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 2017

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2017	2016	% of
	RMB'million	*RMB'million*	changes
	(Unaudited)	(Unaudited)	
		(Restated)	
Continuing operations			
Revenue	**11,397.3**	12,417.2	–8.2%
Gross profit	**3,736.3**	4,249.6	–12.1%
Profit for the period	**1,389.5**	1,539.1	–9.7%
Profit for the period attributable to owners of the Company	**1,195.9**	1,375.2	–13.0%

The basic earnings per share and diluted earnings per share for the six months ended 30 June 2017 are RMB6.45 cents and RMB6.31 cents, respectively (six months ended 30 June 2016: RMB7.56 cents and RMB7.55 cents).

Discontinued operations

The loss for the period attributable to owners of the Company for the six months ended 30 June 2017 amounted to RMB2.6 million (six months ended 30 June 2016: profit of RMB13.7 million).

Continuing and discontinued operations

The profit for the period attributable to owners of the Company for the six months ended 30 June 2017 amounted to RMB1,193.3 million (six months ended 30 June 2016: RMB1,388.9 million). The basic earnings per share and diluted earnings per share for the six months ended 30 June 2017 are RMB6.43 cents and RMB6.30 cents (six months ended 30 June 2016: RMB7.63 cents and RMB7.63 cents) respectively.

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 2017 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 2017

		Six months ended 30 June	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited) (Restated)
Continuing operations			
Revenue	*3*	**11,397,255**	12,417,185
Cost of sales		**(7,660,995)**	(8,167,615)
Gross profit		**3,736,260**	4,249,570
Other income	*4*	**294,846**	382,450
Distribution and selling expenses		**(52,894)**	(29,207)
Administrative expenses		**(877,203)**	(892,404)
Finance costs	*5*	**(1,143,450)**	(1,053,245)
Other expenses, gains and losses, net	*6*	**(246,164)**	(664,752)
Share of profits of joint ventures		**22,876**	6,218
Profit before tax		**1,734,271**	1,998,630
Income tax expense	*7*	**(344,787)**	(459,496)
Profit for the period from continuing operations	*8*	**1,389,484**	1,539,134
Discontinued operations			
(Loss) profit for the period from discontinued operations	*14*	**(4,184)**	21,936
Profit for the period		**1,385,300**	1,561,070
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**1,518**	27,461
Total comprehensive income for the period		**1,386,818**	1,588,531

	Note	Six months ended 30 June	
		2017	2016
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
			(Restated)
Profit (loss) for the period attributable to owners of the Company:			
— from continuing operations		**1,195,887**	1,375,201
— from discontinued operations		**(2,606)**	13,662
Profit for the period attributable to owners of the Company		**1,193,281**	1,388,863
Profit (loss) for the period attributable to non-controlling interests:			
— from continuing operations		**193,597**	163,933
— from discontinued operations		**(1,578)**	8,274
Profit for the period attributable to non-controlling interests		**192,019**	172,207
		1,385,300	1,561,070
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,193,987**	1,420,220
Non-controlling interests		**192,831**	168,311
		1,386,818	1,588,531
		RMB cents	*RMB cents*
		(Unaudited)	(Unaudited)
			(Restated)
Earnings per share	*10*		
From continuing and discontinued operations			
Basic		**6.43**	7.63
Diluted		**6.30**	7.63
From continuing operations			
Basic		**6.45**	7.56
Diluted		**6.31**	7.55

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	**As at 30 June 2017 RMB'000 (Unaudited)**	As at 31 December 2016 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**54,928,040**	52,461,558
Investment properties		**77,448**	79,772
Prepaid lease payments		**1,187,411**	1,123,690
Goodwill		**176,528**	176,528
Other intangible assets		**902,160**	124,990
Interests in joint ventures		**711,350**	659,296
Available-for-sale investments		**370,000**	300,000
Convertible bonds receivable		**—**	128,211
Deferred tax assets		**128,821**	114,747
Deposits, prepayments and other non-current assets		**4,129,361**	3,639,900
Amounts due from related companies	*13*	**149,700**	144,700
Pledged and restricted bank deposits		**1,075,425**	953,446
		63,836,244	59,906,838
CURRENT ASSETS			
Inventories		**768,738**	965,674
Trade and other receivables	*11*	**13,511,353**	12,284,566
Amounts due from related companies	*13*	**388,628**	267,764
Prepaid lease payments		**27,482**	25,726
Available-for-sale investments		**403,255**	112,922
Held for trading investments		**89,524**	111,522
Tax recoverable		**7,363**	23,968
Pledged and restricted bank deposits		**3,547,789**	3,230,654
Bank balances and cash		**8,412,237**	8,958,397
		27,156,369	25,981,193
Assets classified as held for sale		**2,437,989**	1,131,282
		29,594,358	27,112,475

	Notes	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	*12*	**17,869,773**	17,860,068
Amounts due to related companies	*13*	**445,146**	422,446
Advances from customers		**580,149**	517,566
Bank and other borrowings — due within one year		**13,365,330**	13,022,414
Obligations under finance leases — due within one year		**877,492**	858,173
Notes payables — due within one year		**649,242**	648,104
Convertible bonds payables — due within one year		**700,057**	—
Derivative financial instruments		**16,737**	16,011
Deferred income		**44,583**	46,801
Tax payables		**94,749**	98,957
		34,643,258	33,490,540
Liabilities directly associated with assets classified as held for sale		**1,817,609**	910,112
		36,460,867	34,400,652
NET CURRENT LIABILITIES		**(6,866,509)**	(7,288,177)
TOTAL ASSETS LESS CURRENT LIABILITIES		**56,969,735**	52,618,661
NON-CURRENT LIABILITIES			
Advances from customers		**158,331**	182,623
Bank and other borrowings — due after one year		**24,827,584**	20,257,141
Obligations under finance leases — due after one year		**1,202,638**	1,655,267
Notes payables — due after one year		**4,479,566**	4,473,241
Convertible bonds payables — due after one year		**990,050**	2,012,997
Deferred income		**253,674**	276,329
Deferred tax liabilities		**461,249**	367,121
		32,373,092	29,224,719
NET ASSETS		**24,596,643**	23,393,942

	As at 30 June 2017 *RMB'000* (Unaudited)	As at 31 December 2016 *RMB'000* (Audited)
CAPITAL AND RESERVES		
Share capital	**1,631,804**	1,631,804
Reserves	**20,219,054**	19,189,012
Equity attributable to owners of the Company	**21,850,858**	20,820,816
Non-controlling interests	**2,745,785**	2,573,126
TOTAL EQUITY	**24,596,643**	23,393,942

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 for the year ended 31 December 2016.

The directors of the Company (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 RMB6,867 million as at 30 June 2017 and the Group had cash and cash equivalents of RMB8,536 million (including bank balances and cash classified as assets held for sale of RMB123 million) against the Group's total borrowings (comprising bank and other borrowings, obligations under finance leases, notes payables and convertible bonds payables) amounted to approximately RMB48,255 million (including loan from a shareholder of a subsidiary, bank and other borrowings and obligations under finance leases directly associated with assets classified as held for sale of RMB1,163 million), out of which approximately RMB16,754 million will be due in the coming twelve months.

In April and July 2017, GCL-Poly (Suzhou) New Energy Limited ("GCL-Poly Suzhou") and Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. ("Jiangsu Zhongneng"), wholly owned subsidiaries of the Group received the "Notice of Acceptance of Registration" (the "Notice") from the National Association of Financial Market Institutional Investors (the "Association") in relation to the issue of super short-term commercial papers ("SSCP") and short-term commercial paper ("SCP") by GCL-Poly Suzhou and Jiangsu Zhongneng, respectively. The maximum registered amounts of the SSCP and the SCP are RMB5 billion and RMB1 billion, respectively, and such registered amounts will be effective for two years from the date of issue of the Notice and GCL-Poly Suzhou and Jiangsu Zhongneng may issue the SSCP and SCP in tranches within the effective period. As assessed by China Chengxin International Credit Rating Company Limited, the issuers have been given an AA+ rating.

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

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

In 2014, the Group acquired GCL New Energy Holdings Limited ("GNE"), whose shares are listed on the Stock Exchange. As at 30 June 2017, certain subsidiaries of the Company guaranteed bank and other borrowings of GNE and its subsidiaries (collectively referred as "GNE Group") amounted to RMB4,806 million. The Directors have evaluated the going concern status of GNE Group in preparing these unaudited condensed interim consolidated financial statements, in light of the fact that, GNE Group's current liabilities exceeded its current assets by RMB8,661 million. In addition, as at 30 June 2017, GNE Group has entered into agreements to acquire and construct solar farm sites and other assets which will involve total capital commitments of approximately RMB6,762 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 2017, additional cash outflows will be required to settle further committed capital expenditure.

As at 30 June 2017, GNE Group's total borrowings comprising bank and other borrowings, convertible bonds payable, obligations under finance leases, loan from a shareholder and loans from fellow subsidiaries amounted to RMB26,797 million. The amounts included bank and other borrowings and obligations under finance leases classified as liabilities directly associated with assets held for sale of RMB1,118 million and RMB45 million, respectively, For the remaining balance of approximately RMB25,634 million, RMB6,764 million will be due in the coming twelve months provided that the covenants under the borrowing agreements are satisfied. GNE Group's pledged and restricted bank deposits and bank balances and cash amounted to approximately RMB2,142 million and RMB2,920 million (including pledged bank and other deposits and bank balances and cash classified as assets held for sale of RMB13 million and RMB 123 million, respectively) as at 30 June 2017, respectively. The financial resources available to GNE Group as at 30 June 2017 and up to the date of approval of these unaudited condensed interim consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements. GNE Group is actively pursuing additional financing including, but not limited to, equity and debt financing and bank borrowings.

