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)

ANNUAL RESULTS ANNOUNCEMENT FOR YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2017	2016	% of
	RMB'million	*RMB'million*	changes
Continuing operations			
Revenue	**23,794.5**	22,024.5	8.0%
Gross profit	**8,198.7**	7,044.2	16.4%
Profit for the year	**2,274.1**	2,307.0	−1.4%
Profit for the year attributable to owners of the Company	**1,926.4**	2,099.3	−8.2%

The basic earnings per share and diluted earnings per share for 2017 decreased to RMB10.44 cents and RMB10.37 cents (2016: RMB11.41 cents and RMB11.41 cents) respectively due to decrease in profit.

Discontinued operations

The profit for the year attributable to owners of the Company amounted to RMB48.0 million in 2017 (2016: loss of RMB69.9 million).

Continuing and discontinued operations

The profit for the year attributable to owners of the Company for 2017 amounted to RMB1,974.4 million (2016: RMB2,029.4 million). The basic earnings per share and diluted earnings per share for 2017 are RMB10.70 cents and RMB10.62 cents (2016: RMB11.03 cents and RMB11.03 cents) respectively.

Business segment operating results from continuing operations:

- Profit from solar materials business decreased by 45.5% to RMB1,263.6 million (2016: RMB2,319.5 million), mainly because of the substantial increase in research and development costs.

- Profit from new energy business increased by 249.9% to RMB852.4 million (2016: RMB243.6 million).

The board of directors (the "Board" or the "Directors") of GCL-Poly Energy Holdings Limited (the "Company" or "GCL-Poly") announces the audited consolidated results of the Company and its subsidiaries (the "Group" or "GCL-Poly") for the year ended 31 December 2017 together with the comparative figures for the corresponding period in the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
Continuing operations			
Revenue	2	**23,794,455**	22,024,537
Cost of sales		**(15,595,756)**	(14,980,339)
Gross profit		**8,198,699**	7,044,198
Other income	3	**843,063**	926,431
Distribution and selling expenses		**(119,140)**	(72,631)
Administrative expenses		**(2,188,439)**	(1,847,030)
Finance costs	4	**(2,541,020)**	(2,149,266)
Other expenses, gains and losses, net	5	**(1,308,122)**	(1,091,067)
Share of profits of associates and joint ventures	12	**26,961**	33,489
Profit before tax		**2,912,002**	2,844,124
Income tax expense	6	**(637,880)**	(537,172)
Profit for the year from continuing operations	7	**2,274,122**	2,306,952
Discontinued operations			
Profit (loss) for the year from discontinued operations	14	**77,112**	(112,208)
Profit for the year		**2,351,234**	2,194,744
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(143,387)**	31,233
Total comprehensive income for the year		**2,207,847**	2,225,977

	Note	2017 *RMB'000*	2016 *RMB'000*
Profit (loss) for the year attributable to owners of the Company			
— from continuing operations		**1,926,373**	2,099,295
— from discontinued operations		**48,025**	(69,883)
Profit for the year attributable to owners of the Company		**1,974,398**	2,029,412
Profit (loss) for the year attributable to non-controlling interests			
— from continuing operations		**347,749**	207,657
— from discontinued operations		**29,087**	(42,325)
Profit for the year attributable to non-controlling interests		**376,836**	165,332
		2,351,234	2,194,744
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,879,998**	2,064,780
Non-controlling interests		**327,849**	161,197
		2,207,847	2,225,977

	Note	2017 *RMB cents*	2016 *RMB cents*
Earnings per share	*9*		
From continuing and discontinued operations			
Basic		**10.70**	11.03
Diluted		**10.62**	11.03
From continuing operations			
Basic		**10.44**	11.41
Diluted		**10.37**	11.41

