630)
(Gain) loss on fair value change of convertible bonds receivable	**(13,652)**	21,341
Loss on fair value change of convertible bonds payables	**122,393**	24,558
Gain on fair value change of held for trading investments	**(1,829)**	(10,630)
Bargain purchase from business combination	**—**	(21,626)
Impairment loss on property, plant and equipment	**445,591**	—
Gain on fair value change of derivative financial instruments	**(14,471)**	—
(Reversal of) impairment loss on trade and other receivables	**(23,781)**	127,571
Bad debts directly written off	**260**	—
Loss on disposal of property, plant and equipment	**12,741**	2,549
	657,744	244,026

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continued operations		
PRC Enterprise Income Tax ("EIT")		
Current tax	**403,974**	143,979
Overprovisions in prior years	**(15,786)**	(15,060)
	388,188	128,919
Hong Kong Profits Tax		
Current tax	**336**	11,874
Underprovisions in prior years	**—**	94
	336	11,968
USA Federal and State Income Tax		
Current tax	**210**	193
Underprovisions in prior years	**8**	—
	218	193
PRC dividend withholding tax	**10,972**	7,376
Deferred tax	**94,375**	70,652
	494,089	219,108

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

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

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

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

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Federal and State tax rates in the USA are calculated at 35% and 8.84% for both periods.

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

8. PROFIT FOR THE PERIOD

	Six months ended 30 June 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited) (Restated)
Continued operations		
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**2,066,792**	1,406,293
Amortisation of prepaid lease payments	**12,321**	11,234
Amortisation of other intangible assets (included in cost of sales)	**5,021**	4,019
Total depreciation and amortisation	**2,084,134**	1,421,546
Less: Amounts included in inventories	**(55,435)**	(63,871)
Total of depreciation and amortisation charged to profit or loss	**2,028,699**	1,357,675
Cost of inventories recognised as an expense (included depreciation and amortisation recorded in cost of sales)	**8,503,952**	7,203,859
Bad debt directly written off (included in other expenses, gains and losses, net)	**260**	—
Loss on disposal of property, plant and equipment (included in other expenses, gain and losses, net)	**12,741**	2,549
(Reversal of) impairment loss on trade and other receivables (included in other expenses, gains or losses, net)	**(23,781)**	127,571
Share-based payment expenses (included in administrative expenses)	**68,710**	59,536
Write-down on inventories (included in cost of sales)	**189,874**	57,691

9. DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2016 (Six months ended 30 June 2015: Nil).

10. EARNINGS PER SHARE

For continuing and discontinued operations

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Earnings		
Earnings for the purpose of basic earnings per share:		
— Profit for the period attributable to owners of the Company	**1,388,863**	652,603
Effect of dilutive potential ordinary shares:		
— Adjustment to the share of profit of GNE Group based on dilution of its earnings per share	**—**	(28,810)
Earnings for the purpose of dilutive earnings per share	**1,388,863**	623,793

	Six months ended 30 June	
	2016	2015
	'000	*'000*
	(Unaudited)	(Unaudited)
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**18,180,211**	15,621,734
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**6,330**	13,652
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	**18,186,541**	15,635,386

For the six months ended 30 June 2015, the weighted average number of ordinary shares for the purpose of calculation of basic earnings per share has been adjusted for the effect of the rights issue completed on 26 January 2016.

Diluted earnings per share for the six months ended 30 June 2016 did not assume (1) the conversion of convertible bonds issued by the Company in July 2015 and GNE in May and July 2015 because the assumed conversion would result in an increase in earnings per share; and (2) the exercise of certain share options granted by the Company and share options granted by GNE, since the exercise prices were higher than the average market prices of the shares of the Company and GNE, respectively, for the six months ended 30 June 2016.

Diluted earnings per share for the six months ended 30 June 2015 did not assume (1) the conversion of convertible bonds issued by the Company in 2013 because the assumed conversion would result in an increase in earnings per share; and (2) the exercise of certain share options granted by the Company and share options granted by GNE, since the exercise prices were higher than the average market prices of the shares of the Company and GNE, respectively, for the six months ended 30 June 2015.

For continuing operations

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

Earnings figures are calculated as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Profit for the period attributable to owners of the Company	**1,388,863**	652,603
Less: Profit for the period from discontinued operations attributable to owners of the Company	**—**	(67,979)
Earnings for the purpose of basic earnings per share from continuing operations	**1,388,863**	584,624
Effect of dilutive potential ordinary shares:		
— Adjustment to the share of profit of GNE Group based on dilution of its earnings per share	**—**	(28,810)
Earnings for the purpose of dilutive earnings per share from continuing operations	**1,388,863**	555,814

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

For discontinued operations

For the six months ended 30 June 2015, the basic earnings per share for the discontinued operations was RMB0.44 cents per share and diluted earnings per share for the discontinued operations was RMB0.43 cents per share, based on the profit for the period from the discontinued operations attributable to owners of the Company of RMB67,979,000 and the denominators detailed above for both basic and diluted earnings per share.

11. TRADE AND OTHER RECEIVABLES

Tariff adjustments is included as a component of the government-approved on-grid tariff of solar energy supply. The financial resource for the tariff adjustments is the national renewable energy fund that accumulated through a special levy on the consumption of electricity of end users. The PRC government is responsible to collect and allocate the fund and make settlement through state-owned grid companies to the solar power companies. Effective from March 2012, the application, approval and settlement of the tariff adjustments are subject to certain procedures as promulgated by Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy ("可再生能源電價附加補助資金管理暫行辦法"). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustments. As at 30 June 2016, tariff adjustment receivables amounting to approximately RMB1,907,590,000 (31 December 2015: RMB1,013,018,000) are included in the trade receivables. The Directors expected certain part of the tariff adjustment receivables will be recovered after twelve months from the reporting date and have classified them as non-current assets accordingly. The current portion and non-current portion of tariff adjustment receivables are approximately RMB1,249,579,000 (31 December 2015: RMB837,318,000) and RMB658,011,000 (31 December 2015: RMB175,700,000), respectively.

The Group allows a credit period of 1 to 4 months from the invoice date for trade receivables and may further extend 3 to 6 months for settlement through bills issued by banks and financial institutions obtaining from trade customers.

The following is an aged analysis of trade receivables, net of allowances for doubtful debts, and bills receivable (trade-related) at the end of the reporting period, presented based on the invoice date which approximated the respective revenue recognition dates and the bills issue date:

	As at 30 June 2016 *RMB'000* **(Unaudited)**	As at 31 December 2015 *RMB'000* (Audited)
Trade receivables:		
Unbilled	**1,907,590**	1,013,018
Within 3 months	**1,825,593**	1,626,908
3 to 6 months	**133,028**	286,662
Over 6 months	**149,575**	282,738
	4,015,786	3,209,326
Bills receivable (trade):		
Within 3 months	**4,204,149**	4,304,120
3 to 6 months	**4,068,548**	4,043,610
	8,272,697	8,347,730

Note: Unbilled receivable represents tariff adjustment to be billed and received based on prevailing national government policies on renewable energy from the state grid companies.