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

(i) Subsequent to 30 June 2017, GNE Group successfully obtained new borrowings of approximately RMB3,090 million from banks and other financing institutions in the PRC;

(ii) 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;

(iii) In July and December 2016, GNE Group proposed the issuance of non-public corporate bonds and non-public green bonds to qualifying investors in the maximum principal amount of RMB2,000,000,000 and RMB1,750,000,000, respectively, which were fully underwritten and shall have a term of up to 3 years. GNE Group has received no-objection letters from the Shanghai Stock Exchange and the Shenzhen Stock Exchange in relation to these issues. On 3 August 2017, first tranche of the non-public green bonds amounting to RMB375,000,000 was issued for a term of 3 years with fixed interest rate at 7.5% per annum. GNE Group is also negotiating with other private investors for additional financing in the form of equity or debt or a combination of both;

(iv) On 30 June 2017, GNE Group entered into share transfer agreements to sell two of its solar farm projects to a joint venture, which is set up with an independent third party. GNE Group is actively negotiating similar arrangements to derive additional liquidity and working capital to GNE Group; and

(v) As at 30 June 2017, GNE Group has completed construction of 129 solar farms with approval for on-grid connection and it also 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 for issuance. The abovementioned solar farms have an aggregate installed capacity of approximately 5.1 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 undrawn banking and other financing facilities, renewal of existing banking facilities, registered SSCP and SCP that are available for issuance, 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.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016. In addition, the Group has applied the following accounting policy which became relevant to the Group in respect of the cash settled share award scheme made on 31 March 2017.

Cash-settled share-based payment transactions

For cash-settled share-based payments, a liability is recognised for the goods or services acquired over the vesting period, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

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

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12	As part of the Annual Improvements to IFRSs 2014–2016 Cycle

The application of the above amendments to IFRSs 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.

Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to IAS 7 will be provided in the consolidated financial statements for the year ending 31 December 2017.

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. In December 2016, one of the operating segments of GNE Group regarding the manufacturing and selling of printed circuit boards business ("PCB business") was contracted to be sold and accordingly has been presented as discontinued operations in the unaudited condensed consolidated statement of profit or loss and other comprehensive income. The sale was completed on 2 August 2017.

Segment revenue and results

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

Six months ended 30 June 2017

	Solar material business *RMB'000* (Unaudited)	Solar farm business *RMB'000* (Unaudited)	New energy business *RMB'000* (Unaudited) *(Notes a and b)*	Total *RMB'000* (Unaudited)
Segment revenue	9,317,345	267,797	2,525,743	12,110,885
Segment profit	788,994	67,186	532,285	1,388,465
Add: loss for the period from discontinued operation of PCB business				4,184
Elimination of inter-segment profit				(62,085)
Unallocated income				14,933
Unallocated expenses				(99,347)
Gain on early redemption of convertible bonds receivable				13,506
Loss on fair value change of convertible bonds issued by the Company				(6,756)
Loss on fair value change of held for trading investments				(19,022)
Compensation income *(note 6)*				155,606
Profit for the period from continuing operations				1,389,484

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

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

Six months ended 30 June 2016

	Solar material business	Solar farm business	New energy business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			(Notes a and b)	
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
Less: profit for the period from discontinued operation of PCB business				(21,936)
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 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				1,539,134

Additional analysis presented to CODM which exclude the operating results of PCB business of new energy business, is set out below:

	New energy business
	RMB'000
	(Notes a and b)
Segment revenue — continuing operations	929,347
Segment profit — continuing operations	139,803

Notes:

(a) For the six months ended 30 June 2016, the operating results of new energy business included 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.

For the six months ended 30 June 2017, the operating results of new energy business included allocated corporate expenses. The fair value adjustments were fully offset by the loss on measurement to fair value less cost to sell recognised as at 31 December 2016.

(b) The revenue of the new energy business for the current period comprised sales of electricity (including tariff adjustments) amounting to approximately RMB1,812 million (six months ended 30 June 2016: RMB929 million) and sales of printed circuit boards ("PCB") amounting to approximately RMB714 million (six months ended 30 June 2016: RMB742 million).

The segment profit of the new energy business for the current period comprised profit contributed by the sale of electricity of approximately RMB536 million (six months ended 30 June 2016: RMB140 million) and loss contributed by the sale of PCB of approximately RMB4 million (six months ended 30 June 2016: profit of RMB22 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 (gains), depreciation of an aircraft and respective finance costs under the sale and finance leaseback arrangements), change in fair value of convertible bonds receivable, gain on early redemption of convertive bonds receivable, change in fair value of convertible bonds issued by the Company, change in fair value of held for trading investments and compensation income. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

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

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Segment assets		
Solar material business	**40,824,794**	38,350,554
Solar farm business	**4,100,370**	4,156,910
New energy business *(Note)*	**46,110,906**	41,437,588
Total segment assets	**91,036,070**	83,945,052
Convertible bonds receivable	**—**	128,211
Held for trading investments	**89,524**	111,522
Available-for-sale investments held by the Company	**103,205**	112,922
Unallocated bank balances and cash	**1,654,969**	2,379,683
Unallocated corporate assets	**546,834**	341,923
Consolidated assets	**93,430,602**	87,019,313
Segment liabilities		
Solar material business	**27,658,821**	25,633,378
Solar farm business	**2,307,065**	2,407,710
New energy business *(Note)*	**37,745,258**	34,157,909
Total segment liabilities	**67,711,144**	62,198,997
Convertible bonds issued by the Company	**811,775**	1,154,537
Unallocated corporate liabilities	**311,040**	271,837
Consolidated liabilities	**68,833,959**	63,625,371

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

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

- All liabilities are allocated to operating segments, other than other liabilities (including convertible bonds 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 were subject to subsequent amortisation/depreciation over the estimated useful lives of the relevant assets. The fair value adjustments were fully offset by the loss on measurement to fair value less cost to sell recognised as at 31 December 2016.

The segment assets and liabilities of new energy business included the assets classified as held for sale amounting RMB2,438 million (2016: RMB1,131 million) and liabilities directly associated with assets classified as held for sale amounting to RMB1,818 million (2016: RMB910 million) due to the operating segment of GNE Group regarding the PCB business and two solar farm projects were contracted to be sold.

Revenue from major products

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Sales of wafer	**8,425,343**	10,346,561
Sales of electricity *(Note)*	**2,075,477**	1,193,816
Sales of polysilicon	**505,421**	640,552
Others (comprising the sales of ingots, modules and processing fees)	**391,014**	236,256
	11,397,255	12,417,185
Discontinued operations		
Sales of PCB	**713,630**	741,688
	12,110,885	13,158,873

Note: Sales of electricity included RMB1,342,140,000 (six months ended 30 June 2016: RMB816,747,000) 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	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Government grants	**47,984**	126,238
Sales of scrap materials	**117,926**	106,930
Bank and other interest income	**95,754**	108,054
Management and consultancy fee income	**2,082**	17,513
Rental income	**3,916**	—
Others	**27,184**	23,715
	294,846	382,450

5. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Interest on:		
Bank and other borrowings	**1,037,345**	883,046
Discounted bills receivable and letters of credit	**53,430**	98,235
Obligations under finance leases	**74,771**	104,914
Notes and bonds payables	**166,245**	162,630
Total borrowing costs	**1,331,791**	1,248,825
Less: Interest capitalised	**(188,341)**	(195,580)
	1,143,450	1,053,245

Borrowing costs capitalised during the period arose on the general borrowing pool and are calculated by applying a capitalisation rate of 8.01% (six months ended 30 June 2016: 9.73%) per annum to expenditure on qualifying assets.

6. OTHER EXPENSES, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continued operations		
Research and development costs	**246,417**	118,856
Exchange loss, net	**16,191**	18,892
Gain on fair value change of convertible bonds receivable	**—**	(13,652)
Gain on early redemption of convertible bonds receivable	**(13,506)**	—
Loss on fair value change of convertible bonds payables	**53,009**	122,393
Loss (gain) on fair value change of held for trading investments	**19,022**	(1,829)
Impairment loss on property, plant and equipment	**—**	445,591
Loss (gain) on fair value change of derivative financial instruments	**726**	(14,471)
Reversal of impairment loss on trade and other receivables	**(16,592)**	(23,781)
Loss on disposal of property, plant and equipment	**96,248**	12,753
Compensation income	**(155,606)**	—
Others	**255**	—
	246,164	664,752

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continued operations		
PRC Enterprise Income Tax ("EIT")		
Current tax	**230,532**	374,005
Under(over) provisions in prior periods	**37,650**	(16,469)
	268,182	357,536
Hong Kong Profits Tax		
Current tax	**350**	336
USA Federal and State Income Tax		
Current tax	**355**	210
Underprovisions in prior periods	**—**	8
	355	218
PRC dividend withholding tax	**—**	10,972
Deferred tax	**75,900**	90,434
	344,787	459,496

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 a 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 income 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% respectively for both periods.

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

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continued operations		
Profit for the period has been arrived at after charging (crediting) the following items:		
Depreciation of property, plant and equipment	**1,796,624**	1,978,890
Depreciation of investment properties	**2,324**	—
Amortisation of prepaid lease payments	**13,374**	11,966
Amortisation of other intangible assets	**30,085**	5,021
Total depreciation and amortisation	**1,842,407**	1,955,877
Less: net amounts included in opening and closing inventories	**(25,535)**	(55,435)
Total of depreciation and amortisation charged to profit or loss	**1,816,872**	1,940,442

9. DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: 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	
	2017	2016
	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	**1,193,281**	1,388,863
Effect of dilutive potential ordinary shares:		
— Fair value change on convertible bonds issued by the Company	**6,756**	—
Earnings for the purpose of dilutive earnings per share from continuing and discontinued operations	**1,200,037**	1,388,863

	Six months ended 30 June	
	2017	2016
	'000	*'000*
	(Unaudited)	(Unaudited)
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**18,544,338**	18,196,505
Effect of dilutive potential ordinary shares:		
— Share options issued by the Company	**4,981**	6,330
— Convertible bonds issued by the Company	**502,904**	—
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	**19,052,223**	18,202,835

For the six months ended 30 June 2016, 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.