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2017

	Notes	**2017** **RMB'000**	2016 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**63,780,283**	52,461,558
Investment properties		**75,116**	79,772
Prepaid lease payments		**1,177,644**	1,123,690
Goodwill		**176,528**	176,528
Other intangible assets		**853,552**	124,990
Interests in associates and joint ventures	*12*	**1,850,099**	659,296
Financial assets designated as at fair value through profit or loss		**131,689**	—
Available-for-sale investments		**442,322**	300,000
Convertible bonds receivable		—	128,211
Deferred tax assets		**260,200**	114,747
Deposits, prepayments and other non-current assets		**6,083,415**	3,639,900
Amounts due from related companies	*13*	**151,700**	144,700
Pledged and restricted bank deposits		**1,186,848**	953,446
		76,169,396	59,906,838
CURRENT ASSETS			
Inventories		**990,885**	965,674
Trade and other receivables	*10*	**14,537,031**	12,284,566
Amounts due from related companies	*13*	**720,438**	267,764
Prepaid lease payments		**27,282**	25,726
Available-for-sale investments		**339,848**	112,922
Held for trading investments		**100,733**	111,522
Tax recoverable		**1,042**	23,968
Pledged and restricted bank deposits		**3,720,040**	3,230,654
Bank balances and cash		**10,673,203**	8,958,397
		31,110,502	25,981,193
Assets classified as held for sale		—	1,131,282
		31,110,502	27,112,475

	Notes	2017 RMB'000	2016 RMB'000
CURRENT LIABILITIES			
Trade and other payables	*11*	**19,591,747**	17,860,068
Amounts due to related companies	*13*	**177,061**	422,446
Advances from customers		**612,263**	517,566
Bank and other borrowings — due within one year		**17,107,779**	13,022,414
Obligations under finance leases — due within one year		**740,911**	858,173
Notes and bonds payables — due within one year		**2,968,031**	648,104
Convertible bonds payables — due within one year		**1,765,257**	—
Derivative financial instruments		**15,899**	16,011
Deferred income		**49,982**	46,801
Tax payables		**394,871**	98,957
		43,423,801	33,490,540
Liabilities directly associated with assets classified as held for sale		—	910,112
		43,423,801	34,400,652
NET CURRENT LIABILITIES		**(12,313,299)**	(7,288,177)
TOTAL ASSETS LESS CURRENT LIABILITIES		**63,856,097**	52,618,661
NON-CURRENT LIABILITIES			
Advances from customers		**118,675**	182,623
Bank and other borrowings — due after one year		**32,857,143**	20,257,141
Obligations under finance leases — due after one year		**895,691**	1,655,267
Notes and bonds payables — due after one year		**1,861,383**	4,473,241
Convertible bonds payables — due after one year		—	2,012,997
Deferred income		**593,784**	276,329
Deferred tax liabilities		**221,842**	367,121
		36,548,518	29,224,719
NET ASSETS		**27,307,579**	23,393,942
CAPITAL AND RESERVES			
Share capital		**1,632,181**	1,631,804
Reserves		**21,143,036**	19,189,012
Equity attributable to owners of the Company		**22,775,217**	20,820,816
Non-controlling interests		**4,532,362**	2,573,126
TOTAL EQUITY		**27,307,579**	23,393,942

NOTES:

1. BASIS OF PREPARATION

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

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 approximately RMB12,313 million as at 31 December 2017 and the Group had cash and cash equivalents of approximately RMB10,673 million against the Group's total borrowings (comprising bank and other borrowings, obligations under finance leases, notes and bonds payables and convertible bonds payables) amounted to approximately RMB58,196 million, out of which approximately RMB22,582 million will be due in the coming twelve months.

In April and July 2017, 保利協鑫（蘇州）新能源有限公司 (GCL-Poly (Suzhou) New Energy Limited*, "GCL-Poly Suzhou") and 江蘇中能硅業科技發展有限公司 (Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.*, "Jiangsu Zhongneng"), 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 the PRC 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 (collectively the "Issuers"), 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 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 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.