12. TRADE AND OTHER PAYABLES

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

	As at 30 June 2016 ***RMB'000*** **(Unaudited)**	As at 31 December 2015 *RMB'000* (Audited)
Trade payables:		
Within 3 months	**1,678,740**	1,616,474
3 to 6 months	**487,669**	1,248,556
Over 6 months	**12,411**	11,455
	2,178,820	2,876,485
Bills payable (trade):		
Within 3 months	**1,648,969**	2,923,941
3 to 6 months	**1,254,798**	1,553,645
	2,903,767	4,477,586

13. BALANCES WITH RELATED PARTIES

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

	As at 30 June 2016 ***RMB'000*** **(Unaudited)**	As at 31 December 2015 *RMB'000* (Audited)
Within 3 months	**36**	474
3 to 6 months	**—**	111
Over 6 months	**474**	1,079
	510	1,664

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

	As at 30 June 2016 *RMB'000* **(Unaudited)**	As at 31 December 2015 *RMB'000* (Audited)
Within 3 months	**85,205**	3,660
3 to 6 months	**3,313**	24
Over 6 months	**451**	168
	88,969	3,852

Note: The amounts due from/to related companies are unsecured, non-interest bearing and the credit period for trade-related balances are normally within 3 months.

14. DISCONTINUED OPERATIONS

On 14 September 2015, the Company entered into a sale agreement to dispose of the Group's non-solar power business to 上海其辰投資管理有限公司 Shanghai Qichen Investment Management Co. Ltd., a company in which Mr. Zhu Gongshan, who is a director and a substantial shareholder of the Company, has control, at a consideration of RMB3.2 billion. The disposal of non-solar power business is consistent with the Group's long term policy to focus on its core integrated solar business, including the manufacturing and sale of polysilicon and wafer products, and developing, owning and operating downstream solar farms both within the PRC and overseas, to reinforce its position as a leading global player in the rapidly growing photovoltaic industry. The disposal was completed on 8 December 2015, when control of the non-solar power business was passed to the acquirer. Details of the disposal of the non-solar power business are set out in the announcement of the Company dated 7 September 2015 and the circular of the Company issued to the shareholders dated 10 November 2015.

Analysis of profit for the period from discontinued operations

The results of the discontinued operations for the six months ended 30 June 2015 was as follows:

	Six months ended 30 June 2015 *RMB'000* (Unaudited) (Restated)
Revenue	3,957,908
Cost of sales	(3,489,457)
Other income	112,261
Distribution and selling expenses	(3,539)
Administrative expenses	(280,931)
Finance costs	(137,234)
Other expenses, gains or losses, net	70,124
Share of profit of associates	2,832
Profit before tax	231,964
Income tax expenses	(92,056)
Profit for the period from discontinued operations	139,908

	Six months ended 30 June 2015 *RMB'000* (Unaudited) (Restated)
Profit for the period from discontinued operations include the following:	
Depreciation of property, plant and equipment	181,808
Amortisation of prepaid lease payments	5,534
Amortisation of other intangible assets	5,849
Total of depreciation and amortisation charged to profit or loss	193,191
Cost of inventories recognised as an expense	2,995,792
Impairment loss on trade and other receivables	2,681
Loss on disposal of property, plant and equipment	639
Share-based payment expenses	1,096

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I hereby report the following operating results of GCL-Poly in the first half of 2016. During the six months ended 30 June 2016, GCL-Poly recorded revenue of approximately RMB13.2 billion, representing a 28.7% increase as compared with the same period in 2015; gross profit was approximately RMB4.3 billion, a 66.0% increase as compared with the same period in 2015; profit attributable to owners of the Company amounted to approximately RMB1.4 billion and basic earnings per share were approximately RMB7.64 cents. In the first half of the year, the business environment of PV industry recovered remarkably and it is expected that the installed capacity of 2016 in the global PV application market will increase by over 15% to 64 GW from that of 2015. Maintaining its customer-oriented value and focusing on market demand, GCL-Poly continued to enhance its core competitive edges in terms of technology innovation, research and development, focusing on high-efficiency products, process improvement, production management and cost control. With our leading positions in upstream and downstream of the industrial chain further solidifying, the Company delivered excellent performance in the first half of 2016 and kept GCL's dominance in the industry trend of ever increasing product efficiency.

In 2016, global PV industry has marched on with steady steps. According to relevant industrial reports, global solar market demand is around 64 GW in 2016, representing an over 20% growth from the 53 GW in 2015. Traditional markets such as America and Japan maintained their robust growth, and more emerging markets started to sprout. The photovoltaic application in South-east Asia and Latin America countries are striding on with great pace. In addition, installed capacity in the countries of India, Thailand, Chile, Mexico and so on are developing rapidly in scales. China's newly increased PV installed capacity was 15.13 GW in 2015, accounting for more than a quarter of the world's newly installed capacity. With grid connected capacity exceeding 7 GW in the first quarter of 2016, China has become the largest photovoltaic power generation country in the world. At the same time, the advancement in the photovoltaic industry continues to accelerate, driven by emergence of new process technologies from various segments, driving the cost of PV products and photovoltaic power generation persistently down. The polysilicon and wafer markets are of a mixed bag this year. For polysilicon, its price started to pick up in mid-April after prolonged destocking. Wafer market price has witnessed an upward trend since the middle of last year and wafer enterprises had maintained relatively high gross margins.

This year, GCL-Poly further streamlined its production and launched a series of technological reform measures in polysilicon, ingots and wafer, reaching new highs in terms of cost reduction. We also maximize production and profit above original capacity target through partial outsourcing. Meanwhile, as we have promised to enhance our balance sheet previously, we strengthened our balance sheet with the profits accumulated in 2015 such as we maintain our industry leader position with a much reduced financial leverage.

Constant innovation and strengthening our core competitiveness

As one of the most influential and competitive silicon material manufacturers and suppliers in the world, the Company achieved remarkable results in both the production and sales. For the six months ended 30 June 2016, the Company completed a total production of 36,328 MT and sales of 6,389 MT of polysilicon, a production of 8,643 MW and sales of 8,880 MW of wafers. In the first half of 2016, with the capacity utilisation exceeded 100%, we have fully achieved the manufacturing and sales targets. The Company's global market shares of polysilicon and wafers were estimated at 30% and 40% respectively, both ranking among the top of the world.