For the six months ended 30 June 2017, the weighted average number of ordinary shares for the purpose of calculation of basic earnings per share has been adjusted for the effect of the ordinary shares purchased by a trustee from the market pursuant to the share award scheme of the Group.

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

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 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.

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	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Profit for the period attributable to owners of the Company	**1,193,281**	1,388,863
Add/(less): Loss (profit) for the period from discontinued operations attributable to owners of the Company	**2,606**	(13,662)
Earnings for the purpose of basic earnings per share from continuing operations	**1,195,887**	1,375,201
Effect of dilutive potential ordinary shares:		
— Fair value change on convertible bonds issued by the Company	**6,756**	—
Earnings for the purpose of diluted earnings per share from continuing operations	**1,202,643**	1,375,201

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

For discontinued operations

For the six months ended 30 June 2017, basic loss per share for the discontinued operations was RMB0.01 cent per share (30 June 2016: earnings of RMB0.08 cent per share) and diluted loss per share for the discontinued operations was RMB0.01 cent per share (30 June 2016: earnings of RMB0.08 cent per share), based on the loss for the period from the discontinued operations of RMB2,606,000 (30 June 2016: profit of RMB13,662,000) and the denominators attributable to owners of the Company detailed above for both basic and diluted loss per share.

11. TRADE AND OTHER RECEIVABLES

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

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

Included in the Group's trade receivables are tariff adjustment receivables amounting to approximately RMB3,591,770,000 (31 December 2016: RMB2,598,623,000) recognised based on the prevailing nationwide government policies on renewable energy for solar farms. The Directors expected certain part of the tariff adjustment receivables amounting to RMB712,115,000 (31 December 2016: RMB249,555,000) will be recovered after twelve months from the reporting date, and are discounted at an effective interest rate ranged from 2.59% to 3.27% (31 December 2016: 2.65%) per annum as at 30 June 2017.

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, respectively, presented based on the invoice date which approximated the respective revenue recognition dates and the bills issue date:

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables:		
Unbilled *(Note)*	**3,045,860**	2,093,632
Within 3 months	**1,077,762**	1,322,138
3 to 6 months	**206,631**	162,552
Over 6 months	**361,624**	361,934
	4,691,877	3,940,256
Bills receivable (trade-related):		
Within 3 months	**4,065,676**	3,424,004
3 to 6 months	**2,950,057**	2,662,711
	7,015,733	6,086,715

Note: Unbilled trade receivables include tariff adjustment to be billed and received based on prevailing nationwide government policies on renewable energy from the state gird companies.

12. TRADE AND OTHER PAYABLES

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

	As at 30 June 2017 *RMB'000* (Unaudited)	As at 31 December 2016 *RMB'000* (Audited)
Trade payables:		
Within 3 months	**1,685,213**	1,491,407
3 to 6 months	**905,862**	870,289
Over 6 months	**33**	9
	2,591,108	2,361,705
Bills payable (trade-related):		
Within 3 months	**701,159**	1,097,268
3 to 6 months	**972,687**	651,379
	1,673,846	1,748,647

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 2017 *RMB'000* (Unaudited)	As at 31 December 2016 *RMB'000* (Audited)
Within 3 months	**252,736**	234,506
3 to 6 months	**97,244**	—
Over 6 months	**72**	187
	350,052	234,693

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 2017 *RMB'000* **(Unaudited)**	As at 31 December 2016 *RMB'000* (Audited)
Within 3 months	**158,417**	94,490
3 to 6 months	**153**	22,011
Over 6 months	**1,123**	374
	159,693	116,875

Note: Except for a loan granted by GNE Group to its joint venture of RMB149,700,000 (31 December 2016: RMB144,700,000) which is unsecured and carries a fixed-rate of 6% (31 December 2016: 8%) per annum with no fixed repayment term and an advance from a joint venture to the Group of RMB251,752,000 (30 June 2017: nil) which carries a fixed rate of 4.35% (30 June 2017: nil) and repayable on demand, the amounts due from/to related companies are unsecured, non-interest bearing and the credit period for trade-related balances are normally within 30 days.

14. DISCONTINUED OPERATIONS

On 30 December 2016, GNE Group entered into a sale and purchase agreement ("S & P Agreement") to dispose of the entire interest in PCB business (the "Disposal") to Mr. Yip Sum Yin ("Mr. Yip"), a former director of GNE, at a consideration of HK$250,000,000 (equivalent to RMB223,625,000) plus, as the case may be, adjustment amounts pursuant to the S & P Agreement. Part of the consideration, amounting to RMB109,874,000 has been received during the current interim period. The disposal of PCB business is consistent with GNE Group's long-term policy to focus on its core solar farm business, which will allow GNE Group and its management team to focus its resources on the business area where it has the most competitive strengths. The completion of the Disposal was subject to the fulfilment of certain conditions precedent as set out in the S & P Agreement. Details of the Disposal are set out in the announcement of GNE dated 30 December 2016 and the circular of GNE issued to the shareholders dated 20 January 2017. The Disposal was completed on 2 August 2017.

The (loss) profit for the period from the discontinued PCB business is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the PCB business as discontinued operations.

Analysis of (loss) profit for the period from discontinued operations

The results of the discontinued operations for the six months ended 30 June 2017 and 2016 were as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Discontinued operations		
Revenue	**713,630**	741,688
Cost of sales	**(679,010)**	(659,177)
Other income	**15,946**	13,319
Distribution and selling expenses	**(9,275)**	(9,386)
Administrative expenses	**(31,212)**	(30,715)
Finance costs	**(6,326)**	(6,208)
Other expenses, gains and losses, net	**(8,996)**	7,008
(Loss) profit before tax	**(5,243)**	56,529
Income tax expense	**(3,292)**	(34,593)
(Loss) profit for the period from discontinued operations	**(8,535)**	21,936
Reversal of loss on measurement to fair value less costs to sell	**4,351**	—
(Loss) profit for the period from discontinued operations	**(4,184)**	21,936

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
(Loss) profit for the period from discontinued operations include the following:		
Depreciation of property, plant and equipment	**56,184**	87,903
Amortisation of prepaid lease payments	**87**	355
Total of depreciation and amortisation	**56,271**	88,258
Cost of inventories recognised as an expenses	**679,010**	659,177

Note: During the six months ended 30 June 2017 and 2016, depreciation and amortisation of approximately RMB53,898,000 and RMB86,174,000 were capitalised as cost of inventories, respectively. Depreciation and amortisation adjustment of RMB2,880,000 arising from fair value adjustments relating to assets and liabilities of GNE acquired in 2014 was included in the relevant amount in the table above for the six months ended 30 June 2016. No such fair value adjustment is recognised during the six months ended 30 June 2017.

Cash flows from discontinued operations:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash inflows from operating activities	**59,342**	77,622
Net cash outflows used in investing activities	**(37,958)**	(53,435)
Net cash outflows used in financing activities	**(17,529)**	(75,986)
Net cash inflows (outflows)	**3,855**	(51,799)

CHAIRMAN'S STATEMENT

Dear Shareholders,

During the first half of 2017, GCL-Poly joined hands with peers in the PV industry to strive forward on the journey of rapid development of the industry. Abiding by the mission and vision of the Company, we earnestly fulfill our commitments to creating value for our shareholders and assuming the responsibility for promoting green development of the society, with a view to bringing constant green energy to life. We are exerting relentless efforts in realizing grid-parity of the PV industry and have achieved outstanding performance.

Business Review for the First Half of 2017

During the first half of 2017, GCL-Poly's total production of polysilicon and wafer were 38,747 MT and 10.6 GW respectively, ranking first in the world again. As at 30 June 2017, GCL-Poly recorded a revenue of RMB11.4 billion, representing a period-on-period increase of 18.6% as compared with the second half of 2016; gross profit was approximately RMB3.7 billion, representing a period-on-period increase of 33.7% as compared with the second half of 2016; profit from continuing operations attributable to owners of the Company amounted to approximately RMB1.2 billion and basic earnings per share were approximately RMB6.45 cents.

For the first half of 2017, GNE's total PV installed capacity was 5,079 MW, an increase of 44% as compared with that of 31 December 2016. Total revenue from PV power generation business was approximately RMB1.8 billion, up by 95.0% period-on-period. Profit from continuing operations significantly increased by 263.7% period-on-period to RMB0.5 billion.

Driven by Innovation, GCL-Poly and GNE Recorded Further Growth

Global PV industry maintained its growing momentum from 2016 and saw rapid development in 2017. China led the global PV market with over 24 GW of new PV installed capacity within just the first six months of the year. By implementing the strategy of "Embracing Client", GCL-Poly and other affiliated companies made constant efforts to promote the upgrade of the PV industry and accelerate cost reduction for both PV products and PV power generation through improvement of new technologies and processes in different manufacturing categories.

The Company made some proven achievements in terms of technological reforms and innovation in the first half of 2017. For instance, the Company has proceeded with the technological research and development in respect of enhancing Siemens method polysilicon manufacturing technology. The scientific research projects also delivered outstanding results, including upgrade and reform of ingot casting furnaces, optimization of the high-efficiency polycrystalline ingot casting process, upgrade of diamond wire sawing, black silicon technology, and equipment and process optimization of fluidized-bed silicon particles via silane method. The innovations and achievements of research and development are at the leading edge of the industry, which not only reduced the manufacturing costs of products for the period but also provided solid assurance for subsequent production growth and cost reduction as well as further upgrade of products.