* *English name for identification only*

GCL New Energy Holdings Limited ("GNE"), whose shares are listed on the Stock Exchange, is a subsidiary of the Company. As at 31 December 2017, certain subsidiaries of the Company guaranteed bank and other borrowings of GNE and its subsidiaries (collectively referred to as "GNE Group") amounted to approximately RMB4,355 million. The Directors have evaluated the going concern status of GNE Group in preparing these consolidated financial statements, in light of the fact that, GNE Group's current liabilities exceeded its current assets by RMB9,305 million. In addition, as at 31 December 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 RMB3,869 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 31 December 2017, additional cash outflows will be required to settle further committed capital expenditure.

As at 31 December 2017, GNE Group's total borrowings comprising bank and other borrowings, convertible bonds payables, bonds payable and loans from fellow subsidiaries amounted to RMB35,430 million, out of which RMB9,065 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 RMB2,243 million and RMB4,197 million as at 31 December 2017, respectively. The financial resources available to GNE Group as at 31 December 2017 and up to the date of approval of these consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements and other financial obligations. GNE Group is actively pursuing additional financing including, but not limited to, equity and debt financing and bank borrowings.

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

(i) During the year ended 31 December 2017, GNE Group had obtained new borrowings totalling RMB18,384 million of which RMB15,945 million had a repayment terms of over 3 years. GNE Group also issued non-public green bonds of RMB935 million with a term of 3 years. The management is continuously changing GNE Group's debt profile in obtaining long-term debts to repay the short-term borrowing or other current liabilities;

(ii) On 23 January 2018, GNE Group issued senior notes of US$500 million (equivalent to RMB3,376 million), which bear interest at 7.1% and mature on 30 January 2021. The net proceeds of the notes issuance, after deduction of underwriting discounts and commissions and other expenses, amounted to approximately US$493 million, will be used for the development of GNE Group's business operations, repayment of borrowings and other general corporate purposes; and

(iii) GNE Group is implementing different long-term financing strategy such as asset-light business model and the introduction of equity investors at solar farm level to address the net current liabilities position of GNE Group:

    — On 30 June 2017, GNE Group, entered into share transfer agreements to sell two solar farms with an aggregate capacity of 130MW to Xi'an Zhongmin GCL New Energy Company Limited, a joint venture of GNE, at a consideration of approximately RMB262 million, which is subsequently completed in July 2017.

— On 31 May 2017, GNE Group had entered into a co-operation framework agreement with 富陽新能源科技（南陽）有限公司 (Fuyang New Energy Technology (Nanyang) Limited*, "Fuyang New Energy"). Under the co-operation framework agreement, Fuyang New Energy will buy certain solar farms, which will adopt a built-transfer model. GNE Group will be responsible for the engineering, procurement and construction, and provide operation and maintenance services after completion of the solar farms.

— On 21 November 2017, GNE Group entered into a partnership agreement to form a joint venture company with a maximum capital contribution of RMB1,000 million, which will primarily invest in solar farm projects. Pursuant to the agreement, each of Beijing Enterprises Clean Energy Group Limited and GNE Group will contribute capital of RMB150 million. The investment in the limited partnership may provide an additional source of funding for the development and operation of GNE Group's projects.

GNE Group is actively negotiating similar arrangements to generate additional liquidity and working capital.

(iv) 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 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. GNE Group is also seeking other form of financing to improve liquidity;

(v) On 20 November 2017, GNE entered into a non-legally binding co-operation framework agreement with Taiping Financial Holdings Company Limited, an overseas investment platform of China Taiping Insurance Group, pursuant to which Taiping Financial Holdings Company Limited agreed that it or its affiliate companies will lead the establishment of an investment fund with a fund size of approximately HK$8,000 million (equivalent to RMB6,687 million), for the purpose of investing in GNE by way of subscription of new shares and convertible bonds; and

(vi) GNE Group has completed the construction of 156 solar power plants with approval for on-grid connection up to 31 December 2017. GNE Group also has additional 4 solar farm under construction targeting to achieve on-grid connection within the coming twelve months from the date of approval of these consolidated financial statements for issuance. The abovementioned solar farms have an aggregate installed capacity of approximately 5.9 GW and are expected to generate operating cash inflows to GNE Group.