We reached the following milestones in the first half of 2016: 1. We have fully achieved the manufacturing and sales targets in all product categories and successfully realised the yearly target of increasing the wafer production and cost control; 2. We implemented the wafer product strategy of "focusing on multi-crystalline silicon wafers while facilitating the production of mono-crystalline silicon wafers", and the monocrystalline wafer products were put into the market in small quantities after the commencement of production of the Ningxia Wafer project as planned, which diversified our existing product portfolio and further consolidate our position as an industry leader; 3. We constantly promote our streamline production management, automation level and informational degree, which resulted in an over 15% improvement in our average overall production efficiency compared with the same period in prior year; 4. In the first six months, we optimised our overall financial structure by seeking more direct investment resources and channels as well as maintained adequate and secured cash flow with bank facilities; and 5. We reduced our finance cost and debt ratio prominently as we downsized our financing and replaced high interest bearing loans.

Due to our commitment of technological innovation and continuous input in research and development resources, we made remarkable achievements in the first half of the year in terms of intellectual property. During the first six months of 2016, we applied for 40 patents and were granted 38 patents, among which 34 were patents for invention.

In the meantime, the Company further enhanced Siemens-based polysilicon production technology. Moreover, the scientific research projects of upgrading the technological transformation of ingot casting furnaces, optimization of the high-efficiency polycrystalline ingot casting process, the research and development of ingot casting mono-crystalline technology, upgrades of diamond wire cutting and black silicon technology etc. were still progressing, setting the stage for subsequent capacity-driven cost reduction and product upgrades.

Seizing the historic opportunity and the rapid development of solar farm platform "GCL New Energy"

2016 marked an important milestone for the rapid business development of GCL New Energy. During the first six months of 2016, GCL New Energy (0451.HK) (GNE) not only enhanced its team system building, attached great importance to project development and controlled project costs, but also strictly ensured project quality, explored for additional finance channels and constantly optimised its balance sheet, while focusing on four kinds of projects related to agricultural photovoltaic projects, poverty alleviation, the "Forerunner" Plan and distributed generation to seize historic opportunities in the rapid PV installation development. As we strengthened our strategy and implemented a series of management measures, we achieved more satisfactory performance than our expectation. For the six months ended 30 June 2016, revenue from solar energy business and segment profit of GNE significantly increased by 233.2% to RMB0.93 billion and by 127.6% to RMB0.26 billion, respectively. Compared to the first half of 2016, solar farms in operation of GNE spread over 19 provinces in PRC with number increased to 68 from 17 over the same period of last year, and the total installed capacity (included joint ventures) amounted to 2,735 MW and total amount of sales of electricity (excluding joint ventures) amounted to approximately 1.14 million MWh, representing a significantly growth of 247% over the same period of last year.

In the first half of 2016, revenue of GNE increased by 86.3% to RMB1.67 billion and the gross profit for the period amounted to approximately RMB0.77 billion, representing an increase of 197.9% over the same period of last year with gross margin of 46.2%, among which, the net profit sharply increased by 141% to RMB0.17 billion. As two non-recurring income and expenses were recorded over the current period and the same period of last year, which was the changes of fair value of business merged into bargain purchase and convertible bonds respectively. When the non-recurring project was excluded, the profit of GNE for the first half of 2016 amounted to approximately RMB0.21 billion, representing a satisfactory growth of 58 times compared to the same period of last year.

Social Responsibility

As a global leading enterprise that has long been engaged in the development of renewable energy, GCL-Poly is well aware of its responsibilities to environmental protection and social contribution. While ensuring our power generation and manufacturing activities to be in compliance with national environmental standards, we also actively participated in various public welfare activities, such as "Sunshine Love and Care Action" (陽光關愛行動) and "Higher Education Subsidies" (高等教育獎助學基金) organised by "GCL-Poly Sunshine Charity Fund" (協鑫陽光慈善基金會) a. Over the years, we have initiated and participated in over 100 charitable events and gained positive feedbacks from the society.

In the afternoon of 23 June 2016, Funing County of Yancheng City, Jiangsu Province was hit by devastating tornado and hail. In view of this, GCL-Poly actively participated and played an important role in the relief and post-disaster reconstruction activities in Jiangsu by immediately forming a volunteer team of around a hundred people and transporting relief supplies such as tents, quilts, food, water and portable emergency power source in 4 trucks to the affected areas.

In the future, we will continue to make active contribution to the society by jobs creation, charity donation, public welfare and every other possible ways.

Outlook

We will proactively adapt to the new norms of economic development in the future and sharpen our core competitive edges of the products with technology innovation and focus on improving efficiency and product differentiation advantages. We will further increase the production volumes, improve quality and reduce costs, through internal management, streamlining production, creating economy of scale and continuing to develop, innovate and improve the quality of products and to reduce cost. By closer ties with financial institutions, we will continue to promote direct financial issuance, improve financial leverage and capital structure, so as to reduce financial fees and optimize liquidity. We will accelerate the construction of the semi-conductor high purity poly-silicon applicable to integrated circuit. As the only production base funded by the national integrated circuit fund, GCL-Poly will fill in the blank by putting an end to the reliance of imported electronic grade high purity poly-silicon of China, in order to contribute to the development of semi-conductor material and integrated circuit industry in the country. At the same time, with the acceleration of intelligent manufacturing and data-mining construction, we will enhance the automation level of the existing production capacity with a view to promote and realise the industrial upgrading.

As Confucius said "it's difficult to make the smartest and the most foolish change their mind", we will never stop pursuing the great undertaking of environmental protection through solar power generation. I believe for certain that we will perfectly accomplish our mission of Bringing Green Power to Life with the joint effort of the whole industry.

Finally, I would like to express my heartfelt gratitude to our Directors, management team and all the staff members of the Company for their efforts and hard work in the first half of 2016. I also wish to extend my gratitude to our shareholders and business partners for their strong support to the Company.

Chairman
Zhu Gongshan

Hong Kong, 24 August 2016

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the six months ended 30 June 2016, the Group achieved a remarkable financial performance as a result of the further reduction in production costs of polysilicon and wafer, the increase in average selling price and the strong increase in sales volume of wafer in the first half of 2016.

The Group's financial position had been significantly improved as a result of the completion of the right issues in early 2016 and the Group's remarkable financial performance in the first half of 2016. The Group's equity attributable to owners of the Company has increased by 27.2% from RMB15,854 million as at 31 December 2015 to RMB20,163 million as at 30 June 2016. The Group's net debt to equity attributable to owners of the Company has decreased from 171.4% as at 31 December 2015 to 142.9% as at 30 June 2016.