We have completed the acquisition of SunEdison, a U.S. advanced technology company, at the end of March 2017. Currently, technological research and development staff of the Company in both China and the United States is working on the application of the world's most cutting-edge core technology for silicon material in Mainland China, with a view to maintaining the Company's leading competitiveness for future development in the long term.

Through its rising proportion of self-development, controlled costs in construction of power stations and improved efficiency in power generation, GNE had new additional power plant grid integration capacity of 1,563 MW and construction in progress pending grid integration of 510 MW in aggregate during the period ended 30 June 2017. GNE secured 360 MW "Top Runner" (領跑者) program leveraging on its leading technologies and innovative management, and was granted a quota of 250 MW for photovoltaic poverty alleviation in view of its assistance in relevant works, taking lead throughout the country.

In 2017, GNE has already comprehensively carried out the development of distributed business and project expansion in key regions worldwide. It intends to expand new projects of 1.5 to 2 GW in the regions with rich solar resources and has a plan of joint upgrade and transformation with its strategic partners, with a view to transforming towards the "light assets" development model through planned disposal of equity interests in solar farm project companies. Besides, GNE will continue to reduce costs significantly by various means, such as enhancing technological innovation, speeding up efficiency of capital usage and providing management services, thereby reducing the average cost of solar power plant to approximately RMB6.30 per watt in the first half of 2017.

Enormous Potential of the PV Industry

The execution and enforcement of the Paris Agreement on Climate Change clarifies the direction for global cooperation in response to climate change after 2020, showing the accelerating adjustment on global energy structure and laying a solid foundation for the development of the global PV market. In response to the global climate change, China has adopted vigorous policies and measures to achieve its target of non-fossil energy accounting for 15% and 20% of energy consumption by 2020 and 2030 respectively, which saw significant progress. The 13th Five-year Plan for the Solar Energy Industry (《太陽能發展十三五規劃》) and the 13th Five-year Plan for the Energy Industry (《能源發展十三五規劃》) set out the blueprint and action guideline for the development of the energy industry until 2020 respectively. With continuous improvement in the overall absolute conversion efficiency of the solar power system, a faster decline in the PV unit generation cost further promoted the rapid development of the PV industry globally.

During the year, the continuous and rapid growth of the PV industry in China in a distributed pattern, together with the significant improvement in solar power curtailment across the Western and Northern regions, also further demonstrated China's great perseverance in developing the PV industry and dedicated commitment to solving difficulties.

Driven by innovation, GCL-Poly will be unswervingly dedicated to the research and development of new products and technologies related to PV materials so as to realize grid-parity of the PV industry as early as possible. As a result, we will continue to enhance core competitiveness of our products with a focus on the competitive strengths of high efficiency and differentiation of wafer products to ensure the predominance of our products in the market. Through refined internal management and implementation of streamlined production, we will further increase our production volume, improve product quality and reduce costs. We will constantly strive for investment in forefront technologies and scientific research, and at the same time deepen cooperation with financial institutions to further improve gearing ratio and financing structure, reduce finance costs and enhance liquidity. We will also accelerate the intelligent manufacturing and informatization to improve automation level of existing production capacity and promote and realize industry upgrade.

I strongly believe that with technological progress and quick development in the industry, in combination with our direction of "Embracing Grid-parity", GCL-Poly's dream to bring green energy to thousands of households will come true soon!

Finally, I would like to express my heartfelt gratitude to our board of directors, management team and all the staff members of the Company for their efforts and hard work in 2017. I also wish to extend my gratitude to our shareholders and business partners for their strong support to the Company.

CEO's Review and Outlook Report

On behalf of the management of the Company, I hereby announce the following results achieved by GCL-Poly in the first half of 2017: as of 30 June 2017, GCL-Poly recorded revenue of RMB11.4 billion, representing a 8.2% decrease and a 18.6% increase as compared with the same period in 2016 and the second half of 2016 respectively; gross profit was approximately RMB3.7 billion, representing a 12.1% decrease and a 33.7% increase as compared with the same period in 2016 and the second half of 2016 respectively; profit attributable to owners of the Company amounted to approximately RMB1.2 billion and basic earnings per share were approximately RMB6.45 cents. In the first half of 2017, the Company completed a total production of 38,747 MT and sales of 4,888 MT of polysilicon, and a total production of 10,599 MW and sales of 10,611 MW of wafer, ranking first in the world in terms of production volumes of polysilicon and wafer.

Rapid growth in global demand for PV installations in 2017

In 2017, the global PV industry continues to maintain rapid growth momentum. PV installations in China experienced another round of explosive growth with new PV installed capacity exceeded 24 GW in the first half of 2017, according to the data released by the China National Renewable Energy Centre. Looking at the global market, it is expected that the new PV installed capacity in 2017 will exceed 80 GW and set to hit 90 GW. Currently, India has surpassed Japan and became the third largest PV market in the world. Meanwhile, PV installations in traditional European markets, such as the United Kingdom and Germany, as well as emerging markets, such as Mexico, Chile and Peru in Central and South America, Thailand, Malaysia and some African countries, were growing with new highlights and strong momentum. In particular, Chile acquired a 120 MW solar power plant with the unit generation cost of US$2.91 cents through competitive tendering, which is the solar power plant with the lowest construction cost in the world. As of April 2017, Chile has been providing electricity generated from solar power free-of-charge for 113 days.

During the year, GCL-Poly and PV enterprises in China made constant efforts to promote the upgrade of the PV industry and accelerate cost reduction for both PV products and PV power generation through improvement of new technologies and processes in different manufacturing categories. Polysilicon and wafer showed completely different trends of supply and demand relationship during the year. The price of polysilicon remained at high level since the end of 2016, among which excess demand is especially obvious for quality silicon; and the price of wafer began to recover and rebound since the end of third quarter of 2016. After a short-term price fluctuation in mid-April 2017, the price hikes continued and production and sales of both products remained robust up to this date.

Accurate demand forecast complemented by stringent supply control

Since 2017, GCL-Poly has swiftly adapted to changes in market demand and developed targeted supply-side adjustment approach by accurately assessing and analyzing the market trend, thereby successfully maintaining the capacity utilization of polysilicon and wafer of over 100%, at the same time fully achieving its production and sales targets, securing robust production and sales, and maintaining excellent performance in gross profit margin. During the year, we realized cost reduction and pushed ahead research and development of new products by carrying out refined production and stepping up our efforts in promoting technological transformation in three major manufacturing categories, namely polysilicon, ingots and wafer. We also secured the implementation of production plans and fulfilled the established targets in supply-side reform through flexible adjustment in the OEM category.

Strengthen core businesses by driving development through innovation

As the most influential and competitive silicon material products manufacturer and supplier in the world, the Company achieved remarkable results again in both production and sales during the first half of 2017: the Company completed a total production of 38,747 MT and external sales of 4,888 MT of polysilicon, as well as a production of 10,599 MW and sales of 10,611 MW of wafer during the first half of the year.

The highlights of the Company's major works in 2017 were as follows: 1. GCL-Poly further promoted the implementation of the GHA working method for its work in relation to safety and production management at all levels, thereby achieving safe and steady operations with each of the production plans progressing smoothly. 2. We have fully achieved the production and sales targets in all product categories and strived for further excellence by exercising more stringent cost control. In particular, the production volume of wafer recorded a period-on-period increase of approximately 22.6% while the vertical manufacturing cost dropped by more than 8% as compared with the end of last year. 3. TS series of wet textured black silicon wafer was put into the market, which diversified the existing product structure and further consolidated the position of GCL-Poly as an industry leader. 4. We constantly promoted our refined production management and enhanced the automation level and informatization level of our manufacturing equipment. 5. We further adjusted our liability structure with improvement in financial indicators.

Since 2017, GCL-Poly has devoted consistent efforts in pushing forward development with technological innovation and reforming its incentive system for rewarding technological innovation. As a result, a number of achievements have been made in respect of scientific research: 1. The research and development and promotion of diamond wire sawing technology was further accelerated. The proportion of wafer applying diamond wire sawing technology has exceeded 30% by the end of June, which substantially reduced the cost of wafer. 2. Benefited from optimized production technology of crucible and further upgrade and reform of ingot furnace heat-shielding technology, the conversion efficiency of wafer has been on the rise and the Group continued to maintain a leading position in the market in terms of quality of wafer and enjoyed competitive advantage with its differentiated products. 3. The commissioning of equipment for wet texturing technology of black silicon, equipped with polysilicon applying diamond wire sawing technology, was completed. Process development and smooth progress of trial production lines have effectively facilitated the marketing of polysilicon applying diamond wire sawing technology and encouraged battery users to extensively adopt wafer applying diamond wire sawing technology. 4. The completion of the development of heat-shielding technology for czochralski monosilicon with low energy consumption, high speed of ingot pulling and large feed capacity, the reform of ancillary facilities and the optimization of process, together with the small diameter diamond wire sawing technology, have secured the production of czochralski monosilicon wafer at a low cost.

Meanwhile, the Company has completed the acquisition of SunEdison. Technologists in both China and the United States have been working intensively on key projects such as the optimization of equipment and process for production of circulating fluidized bed and application of CCZ constant czochralski monosilicon technology (連續直拉單晶技術) in China and realization of relevant commercial production. In addition, the Company has proceeded with the technological research and development in respect of enhancing Siemens method polysilicon manufacturing technology. The scientific research projects were also in good progress, including upgrade and reform of ingot casting furnaces, optimization of the high-efficiency polycrystalline ingot casting process, research and development of ingot casting monocrystalline technology, upgrade of diamond wire sawing and black silicon technology, which provided solid assurance for subsequent production growth and cost reduction as well as further upgrade of products.

Stable and Rapid Development of the Solar Farm Platform "GNE"

GNE managed to deliver improved performance in 2017. As at 30 June 2017, the aggregate grid-connected installed capacity of the Company was 5,079 MW, representing a substantial increase of 85.7% over the same period of last year. Regarding financial position, total revenue of GNE amounted to approximately RMB1,812 million in the first half of 2017, representing an increase of 95.0% over the same period of last year.

GNE is well-positioned for more new project development as supported by the smooth progress of a series of financing activities, and is also putting great efforts in reducing its gearing ratio. In the future, GNE will continue to focus on the development of solar power generation business, striving for becoming a global leading enterprise in the solar power generation industry.

Outlook

The pace of global energy restructuring is accelerating upon the execution of the Paris Agreement on Climate Change. The National Development and Reform Commission and the National Energy Administration of the PRC also issued the 13th Five-year Plan for the Electricity Industry (《電力發展十三五規劃》), the 13th Five-year Plan for the Solar Energy Industry (《太陽能發展十三五規劃》) and the 13th Five-year Plan for the Energy Industry (《能源發展十三五規劃》) respectively, which set out the blueprint and action guideline for the development of the energy industry from 2016 to 2020. China's PV installation capacity recorded an explosive growth of over 24 GW in the first half of the year, which raised a new challenge to industrial players: what will be the development phase that the PV industry would enter into in the next few years upon the early completion of the 13th Five-year Plan?

However, it is notable that despite the early completion of the planned indicators for ground-mounted solar power plants, the installation capacity of distributed solar power plants was 14.73 GW, which is far below the target of 60 GW as stipulated in the 13th Five-year Plan. In other words, the solar energy industry will embrace new opportunities for development and the whole industry will strive to overcome core technological difficulties and push ahead technological advancement through expansion of industry scale, promote diversified application of PV products, and further reduce costs and improve efficiency. Meanwhile, against the backdrop of accelerated agricultural modernization, historic development opportunities with explosive growth will emerge for the explosive growth of various forms of projects such as photovoltaic poverty alleviation, photovoltaic agriculture and distributed photovoltaic generation, particularly, distributed photovoltaic generation in combination with agricultural development.

GCL-Poly charges itself with the mission and responsibility to provide green energy to thousands of households and is strongly committed to drive solar power generation to reach grid-parity by 2020. As a result, we will continue to improve core competitiveness of our products with a focus on the competitive strengths of high efficiency and differentiation of wafer products. Through refined internal management and implementation of streamlined production, we will further increase our production volume, improve product quality and reduce costs. We will continue to increase investment in scientific research, keeping close eyes on new promising technologies in the field of PV materials in addition to implementing existing research and development tasks as scheduled. Besides, we will deepen cooperation with financial institutions, promote innovation in forms of financial cooperation, improve balance sheet and financing structure, at the same time reducing finance costs and optimizing liquidity. We will also devote more efforts in intelligent manufacturing and informatization to achieve synergy effect so as to improve automation level of existing production capacity and facilitate and realize industry upgrade.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the six months ended 30 June 2017, due to the challenging market environment in the solar material business, the Group recorded a significant decrease in profit contribution by its solar material business. However, this was partially offset by the increase in profit contribution by the Group's new energy business and the solar farm business. Therefore, the Group was still able to achieve a relatively stable financial performance.

Half Year Results

For the six months ended 30 June 2017, the revenue, gross profit of the Group and profit attributable to the owners of the Company from continuing operations were approximately RMB11,397 million, RMB3,736 million and RMB1,196 million, respectively, representing a decrease of 8.2%, 12.1% and 13.0% respectively as compared with approximately RMB12,417 million, RMB4,250 million and RMB1,375 million in the corresponding period in 2016. The profit attributable to owners of the Company from both continuing and discontinued operations for the period ended 30 June 2017 amounted to approximately RMB1,193 million as compared to approximately RMB1,389 million in the corresponding period in 2016.

Business Structure

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

Except for 371 MW solar farm that were constructed or acquired by the Group prior to obtaining a controlling stake in GNE, the Group primarily develops, constructs, operates and manages downstream solar farms through the platform of GNE.

For illustrative purpose, if excluding GNE Group and recognising the costs of investment in GNE and the perpetual notes receivable from GNE as non-current assets, the effect of de-consolidated GNE Group as at 30 June 2017 would be as follows:

	The Group	GNE Group	De-consolidation adjustment *(note)*	The effect of de-consolidated GNE Group
	RMB million	*RMB million*	*RMB million*	*RMB million*
Total assets	93,431	46,166	(5,715)	52,980
Total liabilities	68,834	39,263	(1,518)	31,089
Bank balances and cash, pledged and restricted bank deposits	13,035	4,926	—	8,109
Bank balances and cash classified as assets held for sale	136	136	—	—
Subtotal	13,171	5,062	—	8,109
Indebtedness				
Bank and other borrowings	38,193	23,681	—	14,512
Indebtedness directly associated with assets held for sale	1,163	1,163	—	—
Loans from fellow subsidiaries	—	1,075	(1,075)	—
Obligations under finance leases	2,080	—	—	2,080
Notes and bonds payables	5,129	—	—	5,129
Convertible bonds payables	1,690	878	—	812
Subtotal	48,255	26,797	(1,075)	22,533
Net debt	35,084	21,735	(1,075)	14,424

Note:

De-consolidation adjustments included:

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

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

3. The balances with GNE Group.

As at 30 June 2017, certain subsidiaries of the Company guaranteed bank and other borrowings of certain subsidiaries of GNE which amounted to RMB4,806 million.

Segment Information

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

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

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

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

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

	Six months ended 30 June 2017			Six months ended 30 June 2016 (Restated)		
	Revenue	**Segment profit**	**Adjusted EBITDA[3]**	Revenue	Segment profit (loss)	Adjusted EBITDA[3]
	RMB million	***RMB million***	***RMB million***	*RMB million*	*RMB million*	*RMB million*
Solar Material Business	**9,317**	**789**	**2,851**	11,221	1,756	4,785
Solar Farm Business	**268**	**67**	**228**	267	(241)	31
Corporate[1]	**N/A**	**N/A**	**(84)**	N/A	N/A	(31)
Sub-total	**9,585**	**856**	**2,995**	11,488	1,515	4,785
New Energy Business	**1,812**	**537[2]**	**1,604**	929	140[2]	744
Total	**11,397**	**1,393**	**4,599**	12,417	1,655	5,529

1. The corporate items is not a reportable segment and it primarily included unallocated income, unallocated expenses and inter-segment transactions.

2. For the six months ended 30 June 2017, the segment profit of the new energy business includes reported net profit of GNE Group of approximately RMB552 million (six months ended 30 June 2016: RMB171 million) and allocated corporate expenses of approximately RMB15 million (six months ended 30 June 2016: RMB31 million).

3. Calculation of the adjusted earnings before interest expenses, tax, depreciation and amortisation ("EBITDA") is detailed in the "Financial Review" section in this announcement.

BUSINESS REVIEW

Solar Material Business

Production

The Group's solar material business belongs to the upstream of the solar supply chain, which supplies polysilicon and wafer to companies operating in the solar industry. Polysilicon is the primary raw material used in the solar wafer production. In addition, the Group 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 2017, the Group's polysilicon annual production capacity remained at 70,000 MT. During the six months ended 30 June 2017, the Group operated its polysilicon business at full capacity and produced approximately 38,747 MT of polysilicon, representing an increase of 6.7% as compared to 36,328 MT for the same period in 2016.

During the six months ended 30 June 2017, the Group continued to adopt various technological improvements on application of advanced ingot furnace facility and diamond wire cutting wafer process. The Group's annual wafer production capacity has increased to 20 GW as at 30 June 2017. During the six months ended 30 June 2017, the Group produced approximately 10,599 MW of wafers (including processing business with supplied materials), representing an increase of 22.6% from 8,643 MW for the same period in 2016.

Sales Volume and Revenue

For the six months ended 30 June 2017, the Group sold 4,888 MT of polysilicon and 10,611 MW of wafer (including processing business with supplied materials), representing a decrease of 23.5% and an increase of 19.5% respectively, as compared with 6,389 MT of polysilicon and 8,880 MW of wafer for the same period in 2016.

The average selling prices of polysilicon and wafer were approximately RMB103.4 (US$15.1) per kilogram and RMB0.891 (US$0.130) per W respectively for the six months ended 30 June 2017. The corresponding average selling prices of polysilicon and wafer for the six months ended 30 June 2016 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 2017, revenue from external customers of our solar materials business amounted to approximately RMB9,317 million, representing a decrease of 17.0% from RMB11,221 million for the same period in 2016. The decrease in revenue was primarily attributable to the decrease in the average selling price of wafer, partially offsetting by the increase of sales volume of wafer during the six months ended 30 June 2017.

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 2017, the Group continued to make effort on cost reduction and control measures.

The net profit margin of our Solar Material Business for the period ended 30 June 2017 was decreased to 8.5% as compared with net profit margin of 15.6% in the same period in 2016. The decrease was mainly contributed by the significant decrease of average selling price of wafer during the first half of 2017, partially offsetting by the decrease in the finance costs as a result of decrease in bank and other borrowings compared with the corresponding period ended 30 June 2016.

Solar Farm Business

Solar Farm Business represents 371MW solar farms in overseas and PRC, which has been in operation prior to the acquisition of GNE.

PRC Solar Farms

As at 30 June 2017, the Solar Farm Business operates 10 solar farms in the PRC and its installed capacity and attributable installed capacity were 353.0 MW and 289.3 MW, respectively.

Overseas Solar Farms

As at 30 June 2017, the Solar Farm Business includes 18 MW of solar farms in the United States and 9.7% effective ownership in a 150 MW solar farms in South Africa.

Sales Volume and Revenue

For the six months ended 30 June 2017, the electricity sales volume of Solar Farm Business in overseas and the PRC were 15,741 MWh and 267,160 MWh respectively (Six months ended 30 June 2016: 16,325 MWh and 256,324 MWh, respectively).