Half Year Results

Continuing operations

For the six months ended 30 June 2016, the Group recorded a significant growth of 28.7% in revenue from continuing operations to approximately RMB13,159 million and 137.6% in net profit attributable to owners of the Company from continuing operations to approximately RMB1,389 million, compared with the same period in prior year.

Discontinued operations

The Group ceased to carry on non-solar power business in December 2015 and the related operation results had been classified as discontinued operations. The profit attributable to owners of the Company from the discontinued operations for the six months ended 30 June 2015 was approximately RMB68 million.

Fund Raising Activities

In January 2016, the Company raised approximately HK$3,396 million (equivalent to approximately RMB2,845 million, net of expenses), by way of the rights issue of 3,097,927,453 rights shares at the Subscription Price of HK$1.12 per rights share.

Use of Proceeds

The Company had mainly utilised the net proceeds from the disposal of the non-solar power business of approximately RMB2,945 million, the settlement sum received in respect of the deed of non-competition of approximately RMB1,160 million and the rights issue of approximately RMB2,845 million for the following purposes:

1. Special dividend distribution of RMB1,120 million;

2. Subscription of 3,240,000,000 GNE Rights Shares of RMB1,222 million;

3. Repayment of bank borrowings of USD530 million (equivalent to RMB3,493 million);

4. Partial redemption of convertible bonds of USD50 million (equivalent to RMB308 million); and

5. Payment of bank loan interest of USD13 million (equivalent to RMB88 million).

BUSINESS STRUCTURE

The Group's core integrated solar business includes the manufacturing and sale of polysilicon and wafer products, and developing, constructing and operating downstream solar farms both within the PRC and overseas. Except for the solar farm projects of 371 MW that were constructed or acquired by the Group prior to obtaining a controlling stake in GCL New Energy Holdings Limited ("GNE"), the Group primarily develops, constructs, or acquires downstream solar farms through its platform GNE.

For illustrative purpose, if deconsolidating GNE Group and recognising the costs of investment in GNE as non-current assets, the financial position of the Group, GNE Group and the Group (De-consolidated GNE Group) as at 30 June 2016 would be as follows:

	The Group	**GNE Group**	**De-consolidation adjustment**[1]	**The Group (De-consolidated GNE Group)**
	RMB million	*RMB million*	*RMB million*	*RMB million*
Total assets	81,180	31,753	(3,411)	52,838
Total liabilities	58,354	27,131	(958)	32,181
Bank balances and cash, pledged and restricted bank deposits	12,304	4,288	—	8,016
Bank balances and cash classified as assets held for sale	52	—	—	52
Subtotal	**12,356**	**4,288**	**—**	**8,068**
Indebtedness				
Bank and other borrowings	31,808	15,869	—	15,939
Loan from fellow subsidiaries	—	946	(946)	—
Obligations under finance leases	2,984	71	—	2,913
Notes and bonds payables	4,566	239	—	4,327
Convertible bonds payables	1,803	749	—	1,054
Subtotal	**41,161**	**17,874**	**(946)**	**24,233**
Net debt	**28,805**	**13,586**	**(946)**	**16,165**

Note:

1. The de-consolidation adjustment mainly includes adjustments to reflect the investment costs in GNE, fair value adjustments for the acquisition of GNE, and other intercompany transactions and balances.

Segment Information

The Group organised its financial information in the following continuing business segments:

(a) Solar Material Business

(b) Solar Farm Business

(c) New Energy Business

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

	Six months ended 30 June 2016			Six months ended 30 June 2015 (Restated)		
	Revenue	**Segment profit (loss)**	**Adjusted EBITDA[1]**	Revenue	Segment profit (loss)	Adjusted EBITDA[1]
	RMB million	***RMB million***	***RMB million***	*RMB million*	*RMB million*	*RMB million*
Solar Material Business	**11,221**	**1,756**	**4,785**	9,020	784	2,973
Solar Farm Business	**267**	**(241)**	**31**	304	(59)	132
Corporate[2]	**N/A**	**N/A**	**(31)**	N/A	N/A	(55)
Sub-total	**11,488**	**1,515**	**4,785**	9,324	725	3,050
New Energy Business[3]	**1,671**	**162**	**895**	897	72	228
Total	**13,159**	**1,677**	**5,680**	10,221	797	3,278

1. For the purpose of this results announcement, the following items were excluded in the calculation of earnings before interest expenses, tax, depreciation, amortisation and exceptional items ("EBITDA"): i) Gain/loss on fair value change of convertible bonds receivable; ii) Gain/loss on fair value change of convertible bonds payables; iii) Gain/loss on fair value change of held for trading investments; iv) Bargain purchase on business combination, v) Gain/loss on fair value change of derivative financial instruments and vi) Impairment loss on property, plant and equipment. The Adjusted EBITDA presented may, therefore, not be comparable to similarly titled measures reported by other companies.

2. The corporate items is not a reportable segment and primarily included unallocated income and unallocated expenses.

3. For the six months ended 30 June 2016, the segment profit of the new energy business includes reported net profit of GNE Group of approximately RMB171 million (six months ended 30 June 2015: RMB71 million), allocated corporate expenses of approximately RMB12 million (six months ended 30 June 2015: RMB2 million) and the amortisation of fair value adjustments of approximately RMB3 million (six months ended 30 June 2015: RMB3 million), which was related to the assets and liabilities of GNE acquired in 2014 which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets.

BUSINESS REVIEW

Solar Material Business

Production

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

As at 30 June 2016, the Group's polysilicon annual production capacity remained at 70,000 MT. During the six months ended 30 June 2016, the Group operated its polysilicon business at full capacity and produced approximately 36,328 MT of polysilicon, representing a slight decrease of 1.2% as compared to 36,768 MT for the same period in 2015.

During the six months ended 30 June 2016, the Group continued to adopt various technological improvements on application of advanced ingot furnace facility and wafer slicing process. The Group's annual wafer production capacity has increased to 17 GW (including 16 GW for multi-crystalline silicon wafer and 1 GW for monocrystalline silicon wafer) as at 30 June 2016. During the six months ended 30 June 2016, the Group produced approximately 8,643 MW of wafers (including processing business with supplied materials), representing an increase of 21.7% from 7,102 MW for the same period in 2015.

Sales Volume and Revenue

For the six months ended 30 June 2016, the Group sold 6,389 MT of polysilicon and 8,880 MW of wafer (including processing business with supplied materials), representing a decrease of 8.8% and increase of 25.8% respectively, as compared with 7,005 MT of polysilicon and 7,061 MW of wafer for the same period in 2015.

The average selling prices of polysilicon and wafer were approximately RMB100.3 (US$15.3) per kilogram and RMB1.224 (US$0.187) per W respectively for the six months ended 30 June 2016. The corresponding average selling prices of polysilicon and wafer for the six months ended 30 June 2015 were approximately RMB105.4 (US$17.2) per kilogram and RMB1.192 (US$0.195) per W respectively.

With a strong increase of sale volume and an increase of average selling prices of wafer in the first half of 2016 as compared with the corresponding period in 2015, revenue from external customers of our Solar Material Business amounted to approximately RMB11,221 million, representing an increase of 24.4% from RMB9,020 million for the same period in 2015.

Cost and Net Profit Margin

The Group's polysilicon and wafer production costs mainly depend on its ability to control raw material costs, lower energy consumption, achieve economies of scale in its operations and streamline production processes. During the six months ended 30 June 2016, the Group was able to maintain its fundamental production cost at an extremely competitive level due to (i) commercial operation of the direct electricity supply by the captive cogeneration power plant to Jiangsu Zhongneng; and (ii) the Group's continuous technology improvements on the manufacturing process. With a full capacity utilisation rate and reduction in costs for the six months ended 30 June 2016 for both polysilicon and wafer production, our operating performance further improved and the net profit margin of our Solar Material Business for the six months ended 30 June 2016 was 15.6% as compared with net profit margin of 8.7% in the same period in 2015.

Solar Farm Business

Overseas Solar Farms

As at 30 June 2016, the Solar Farm Business includes 18 MW of solar farms in the United States. Besides, the Group has an effective ownership of 9.7% in a 150 MW solar farms in South Africa, which was partnered with China-Africa Development Fund.

PRC Solar Farms

As at 30 June 2016, the Solar Farm Business also includes 10 solar farms in the PRC and the installed capacity and attributable installed capacity were remained unchanged at 353.0 MW and 289.3 MW, respectively.

Sales Volume and Revenue

For the six months ended 30 June 2016, the electricity sales volume of Solar Farm Business in overseas and the PRC were 16,325 MWh and 256,324 MWh respectively (six months ended 30 June 2015: 16,377 MWh and 281,547 MWh, respectively).

For the six months ended 30 June 2016, revenue for Solar Farm Business was approximately RMB267 million (Six months ended 30 June 2015: RMB304 million).

New Energy Business

As at 30 June 2016, the Group owns 11,880 million shares of GNE (approximately 62.28% of GNE's issued capital), with total investment costs of RMB2,365 million (equivalent to HK$2,898 million) and the average investment costs per share amounted to RMB0.199 (equivalent to HK$0.244).

During the current period, GNE Group continued to expand its solar energy business through joint-development, acquisitions and self-development. As at 30 June 2016, GNE Group has completed 40 joint developed solar farm projects with an aggregate installed capital of 1,630 MW, acquired 8 solar farms with an aggregated installed capacity of 415 MW and completed 20 in-house developed projects with an aggregated installed capacity of 690 MW. As at 30 June 2016, GNE Group's aggregate installed capacity was 2,735 MW.

	Aggregate installed capacity		
Development Type	**As at 30 June 2016** ***MW***	As at 31 December 2015 *MW*	% of Changes
Joint development	1,630	1,170	39%
Acquisition	415	300	38%
In-house development	690	170	306%
Total	**2,735**	**1,640**	**67%**

As at 30 June 2016, GNE Group has 68 (31 December 2015: 41) grid-connected solar farms. The aggregated installed capacity of GNE Group's grid-connected solar power plants has increased by 67% from 1,640 MW as at 31 December 2015 to 2,735 MW as at 30 June 2016. Details of the electricity sales volume and revenue for the six months ended 30 June 2016 are set out below:

Locations	**Number of solar farms**	**Aggregate Installed Capacity**[1]	**Grid-connected Capacity**[2]	**Electricity Sales Volume**	**Average Tariff (Net of Tax)**	**Revenue**
		(MW)	*(MW)*	*(MWh)*	*(RMB/kWh)*	*(RMB Million)*
Subsidiaries						
Inner Mongolia	7	316	289	210,402	0.77	163
Jiangsu	15	313	197	112,502	0.87	97
Shaanxi	4	240	210	82,350	0.81	67
Henan	4	220	141	51,417	0.85	44
Hebei	4	192	184	137,566	1.03	142
Anhui	3	180	170	26,276	0.85	22
Shanxi	4	180	160	122,486	0.85	105
Ningxia	4	150	150	94,573	0.75	71
Qinghai	4	150	136	82,521	0.86	71
Hubei	1	116	116	62,135	0.96	60
Guangdong	1	100	2	—	N/A	—
Jiangxi	3	120	59	4,900	0.85	4
Shandong	3	95	71	28,776	0.85	25
Xinjiang	2	80	80	42,956	0.73	31
Yunnan	2	80	71	36,100	0.81	29
Hunan	1	60	5	—	N/A	—
Hainan	2	50	50	32,799	0.85	28
Zhejiang	1	23	21	9,544	0.99	9
Jilin	1	15	15	2,381	0.81	2
Sub-total	66	2,680	2,127	1,139,684	0.85	970
Less: effect of discounting non-current tariff adjustment receivables[3]						(41)
						929
Joint ventures						
Qinghai	1	30	30	23,487	0.86	20[4]
Xinjiang	1	25	25	6,178	0.81	5[4]
Total	**68**	**2,735**	**2,182**	**1,169,349**	0.85	**954**

(1) Aggregate installed capacity represents the maximum capacity that approved by State Grid companies.

(2) Grid-connected capacity represents that the actual capacity connected to the State Grid.

(3) Certain part of the tariff adjustment receivables will be recovered after twelve months from the reporting date. The non-current tariff adjustment receivables are discounted at an effective interest rate of 4.75% per annum.

(4) Revenue from joint venture solar farms was accounted for under "Share of Profits of Joint Ventures" in the consolidated statement of profit and loss and other comprehensive income. GNE Group held 60% and 50% of shareholdings for the joint ventures in Qinghai and Xinjiang, respectively.

In terms of project type, the large-scale ground-mounted, agriculture-photovoltaic, fishery-photovoltaic and rooftop distributed power plants accounted for approximately 61%, 24%, 12% and 3%, respectively (31 December 2015: 65%, 17%, 10% and 8%) of the aggregated installed capacity of all the solar farms owned by the Group.

Sales Volume and Revenue

For the six months ended 30 June 2016, revenue contributed by new energy business amounted to approximately RMB1,671 million, representing an increase of 86.3% when compared with approximately RMB897 million for the same period in 2015. The revenue of the new energy business for the current period mainly comprised sales of electricity and tariff adjustment amounting to approximately RMB929 million (six months ended 30 June 2015: RMB279 million) and sales of printed circuit boards amounting to approximately RMB742 million (six months ended 30 June 2015: RMB618 million).