For the six months ended 30 June 2017, revenue for Solar Farm Business was approximately RMB268 million (Six months ended 30 June 2016: RMB267 million).

New Energy Business

As at 30 June 2017, the Group owns 11,880 million shares of GNE (approximately 62.28% of GNE's issued capital). During the period, GNE continued to expand its Solar Energy Business through self-constructed and acquisition.

	30 June 2017		31 December 2016	
Development Type	***No. of solar farms***	***MW***	*No. of solar farms*	*MW*
Acquisition	**17**	**574**	16	570
Self-constructed	**116**	**4,505**	74	2,946
Total	**133**	**5,079**	90	3,516

As at 30 June 2017, the aggregated installed capacity of 133 grid-connected solar farms of GNE Group (31 December 2016: 90) increased by 44% to 5,079 MW (31 December 2016: 3,516 MW). Details of the electricity sales volume and revenue for the period ended 30 June 2017 are set out below.

Subsidiaries	**Tariff zones**	**Number of solar farm**	**Aggregate Installed Capacity**[1] *(MW)*	**Grid-connected Capacity**[1][2] *(MW)*	**Electricity Sales Volume** *(million kWh)*	**Average Tariff (Net of Tax)** *(RMB/kWh)*	**Revenue** *(RMB Million)*
Inner Mongolia	1	11	388	366	298	0.76	227
Ningxia	1	5	251	201	108	0.62	67
Qinghai	1	3	107	107	83	0.84	70
Xinjiang	1	2	80	80	50	0.68	34
Sub-total	Zone 1	21	826	754	539	0.74	398
Shaanxi	2	7	613	563	301	0.74	222
Hebei	2	2	189	189	123	0.91	112
Qinghai	2	2	80	80	65	0.77	50
Yunnan	2	2	80	71	55	0.69	38
Sichuan	2	2	85	80	34	0.82	28
Jilin	2	3	35	35	20	0.85	17
Liaoning	2	2	40	21	17	0.71	12
Xinjiang	2	1	21	21	—	—	—
Gansu	2	2	55	6	—	—	—
Sub-total	Zone 2	23	1,198	1,066	615	0.78	479
Henan	3	10	509	391	214	0.80	172
Jiangsu	3	26	418	346	190	0.86	163
Hebei	3	4	139	139	96	1.00	96
Anhui	3	9	330	296	158	0.82	129
Hubei	3	4	259	229	123	0.82	101
Shanxi	3	5	272	184	124	0.85	106
Jiangxi	3	4	186	123	61	0.85	52
Shandong	3	7	187	186	98	0.88	86
Guangdong	3	1	100	12	5	0.85	4
Hainan	3	2	50	50	35	0.86	30
Hunan	3	4	200	126	18	0.81	14
Guizhou	3	3	160	103	30	0.85	26
Zhejiang	3	1	21	21	10	0.98	10
Guangxi	3	1	60	23	1	0.84	1
Fujian	3	1	40	—	—	—	—
Shanghai	3	1	7	7	1	0.71	1
Sub-total	Zone 3	83	2,938	2,236	1,164	0.85	991
Japan	—	1	4	4	1	2.35	3
US	—	1	83	83	36	0.31	11
Sub-total		2	87	87	37	0.38	14
Total of subsidiaries		129	5,049	4,143	2,355	0.80	1,882
Joint ventures[4]							
PRC	2	1	25	25	10	0.80	8
Overseas	—	3	5	5	3	2.33	7
Total		133	5,079	4,173	2,368	0.80	1,897

Representing:	
Electricity sales	650
Tariff adjustment — government subsidies received and receivables	1,232
	1,882
Less: effect of discounting tariff adjustment receivables to present value[3]	(38)
Ningxia price adjustment[5]	(32)
Total revenue of GNE Group	**1,812**

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

(2) The grid-connected capacity of some projects are larger than its installed capacity as approved by local government.

(3) Certain portion of the tariff adjustment (government subsidies) receivables will be recovered after twelve months from the reporting date. The tariff adjustment receivables are discounted at an effective interest rate ranging from 2.59% to 3.27% per annum.

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

(5) Pursuant to the Ningxia Hui Autonomous Region Development and Reform Council Notice regarding 2016 Solar Energy Projects Quota Allocation Based on Competitive Bidding (《寧夏回族自治區發展和改革委員會文件關於開展我區2016年光伏發電增補規模競争性分配有關的通知》) issued on 3 January 2017, solar farm which connected to the grid on or before 22 December 2016 but not yet listed on the approved solar farm projects are subject to competitive bidding. Because of this, the feed-in tariffs for four solar farms with an aggregate capacity of 150 MW in Ningxia Hui Autonomous Region are affected. The tariff in prior years were adjusted to reflect the latest bidding price.

Revenue

During the period ended 30 June 2017, the revenue for continuing operations of GNE Group mainly comprised sales of electricity and related tariff adjustment (i.e. government subsidies) amounting to approximately RMB1,850 million (2016: RMB970 million), net of discounting the non-current tariff receivables of approximately RMB38 million (2016: RMB41 million).

The significant increase in revenue was mainly attributable to the increase in sales of electricity of the solar farms by 103% as a result of intensive developments and acquisitions of solar farms in the first half of 2017 and the second half of 2016. The average tariff (net of tax) was approximately RMB0.80/kWh (2016: RMB0.85/kWh). The decrease in average tariff is mainly due to the tariff cut in 2016 and competitive bidding tariff for some of GNE's projects.

In terms of revenue generated by tariff zone, for the period ended 30 June 2017, approximately 21%, 26% and 53% of revenue were generated from zone 1, zone 2 and zone 3 respectively (2016: zone 1 of 32%, zone 2 of 20% and zone 3 of 48%). Consistent with the strategy in 2016, GNE Group focused more on developing solar farms in well-developed areas with strong domestic power demand (eg. zone 2 and zone 3) to minimize the grid curtailment risk in zone 1 area and competitive bidding price for tariff in some of the regions.

Financial resources of GNE Group

For the period ended 30 June 2017, GNE Group's main sources of funding were cash generated from financing activities amounting to RMB2,911 million, which mainly included the net effect of newly raised bank and other borrowings of RMB7,026 million and repayment of bank and other borrowings of RMB3,614 million. The decrease in cash generated from financing activities compared with corresponding period in 2016 was mainly due to the net proceeds from rights issue of RMB1,941 million during the period ended 30 June 2016.

The net cash from operating activities during the period ended 30 June 2017 was RMB501 million which was mainly attributable to the cash received from electricity sales and modules procurement.

The net cash used in investing activities during the period ended 30 June 2017 was primarily arose from payments and deposit paid for the acquisition and development of solar farm projects.

Outlook

With strong seasonality in the first half of 2017 driven by domestic Chinese solar installation demand, we believe the sales outlook in the second half to remain solid, with robust demand coming from China and rest-of-the-world. In the past, typical overseas market is more back-half loaded and we believe that, with the robust Chinese demand typically in the first half, we believe that the impact of seasonal fluctuation on demand will diminish gradually. As such, it is healthy for manufacturing company like us to maintain high utilization and manage inventory at the lowest level. In addition, with utilization remains at high levels, 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 2017 global PV solar demand to grow modestly to approximately 85–90 GW, up from 70–75 GW in 2016. With strong demand in China, India, the USA, while emerging market such as Southeast Asia, South Africa, 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.

Although solar installation in China have been extremely strong in the last few years, we see a significant mix-shift to distributed generation this year. We anticipate that distributed solar to account for one third of China demand in 2017 and will continue to grow in the coming years. 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 Energy Bureau has detailed the remaining period of the solar policy of the 13th Five-Year-Plan, which reiterated the strong support for the installation growth of solar through 2020. In particular, the Chinese Energy Bureau has indicated the front-runner program will remain at least 8GW per year from 2017–2020. As a result, we believe that investors' concerns of Chinese solar installations to tapering off in short term are overblown. 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.

As we have completed the acquisition of Sun Edison's solar materials business, integration has been underway in the second quarter and we are progressing well in our joint R&D effort. In addition, we have announced strategic co-investment framework with Mono-crystalline wafer manufacturer Tianjin ZhongHuan for our Xinjiang polysilicon plant. We also anticipate that, with the proliferation of using diamond wires on high performance Multi-crystalline wafers, we will continue to harness technological cost savings, boosting our bottomline in 2017.

Employees

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

On 16 January 2017, the Company adopted a share award scheme (the "Share Award Scheme"), pursuant to which existing shares of the Company ("Shares") may be purchased by the trustee from the market out of cash contributed by the Group and/or the Company may allot and issue new Shares to Computershare Hong Kong Trustees Limited (the "Trustee") in accordance with any specific mandate approved by the shareholders so as to effectively attract, retain and incentivise core employees of the Group and align their interests and growth with the Group as a whole. No Shares are granted to the eligible persons since its adoption.

FINANCIAL REVIEW

Continuing operations

Revenue

Revenue for the six months ended 30 June 2017 amounted to approximately RMB11,397 million, representing a decrease of 8.2% as compared with approximately RMB12,417 million for the same period in 2016. The decrease was mainly contributed by the decrease in the average selling price of wafer, partially offsetting by the increase in sales volume of wafer and the increase in revenue contributed by GNE Group.

Gross Profit Margin

The Group's overall gross profit margin for the six months ended 30 June 2017 was 32.8%, as compared with 34.2% for the same period in 2016.

Gross profit margin for the solar material business decreased from 31.8% for the six months ended 30 June 2016 to 24.6% for the six months ended 30 June 2017. The decrease was mainly attributable to the decrease in the average selling price of wafer products.