The increase in revenue was mainly attributable to the increase in the generation volume of electricity by the solar farms from 328,464 MWh for the six months ended 30 June 2015 to 1,139,684 MWh for the six months ended 30 June 2016.

Financial Resources of GNE Group

For the six months ended 30 June 2016, GNE Group's main sources of funding were cash generated from financing activities of RMB5,389 million, mainly through newly raised bank and other borrowings of RMB5,007 million and the Rights Issue of RMB1,941 million.

GNE Group's net cash used in operating activities during the six months ended 30 June 2016 was RMB345 million, which was mainly attributable to the repayment of trade and other payables.

GNE Group's net cash used in investing activities during the six months ended 30 June 2016 was RMB4,049 million, primarily arose from payments and deposit paid for the acquisition and development of solar farms.

GNE Group's Use of Proceeds

GNE Group had completed the rights issue of 5,201,922,393 rights shares at HK$0.45 per rights share in early February 2016 with net proceeds of approximately RMB1,941 million (equivalent to HK$2,317 million). GNE Group had used RMB1,014 million for project development, RMB754 million for reducing indebtedness and approximately RMB36 million for general working capital.

Outlook

Following a sharp decline in 2015, polysilicon prices began to rebound in the first quarter of 2016. With polysilicon prices trend began to converge with that of wafers, we believe it became more challenging for our dedicated solar wafer competitors to lower price significantly, as their polysilicon input cost became higher. As such, on a year-on-year basis, we expect solar wafer pricing trend to remain resilient.

With strong seasonality in the first half of 2016 driven by domestic Chinese solar installation demand, we believe the volume outlook to remain healthy with robust demand coming from overseas and rest-of-the-world. In the past, typical seasonality is more back-half loaded and we believe that, with the exception of strong China demand in 1H16, we believe the seasonality is more balanced between first and second half and it is more healthy for manufacturing to maintain factory utilization and manage inventory. In addition, as in the previous years, we continue to make good progress driven by higher efficiency products and increase in manufacturing productivity, solidifying our leadership position in the solar materials space.

We anticipate that 2016 global PV solar demand to grow modestly to approximately 64 GW, up from 51~57 GW in 2015 and from 44 GW in 2014, with strong demand in China, the USA and Japan, while emerging market such as India, Australia and Latin America will continue to increase. These emerging markets will play a more important role in the solar industry development, resulting in a more balanced geographical diversification.

Despite a strong first half of solar installation in China, we also believe that environmental and energy-related spending will remain as one of the key drivers in sustaining China's GDP growth, as air pollution had not materially improved despite still remained a big concern in China. In addition, Chinese government had revised down the ground-mounted Feed-In-Tariff ("FiT") in China, but the returns of solar farms will remain attractive given falling borrowing rate and improvement in lending. We continue to see the Chinese government continue to issue favorable policy for the industry.

Recently, the Chinese government had been making fine tunes to the issues renewable energy funding and distribution policies, alleviating the issue of postponed subsidy payments to renewable projects. China also made it mandatory for the State Grid to buy back all renewable energy generation. While renewable energy projects in some provinces such as those in Gansu and Xinjiang are experiencing curtailments, but the completion of Ultra-High Voltage transmission lines linking the western part of China was already underway to resolve the issues. With the advent of the 13th Five-Year-Plan, and an earmarked target of over 150 GW by 2020, we expect new solar installations will remain robust in the next several years.

In late 2015, The U.S. Government extended the 30% solar Investment Tax Credit (ITC) through 2019, reinstated confidence among investors as some had feared a demand cliff after 2016 for the U.S. Market. As many of the U.S. solar projects were already underway, we believe the installation growth will remain robust.

Last year as we recently have commissioned, operation of our captive power plant, we expect the Group will remain competitive with our superior cost structure and effective execution to manage our production facilities. In 2016, the Group will be able to harness all the cost benefit of the captive power plant throughout the entire year.

Employees

We consider our employees to be our most important resource. As at 30 June 2016, the Group had approximately 13,106 employees in Hong Kong, the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees.

FINANCIAL REVIEW

Continuing operations

Revenue

Revenue for the six months ended 30 June 2016 amounted to approximately RMB13,159 million, representing an increase of 28.7% as compared with approximately RMB10,221 million for the same period in 2015. The increase was primarily contributed by the strong increase in sales volume and the increase in the average selling price of wafer.

Gross Profit Margin

The Group's overall gross profit margin for the six months ended 30 June 2016 was 32.9%, as compared with 25.5% for the same period in 2015.

Gross profit margin for the solar material business increased from 24.1% for the six months ended 30 June 2015 to 31.8% for the six months ended 30 June 2016. The increase was mainly due to (i) further reduction in production costs of polysilicon and wafer as a result of the commencement of operation of the captive cogeneration power plant and continuous technology improvements on the manufacturing process, respectively, and (ii) the increase in the average selling price and strong increase in sales volume of wafer.

Solar farm business has a gross loss margin of 11.3% for the six months ended 30 June 2016, as compared with gross profit margin of 51.4% for the corresponding period in 2015. The gross loss margin was primarily due to the increase in impairment loss on project assets in the current period.

The gross profit margin for the new energy business was 46.4% for the six months ended 30 June 2016 and 28.9% for the corresponding period in 2015. The increase in gross profit margin was due to the increased revenue contribution by its solar power plants, which has a higher gross profit margin than its printed circuit boards business.

Other Income

For the six months ended 30 June 2016, other income mainly comprised government grants of approximately RMB130 million (Six months ended 30 June 2015: RMB60 million), sales of scrap materials of approximately RMB116 million (Six months ended 30 June 2015: RMB100 million) and bank and other interest income of approximately RMB108 million (Six months ended 30 June 2015: RMB149 million).

Distribution and Selling Expenses

Distribution and selling expenses increased slightly from approximately RMB35 million for the first half of 2015 to approximately RMB39 million for the first half of 2016.

Administrative Expenses

Administrative expenses amounted to approximately RMB923 million for the six months ended 30 June 2016, representing an increase of 24.2% from approximately RMB743 million for the same period in 2015. Increase in administrative expenses was primarily due to the increase in staff costs of our solar material business and the expansion of our new energy business.

Other Expenses, Gains and Losses, Net

The other expenses, gains and losses represents net expenses of RMB658 million for the six months ended 30 June 2016 (Six months ended 30 June 2015: net expenses of RMB244 million). The net expenses for the current period mainly comprises of the impairment loss on property, plant and equipment of approximately RMB446 million, loss on fair value change of convertible bonds payables of approximately RMB122 million, and research and development costs of approximately RMB119 million.

Finance Costs

Finance costs for the six months ended 30 June 2016 were approximately RMB1,059 million, increased by 1.9% as compared to approximately RMB1,039 million for the corresponding period in 2015. Increase was mainly related to the increase of bank and other borrowings by GNE Group during the period, offsetting by the reduction of indebtedness by our solar material business.