Solar farm business has a gross profit margin of 53.2% for the six months ended 30 June 2017, as compared with gross loss margin of 11.3% for the corresponding period in 2016. The increase was primarily due to the significant decrease in impairment loss on project assets in the current period.

The gross profit margin for the new energy business was 70.8% for the six months ended 30 June 2017 and 74.5% for the corresponding period in 2016. The decrease in gross margin was mainly due to (1) tariff cut for the projects connected to the grid after 30 June 2016; (2) competitive bidding for newly constructed solar farms for which bidding prices are lower than benchmark tariff; and (3) the drop in revenue caused by lower solar radiation due to smog in early 2017.

Other Income

For the six months ended 30 June 2017, other income mainly comprised government grants of approximately RMB48 million (six months ended 30 June 2016: RMB126 million), sales of scrap materials of approximately RMB118 million (six months ended 30 June 2016: RMB107 million) and bank and other interest income of approximately RMB96 million (six months ended 30 June 2016: RMB108 million).

Distribution and Selling Expenses

Distribution and selling expenses increased from approximately RMB29 million for the first half of 2016 to approximately RMB53 million for the first half of 2017. Increase in distribution and selling expenses were due to more sales and marketing activities were carried out during the period.

Administrative Expenses

Administrative expenses amounted to approximately RMB877 million for the six months ended 30 June 2017, representing a decrease of 1.7% from approximately RMB892 million for the same period in 2016. Decrease in administrative expenses was primarily due to the effective costs control measure implemented by the Group.

Other Expenses, Gains and Losses, Net

The other expenses, gains and losses represents net expenses of RMB246 million for the six months ended 30 June 2017 (six months ended 30 June 2016: net expenses of RMB665 million). The net expenses for the current period mainly comprises of research and development costs of approximately RMB246 million, loss on disposal of property, plant and equipment of approximately RMB96 million, loss on fair value change of convertible bonds payables of approximately RMB53 million and compensation income for shutdown of Taicang Poly power plant of approximately RMB155 million.

Finance Costs

Finance costs for the six months ended 30 June 2017 were approximately RMB1,143 million, increased by 8.5% as compared to approximately RMB1,053 million for the corresponding period in 2016. Increase was mainly related to the increase of bank and other borrowings by GNE Group during the period.

Share of Profits of Joint Ventures

The Group's share of profits of joint ventures for the six months ended 30 June 2017 was approximately RMB23 million, mainly contributed by a joint venture in the PRC.

Income Tax Expense

Income tax expense for the six months ended 30 June 2017 was approximately RMB345 million, representing a decrease of 24.8% as compared with approximately RMB459 million for the same period in 2016. The decrease was mainly due to the decrease in profit contributed by solar material business during the current period.

Profit attributable to Owners of the Company

Profit attributable to owners of the Company from continuing operations amounted to approximately RMB1,196 million for the six months ended 30 June 2017, representing a decrease of 13.0% as compared with a profit of approximately RMB1,375 million for the same period in 2016.

The loss for the six months ended 30 June 2017 from discontinued operations was RMB4.2 million.

Profit attributable to owners of the Company from continuing operations and discontinued operations amounted to approximately RMB1,193 million for the six months ended 30 June 2017 as compared with a profit of approximately RMB1,389 million for the same period in 2016.

Adjusted EBITDA and Adjusted EBITDA Margin

	2017	2016
	RMB million	*RMB million*
	(Unaudited)	(Unaudited)
		(Restated)
For the period ended 30 June:		
Profit for the period from continuing operations:	**1,389**	1,539
Adjust: non-operating or non-recurring items:		
Impairment loss of property, plant and equipment	**—**	446
Gain on fair value change of convertible bonds receivable	**—**	(14)
Gain on early redemption of convertible bonds receivable	**(13)**	—
Loss on fair value change of convertible bonds payables	**53**	122
Loss (gain) on fair value change of held for trading investments	**19**	(2)
Loss (gain) on fair value change of derivative financial instrument	**1**	(14)
Compensation income	**(155)**	—
	1,294	2,077
Add:		
Finance costs	**1,143**	1,053
Income tax expense	**345**	459
Depreciation and amortization	**1,817**	1,940
Adjusted EBITDA	**4,599**	5,529
Adjusted EBITDA Margin	**40.4%**	44.5%

Property, Plant and Equipment

Property, plant and equipment increased from RMB52,462 million as at 31 December 2016 to RMB54,928 million as at 30 June 2017. The significant increase is mainly attributable to the increase in total installed capacity of solar farm by GNE Group during the period.

Deposits, Prepayments and Other Non-current Assets

Non-current portion for deposits, prepayments and other non-current assets increased from RMB3,640 million as at 31 December 2016 to RMB4,129 million as at 30 June 2017. The increase was mainly attributable to the increase in tariff adjustments expected to be received after twelve months.

Trade and Other Receivables

Trade and other receivables increased from RMB12,285 million as at 31 December 2016 to RMB13,511 million as at 30 June 2017. The increase was mainly due to increases in accounts receivables from our new energy business.

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:

	As at 30 June 2017 *RMB'000*	As at 31 December 2016 *RMB'000*
Trade receivables:		
Unbilled	**3,045,860**	2,093,632
Within 3 months	**1,077,762**	1,322,138
3 to 6 months	**206,631**	162,552
Over 6 months	**361,624**	361,934
	4,691,877	3,940,256
Bills receivable (trade-related):		
Within 3 months	**4,065,676**	3,424,004
3 to 6 months	**2,950,057**	2,662,711
	7,015,733	6,086,715

Trade and Other Payables

Trade and other payables slightly increased from RMB17,860 million as at 31 December 2016 to RMB17,926 million as at 30 June 2017.

Liquidity and Financial Resources

As at 30 June 2017, the total assets of the Group were about RMB93,431 million, of which the aggregate restricted and unrestricted cash and bank balances amounted to approximately RMB13,171 million (including pledged bank and other deposits and bank balances and cash classified as assets held for sale of RMB136 million). The bank and other interest received for the six months ended 30 June 2017 was approximately RMB60 million.

For the six months ended 30 June 2017, the Group's main source of funding was cash generated from operating activities. The net cash from operating activities amounted to approximately RMB2.6 billion, compared with approximately RMB1.8 billion in the same period in 2016. The increase was primarily due to the improvement of operation performance in new energy business.

For the six months ended 30 June 2017, the net cash used in investing activities was approximately RMB6.4 billion. It primarily related to the purchase of property, plant and equipment of approximately RMB5.4 billion (which was mainly attributable to GNE Group of approximately RMB4.6 billion) and acquisition of other intangible assets from SunEdison, Inc. of approximately RMB0.7 billion.

For the six months ended 30 June 2017, the net cash from financing activities was approximately RMB3.4 billion. This was mainly due to the net addition of bank and other borrowings of RMB5.8 billion, partially offsetting by interest paid of approximately RMB1.1 billion, net repayment of obligations under finance leases and redemption of convertible bonds payables of approximately RMB0.8 billion.

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately RMB6,867 million as at 30 June 2017 and the Group had cash and cash equivalents of RMB8,536 million against the Group's total borrowings (comprising bank and other borrowings, obligations under finance leases, notes payables and convertible bonds payables) amounted to approximately RMB48,255 million, out of which approximately RMB16,754 million will be due in the coming twelve months. The Directors have evaluated the Group's current undrawn banking facilities and renewable bank borrowings.

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

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

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

Indebtedness

Details of the Group's indebtedness are as follows:

	30 June 2017 *RMB million*	31 December 2016 *RMB million*
Current liabilities		
Bank and other borrowings — due within one year	**13,365**	13,022
Obligations under finance leases — due within one year	**877**	858
Notes payables — due within one year	**649**	648
Convertible bonds payables — due within one year	**700**	—
Indebtedness directly associated with assets classified as held for sale	**1,163**	265
	16,754	14,793
Non-current liabilities		
Bank and other borrowings — due after one year	**24,828**	20,257
Obligations under finance leases — due after one year	**1,203**	1,656
Notes payables — due after one year	**4,480**	4,473
Convertible bonds payables — due after one year	**990**	2,013
	31,501	28,399
Total indebtedness	**48,255**	43,192
Less: Pledged and restricted bank deposits and bank balances and cash	**(13,171)**	(13,190)
Net indebtedness	**35,084**	30,002

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

	30 June 2017 *RMB million*	31 December 2016 *RMB million*
RMB	**42,163**	38,032
USD	**4,991**	4,283
EUR	**132**	—
JPY	**74**	—
HKD	**895**	877
	48,255	43,192

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

	30 June 2017	31 December 2016
	RMB million	*RMB million*
Secured	**31,351**	27,135
Unsecured	**6,842**	6,145
	38,193	33,280
Maturity profile of bank and other borrowings		
Short term or within one year	**13,365**	13,023
After one year but within two years	**6,285**	4,951
After two years but within five years	**8,737**	7,777
After five years	**9,806**	7,529
Group's total bank and other borrowings	**38,193**	33,280

Bank and other borrowings are denominated in the following currencies:

	30 June 2017	31 December 2016
	RMB million	*RMB million*
RMB	**34,161**	30,521
USD	**3,826**	2,759
EUR	**132**	—
JPY	**74**	—
	38,193	33,280

As at 30 June 2017, 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 notes payables bear interest at a rate of 3.99%–7.50% per annum and the convertible bonds payables bear interest at a fixed rate of 0.75%–6.0% per annum.

Key Financial Ratios of the Group

	30 June 2017	31 December 2016
Current ratio	**0.81**	0.79
Quick ratio	**0.79**	0.76
Net debt to equity attributable to owners of the Company *(Note)*	**160.6%**	144.1%

Note:

As at 30 June 2017, the net debt of GNE was approximately RMB21,735 million (including the loans from fellow subsidiaries of RMB1,075 million) and the net debt to equity attributable to owners of GNE was 429.1%. For illustration purpose, if purely excluding GNE Group's net debt of RMB20,660 million (excluded the loans provided by the Group to GNE Group) and assuming the equity attributable to owners of the Company remains unchanged, the net debt to equity attributable to owners of the Company would be 66.0%.

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

Credit Risk

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

Credit risk on sales of polysilicon and wafer products is not significant as the major customers are listed entities with good repayment history. Credit risk of sales of electricity is also not significant as most of the revenue is obtained from the subsidiaries of State Grid Corporation of China (the "State Grid"). The State Grid is a state-owned enterprise in China, which possesses low default risk.

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

Foreign Currency Risk

Most of the Group's business is located in the PRC and the presentation currency of the condensed 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 six months ended 30 June 2017, the Group managed foreign currency exchange rate risk by acquiring USD-denominated monetary assets. Foreign currency forward contracts will be utilized when it is considered as appropriate to hedge against foreign currency risk exposure.

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 2017, the following assets were pledged for certain bank and other borrowings and obligations under finance leases granted to the Group:

— Property, plant and equipment of RMB33,571 million (31 December 2016: RMB27,554 million);

— Prepaid lease payments of RMB389 million (31 December 2016: RMB322 million);

— Aircraft of RMB306 million (31 December 2016: RMB260 million);

— Trade and bills receivables of RMB4,179 million (31 December 2016: RMB4,200 million);

— Pledged and restricted bank deposits of RMB2,869 million (31 December 2016: RMB3,013 million).

Capital Commitments

As at 30 June 2017, the Group's capital commitments in respect of purchase of property, plant and equipment, and intangible assets and other commitment to contribute share capital to a joint venture and an available-for-sale investment contracted for but not provided amounted to RMB9,693 million, nil, RMB197 million, and RMB70 million respectively (31 December 2016: RMB5,005 million, RMB936 million, nil and nil respectively).

Contingencies

Financial guarantees contracts

As at 30 June 2017 and 31 December 2016, certain subsidiaries of the Company guaranteed bank and other borrowings of certain subsidiaries of GNE amounted to RMB4,806 million and RMB5,553 million, respectively.

Contingent liability

Same as disclosed in the Company's 2016 annual report, there is no material change for the six months ended 30 June 2017, except for the following:

Regarding the litigation brought by Solaria Corporation ("Solaria"), one of the additional defendants added on 21 October 2016, GCL System Integration Technology Co., Ltd ("GCL System Integration") filed a Motion to Quash Service of Summons ("Motion to Quash") to California state court on 14 April 2017 to transfer the litigation to another jurisdiction due to the fact that GCL System Integration has no business presence in the current jurisdiction and contesting the jurisdiction of the court. GCL System Integration claims that it lacks sufficient contacts with California based on its existence and operation primarily within China. It is currently awaiting court decision on the Motion to Quash.

The Group believes Solaria's accusation to be without merit and intends to take appropriate actions to aggressively defend. Accordingly, the Group did not recognise any provision for any possible losses in relation to this dispute as at 30 June 2017.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

a. *Acquisition of SunEdison Inc. ("SunEdison")'s solar material assets*

   On 31 March 2017 (U.S. time), the Group completed the acquisition of both tangible and intangible assets of SunEdison's solar material business at a consideration of US$150,000,000 (equivalent to RMB1,034,895,000), among which a total amount of US$50,000,000 (equivalent to RMB344,965,000) of the consideration was paid under an escrow arrangement.

   On 2 August 2017 (U.S. time), the Group and the sellers entered into a stipulation and agreed order to instruct the escrow agent to pay US$27,500,000 (equivalent to RMB189,731,000) and US$22,500,000 (equivalent to RMB155,234,000) to the sellers and the Group respectively, in full satisfaction of the escrow arrangement.

b. *Acquisition of a Japanese subsidiary*

   For the period ended 30 June 2017, GNE Group acquired a subsidiary which is engaged in solar power plant business in Japan at a total consideration of approximately RMB30 million. The construction of the solar power plant project has been completed as at the date of acquisition. Thus, the acquisition is classified as business combination.

c. *Disposal of PCB business*

On 30 December 2016, GNE Group entered into a sale and purchase agreement to dispose of the entire interest in the PCB Business for a consideration of a fixed price of HK$250 million, equivalent to approximately RMB224 million plus, as the case may be, adjustment amounts pursuant to the sale and purchase agreement. On 2 August 2017, the disposal was completed without any further adjustment on the consideration.

d. *Disposal of 100% equity interest in Jinhu and Wanhai*

On 30 June 2017, GNE Group entered into share transfer agreements with 西安中民協鑫能源有限公司(Xian Zhangmin GCL New Energy Company Limited*) ("Zhongmin GCL"), a joint venture of GNE Group, pursuant to which GNE Group agreed to sell and Zhongmin GCL agreed to purchase 100% equity interest of 金湖正輝太陽能電力有限公司 (Jinhu Zhenhui Photovoltaic Co., Ltd.*) ("Jinhu") and 山東萬海電力有限公司 (Shandong Wanhai Solar Power Co., Ltd.*) ("Wanhai") for a consideration of approximately RMB191,496,000 and RMB70,420,000, respectively.

Events After the End of The Reporting Period

After the end of the interim period, the Group has entered into the below significant transactions and the Directors are in the progress of assessing the financial impact of these transactions:

(i) On 21 July 2017, GNE Group entered into certain agreements regarding a sales and leaseback arrangement with Hengjia (Shanghai) Financial Leasing Co. Ltd.* (恒嘉(上海)融資租賃有限公司) ("Hengjia Financial Leasing"). GNE Group sold to Hengjia Financial Leasing certain equipment at a consideration of approximately RMB825,000,000 and leased back the equipment for a term of 10 years at an estimated rent of approximately RMB1,146,294,000. In addition, GNE Group will pay Hengjia a service fee of approximately RMB17,325,000.

(ii) On 31 July 2017, GNE Group entered into certain agreements regarding a sales and leaseback arrangement with China Resources Leasing Co. Ltd.* (華潤租賃有限公司) ("China Resources Leasing"). GNE Group sold to China Resources Leasing certain equipment at an aggregate consideration of approximately RMB150,000,000 and leased back the equipment for a term of 3 years at an estimated aggregate rent of approximately RMB210,120,000. In addition, GNE Group will pay China Resources a service fee of approximately RMB3,000,000.

(iii) On 11 August 2017, the Company entered into a framework agreement with Tianjin Zhonghuan Semiconductor Co., Ltd.* (天津中環半導體股份有限公司) ("Tianjin Zhonghuan") pursuant to which the Company and Tianjin Zhonghuan intend to collaborate in the manufacturing of polysilicon materials and monosilicon rods, processing of monosilicon wafers and other collaboration.

(iv) On 17 August 2017, the Company, as borrower and Richmore International Development Limited, GCL Solar Energy Technology Holdings Limited and Universe Solar Energy Holdings Inc., each a wholly-owned subsidiary of the Company, as guarantors, entered into a facility agreement ("Facility Agreement") with various licensed banks in Hong Kong relating to a US$200,000,000 (which may be increased up to US$300,000,000 through the accession of additional lenders, subject to the consent of the Company) syndicated term loan facility ("Loan Facility"). The Loan Facility is scheduled to be fully repaid 36 months after the first drawdown.

(v) On 22 August 2017, 蘇州協鑫新能源投資有限公司 Suzhou GCL New Energy Investment Co., Ltd*, a subsidiary of the GNE Group, entered into two sales and purchase agreements with two independent third parties, pursuant to which the GNE Group conditionally agreed to purchase 78% equity interests of 神木縣晶普電力有限公司 Shenmu County Jingpu Power Company Limited* ("Jingpu") and 神木縣晶富電力有限公司 Shenmu County Jingfu Power Company Limited* ("Jingfu") for a total consideration of approximately RMB2 million. Jingpu and Jinfu own 140MW and 40MW solar power plant projects located in Shaanxi, respectively. The acquisitions are expected to complete in September 2017. As at 30 June 2017, the GNE Group have other loan receivables and module receivables from Jingpu, amounting to RMB215,400,000 and RMB107,184,000, respectively. The management of GNE Group is currently assessing the financial impact of these acquisitions.

* *English name for identification only*

DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2017 (Six months ended 30 June 2016: nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

The corporate governance report of the Company has been set out in the Company's 2016 Annual Report. During the six months ended 30 June 2017, 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.6.7

Code provision A.6.7 stipulates that (including but not limited to) independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. An Independent Non-executive Director, who was not in Hong Kong when the extraordinary general meeting of the Company held on 9 February 2017, unable to attend such meeting.

(ii) Code provision E.1.2

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Mr. Zhu Gongshan, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 24 May 2017 as he had to attend certain business aboard. Mr. Zhu had invited Mr. Yeung Man Chung, Charles, an executive Director, Chief Financial Officer and Company Secretary of the Company to attend and act as the chairman of such meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the model code for securities transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2017.

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. At 1 January 2017, the outstanding principal amount of the 2019 Convertible Bonds was US$175 million.

The Company entered into an agreement with the Bondholder to purchase a further US$50 million in the principal amount of the 2019 Convertible Bonds (the "Repurchased Bonds") at the purchase price of US$49,375,000 in cash (the "Partial Buy-back") on 7 April 2017. Completion of the Partial Buyback ("Completion") took place on 7 April 2017. After the Completion, the Repurchased Bonds were cancelled by the Company and the principal amount of the 2019 Convertible Bonds which remains outstanding amounts to US$125 million.

For the six months ended 30 June 2017, the trustee of the Share Award Scheme pursuant to the trust deed and the Share Award Scheme purchased an aggregate of 222,998,888 shares from the market at a total consideration of approximately HK$195,987,000.

Other than disclosed above, during the six months ended 30 June 2017, 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 2017 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, 30 August 2017

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