Share of Profits of Joint Ventures

The Group's share of profits of joint ventures for the six months ended 30 June 2016 was approximately RMB6 million, mainly contributed by a joint venture in the South Africa of approximately RMB6 million.

Income Tax Expense

Income tax expense for the six months ended 30 June 2016 was approximately RMB494 million, representing an increase of 125.6% as compared with approximately RMB219 million for the same period in 2015. The increase was mainly due to the increase in profit during the current period.

Profit attributable to Owners of the Company

Profit attributable to Owners of the Company from continuing operations amounted to approximately RMB1,389 million for the six months ended 30 June 2016, representing an increase of 137.6% as compared with a profit of approximately RMB585 million for the same period in 2015.

The profit for the six months ended 30 June 2015 from discontinued operations was RMB68 million.

Profit attributable to Owners of the Company from continuing operations and discontinued operations amounted to approximately RMB1,389 million for the six months ended 30 June 2016 as compared with a profit of approximately RMB653 million for the same period in 2015.

Property, Plant and Equipment

Property, plant and equipment increased from RMB41,650 million as at 31 December 2015 to RMB45,996 million as at 30 June 2016. This is mainly attributable to the increase in solar power plant assets contributed by GNE Group.

Deposits, Prepayments and Other Non-current Assets

Non-current portion for deposits, prepayments and other non-current assets increased from RMB2,686 million as at 31 December 2015 to RMB3,689 million as at 30 June 2016. The increase was mainly attributable to the increase in deposits for EPC contracts by GNE Group and the increase of its non-current trade receivables.

Liquidity and Financial Resources

As at 30 June 2016, the total assets of the Group were about RMB81,180 million, of which the aggregate restricted and unrestricted cash and bank balances amounted to approximately RMB12,356 million (including bank balances and cash classified as assets held for sale of RMB52 million). The bank and other interest received for the six months ended 30 June 2016 was approximately RMB116 million.

For the six months ended 30 June 2016, the Group's main source of funding was cash generated from operating activities. For the six months ended 30 June 2016, the net cash from operating activities was RMB1.8 billion, compared with RMB1.7 billion in the same period in 2015.

For the six months ended 30 June 2016, the net cash used in investing activities was approximately RMB2.5 billion, primarily related to the deposits paid for and purchase of property, plant and equipment of approximately RMB4.9 billion (which was mainly attributable to GNE Group of approximately RMB3.3 billion), partially offsetting by inflow of approximately RMB3.0 billion for net withdrawal of pledged bank deposits.

The net cash used in financing activities for the current period was approximately RMB1.4 billion, compared with net cash from financing activities of approximately RMB5.4 billion in the corresponding period in 2015. During the current period, the net cash used in financing activities was mainly due to the decrease in bank and other borrowings and partial redemption of convertible bonds payable, partially offsetting by the proceeds from rights issues of the Company and GNE.

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately RMB6,513 million as at 30 June 2016 and the Group had cash and cash equivalents of RMB8,249 million (including bank balances and cash classified as assets held for sale of RMB52 million) against the Group's total borrowings (comprising bank and other borrowings, convertible bonds payable, notes and bonds payable and obligations under finance leases) amounted to approximately RMB41,161 million, out of which approximately RMB18,443 million will be due in the coming twelve months. The Directors have evaluated the Group's current undrawn banking facilities and renewable bank borrowings. In order to improve liquidity, the Group continues to pay close attention 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 are of the opinion that, taking into account the above undrawn banking facilities, renewal of existing banking facilities, the Group's cash flow projection for the coming year and the successful implementation of measures of GNE Group, the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months. For detailed information, please refer to "Basis of Preparation" Section of this announcement.

Indebtedness

Details of the Group's indebtedness are as follows:

	As at 30 June 2016 ***RMB million*** **(Unaudited)**	As at 31 December 2015 *RMB million* (Audited)
Bank and other borrowings	**31,807.9**	34,435.7
Obligations under finance leases *(Note 1)*	**2,983.9**	3,434.4
Notes and bonds payables	**4,565.8**	4,679.3
Convertible bonds payables *(Note 2)*	**1,803.1**	2,018.5
	41,160.7	44,567.9

Notes:

(1) As at 30 June 2016, approximately 12.6% of the obligations under finance leases are denominated in USD.

(2) As at 30 June 2016, approximately 58.5% and 41.5% of the convertible bonds payables are denominated in USD and HKD, respectively.

Bank and other borrowings are denominated in the following currencies:

	As at 30 June 2016 ***RMB million*** **(Unaudited)**	As at 31 December 2015 *RMB million* (Audited)
RMB	**28,058.9**	25,507.6
US$	**3,731.9**	8,902.2
HKD	**17.1**	25.9
	31,807.9	34,435.7

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

	As at 30 June 2016 *RMB million* **(Unaudited)**	As at 31 December 2015 *RMB million* (Audited)
Secured	**20,945.4**	21,803.9
Unsecured	**10,862.5**	12,631.8
	31,807.9	34,435.7
Maturity profile of bank and other borrowings		
On demand or within one year	**16,673.3**	22,314.9
After one year but within two years	**5,552.8**	3,913.8
After two years but within five years	**4,642.4**	4,165.9
After five years	**4,939.4**	4,041.1
Group's total bank and other borrowings	**31,807.9**	34,435.7

As at 30 June 2016, RMB bank and other borrowings carried floating interest rates with reference to the Benchmark Borrowing Rate of The People's Bank of China. USD bank and other borrowings carried interest rates with reference to the London Interbank Offer Rate.

The note payables bear interest at a rate of 5.5%–7.5% per annum, the bonds payable bears interest at a rate of 6.7% and the convertible bonds payables bear interest at a fixed rate of 0.75%–6.0% per annum.

Key Financial Ratios of the Group

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Current ratio	**0.81**	0.81
Quick ratio	**0.78**	0.77
Net debt to equity attributable to owners of the Company *(Note)*	**142.9%**	171.4%

Note: As at 30 June 2016, the net debt of GNE was approximately RMB13,586million (including the loans from fellow subsidiaries of RMB946 million) and the net debt to equity attributable to owners of GNE was 296.8%. For illustration purpose, if purely excluding GNE Group's net debt of RMB12,640 million (excluded the loans provided by the Group to GNE Group) and assuming the equity attributable to owners of the Company remains unchanged, the net debt to equity attributable to owners of the Company would be 80.2%.

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

Foreign Currency Risk

Most of the Group's business is located in the PRC and the presentation currency of the consolidated financial statements of the Company is expressed in RMB. Substantially all of the Group's revenue, cost of sales and operating expenses are denominated in RMB, and the majority of the Group's assets and liabilities are denominated in RMB, while the rest are mainly denominated in US dollar and Hong Kong dollar. Any depreciation of RMB against US dollar or any other foreign currencies may result in an increase 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. During the current period, the Group has significantly reduced its foreign currency denominated indebtedness and increased its foreign currency denominated assets (mainly include US dollar bank deposits and US dollar investments, etc.)

Foreign currency forward contracts are also utilised when it is considered as appropriate to hedge against foreign currency risk exposure and when suitable opportunities arise. Current US dollar forward contracts are typically for a period of less than 12 months. The Company's policy is not to utilise derivative financial instruments for trading or speculative purposes.

For sensitivity analysis purpose, the Group's profit after tax for the six months ended 30 June 2016 would increase/decrease by approximately RMB77 million if the Group's outstanding US dollar and HK dollar denominated monetary items adjusts its translation at the end of the reporting period for a 5% change in RMB against US dollar and HK dollar.

The Company is actively considering the effective measures at reasonable costs to further reduce the foreign currency risk exposure, including the additional investment of assets denominated in USD, currency derivatives as well as other related hedging instruments. The Directors are of the opinion that, with the successful implementation of the above measures, the abovementioned foreign currency risk exposure can be reduced.

Pledge of Assets

As at 30 June 2016, property, plant and equipment and prepaid lease payments with a carrying value of approximately RMB20,788 million and RMB6 million respectively, were pledged as security for certain banking facilities and borrowings granted to the Group (31 December 2015: RMB15,610 million and RMB6 million respectively). In addition, property, plant and equipment with a carrying amount of approximately RMB3,941 million (31 December 2015: RMB4,568 million) were pledged as security for certain finance leases.

Apart from these, bank deposits, bill receivables and available-for-sale investments of RMB625 million (31 December 2015: RMB2,506 million), RMB4,226 million (31 December 2015: RMB4,555 million) and Nil (31 December 2015: RMB13 million), respectively, were also pledged to the banks to secure borrowings and finance leases granted to the Group.

Restricted bank deposits include RMB3,383 million (31 December 2015: RMB4,453 million) have been restricted to secure bills payable, short term letters of credit for trade and other payables and RMB100 million (31 December 2015: RMB99 million) have been restricted to secure obligations under finance leases which are due after one year.

Capital Commitments

As at 30 June 2016, the Group's capital commitments in respect of purchase of property, plant and equipment, constructions costs in respect of projects, share capital commitment to a joint venture and share capital commitment to an available-for-sale investment contracted for but not provided amounted to RMB9,159 million, RMB36 million and Nil respectively (31 December 2015: RMB5,861 million, RMB36 million and RMB210 million, respectively).

Contingencies

Financial guarantees contracts

As at 30 June 2016, certain subsidiaries of the Company guaranteed bank and other borrowings of certain subsidiaries of GNE which amounted to RMB4,560 million (31 December 2015: RMB4,163 million).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

For the period ended 30 June 2016, GNE Group acquired three subsidiaries at a total consideration of RMB10 million. The three subsidiaries are 常州中暉光伏科技有限公司 ("Changzhou Zhonghui"), 高唐縣協鑫晶輝光伏有限公司 ("Gaotang") and 上高縣利豐新能源有限公司 ("Lifeng"). At the date of acquisition, the three subsidiaries owned solar power plant projects of 50MW, 30MW and 20MW, respectively, which were connected to the grid.

Save as disclosed above, there were no other significant investments during the six months ended 30 June 2016, 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 2016.

Events After the End of The Reporting Period

On 18 July 2016, one of GNE Group's subsidiaries, Suzhou GCL New Energy Investment Company Limited (the "Issuer") proposes to apply to the Shanghai Stock Exchange for the issuance of non-public corporate bonds to qualifying investors in the maximum principal amount of RMB2,000 million. The bonds shall have a term of up to 3 years with a fixed interest rate to be determined by the Issuer and the underwriter in accordance with the relevant PRC regulations. As of the date of this announcement, the issuance of the bonds is subject to the satisfaction of certain conditions precedent, including all necessary approvals and consents for the issuance of the bonds under PRC laws.

DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2016 (Six months ended 30 June 2015: nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

The corporate governance report of the Company has been set out in the Company's 2015 Annual Report. During the six months ended 30 June 2016, the Company has complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules with the exception of the following areas:

(i) Code provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhu Gongshan (the Chairman and a Director of the Company) has been appointed as the Chief Executive Officer since 1 September, 2009. The Nomination Committee has continued to review the board structure regularly and report to the Board of its recommendation. In March 2016, the Nomination Committee recommended and the Board approved to appoint Mr. Zhu Zhanjun, the executive Director and the then Executive President, as the Chief Executive Officer of the Company with effect from 1 April 2016. The Company has complied with Code provision A.2.1 subsequent to such appointment effective 1 April 2016.

(ii) Code provision A.6.7

Code provision A.6.7 stipulates that (including but not limited to) INEDs and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. A Non-executive Director, who was not in Hong Kong when the annual general meeting of the Company held on 25 May 2016, unable to attend such meeting.

(iii) Code provision E.1.2

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Mr. Zhu Gongshan, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 25 May 2016 as he had to attend certain business aboard. Mr. Zhu had invited Mr. Zhu Zhanjun, an executive Director and Chief Executive Officer of the Company to attend and act as the chairman of such meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the model code for securities transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2016.

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

The Company announced on 15 July 2015 that it proposed to issue an aggregate principal amount of US$225 million of 0.75% convertible bonds due 2019 (the "2019 Convertible Bonds"), the issuance of which was completed on 22 July 2015. The 2019 Convertible Bonds was listed and quoted on the Singapore Stock Exchange with effect from 22 January 2016.

The Company entered into an agreement with the bondholder to purchase US$50,000,000 in the principal amount of the 2019 Convertible Bonds (the "Repurchased Bonds") at the purchase price of US$47,625,000 in cash (the "Partial Buy-back") through private arrangement. Completion of the Partial Buy-back ("Completion") was taken place on 4 May 2016. Following the Partial Buy-back and upon Completion, the Company has cancelled the Repurchased Bonds and the principal amount of the 2019 Convertible Bonds which remains outstanding amount to US$175,000,000.

Other than disclosed above, during the six months ended 30 June 2016, 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 2016 have been reviewed by the Group's external auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee of the Company which consists of three independent non-executive Directors, namely Mr. Yip Tai Him, Dr. Raymond Ho Chung Tai and Dr. Shen Wenzhong. The Audit Committee expressed no disagreement with the accounting policies and principles adopted by the Group.

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

Hong Kong, 24 August 2016

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