Although the directors of GNE identified going concern as an area of significant uncertainty, the Directors are of the opinion that, taking into account the above undrawn banking 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 consolidated financial statements have been prepared on a going concern basis.

* *English name for identification only*

2. 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 August 2017, one of the operating segments of GNE Group regarding the manufacturing and selling of printed circuit boards ("PCB business") was sold and accordingly has been presented as discontinued operations in the consolidated statement of profit or loss and other comprehensive income.

Segment revenue and results

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

Year ended 31 December 2017

	Solar material business *RMB'000*	Solar farm business *RMB'000*	New energy business *RMB'000* *(Note 2)*	Total *RMB'000*
Segment revenue				
Revenue from external customers	**19,354,988**	**497,187**	**4,785,113**	**24,637,288**
Segment profit	**1,263,593**	**67,828**	**929,509**	**2,260,930**
Less: profit for the year from discontinued operations of PCB business				**(77,112)**
Elimination of inter-segment profit				**(29,064)**
Unallocated income				**93,143**
Unallocated expenses				**(93,851)**
Gain on convertible bonds receivable				**13,506**
Loss on fair value change of convertible bonds issued by the Company				**(37,771)**
Loss on fair value change of held for trading investments				**(27,954)**
Compensation income in relation to shutdown of a power plant				**155,606**
Gain on fair value change for financial assets designated as at fair value through profit or loss ("FVTPL")				**16,689**
Profit for the year from continuing operations				**2,274,122**

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 1 & 2)*
Segment revenue — Continuing operations	**3,942,280**
Segment profit — Continuing operations	**852,397**

Year ended 31 December 2016

	Solar material business *RMB'000*	Solar farm business *RMB'000*	New energy business *RMB'000* *(Note 2)*	Total *RMB'000*
Segment revenue				
Revenue from external customers	19,269,818	508,294	3,737,989	23,516,101
Segment profit (loss)	2,319,517	(161,262)	131,365	2,289,620
Add: loss for the year from discontinued operations of PCB business				112,208
Elimination of inter-segment profit				(4,846)
Unallocated income				65,594
Unallocated expenses				(34,197)
Gain on convertible bonds receivable				34,504
Loss on fair value change of convertible bonds issued by the Company				(180,878)
Gain on fair value change of held for trading investments				24,947
Profit for the year from continuing operations				2,306,952

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 1 & 2)*
Segment revenue — Continuing operations	2,246,425
Segment profit — Continuing operations	243,573

Note 1: As at 31 December 2016, the operating results of new energy business include 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.

As at 31 December 2017, the operating results of new energy business include allocated corporate expenses.

Note 2: The revenue of the new energy business for the current year comprised sales of electricity (including tariff adjustments) amounting to approximately RMB3,942,280,000 (2016: RMB2,246,425,000) and sales of printed circuit boards ("PCB") amounting to approximately RMB842,833,000 (2016: RMB1,491,564,000).

The segment profit of the new energy business for the current year comprised profit contributed by the sales of electricity of approximately RMB852,397,000 (2016: RMB243,573,000) and profit contributed by the sales of PCB of approximately RMB77,112,000 (2016: loss of RMB112,208,000).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) from continuing operations for 2017 represents the profit (loss) of each respective segment excluding unallocated income, unallocated expenses (including certain exchange losses (gains), gain on disposal of available-for-sale investments held by the Company and unallocated tax expense), gain on convertible bonds receivable, change in fair value of convertible bonds issued by the Company, change in fair value of held for trading investments, change in fair value of financial assets designated as at FVTPL and compensation income in relation to shutdown of a power plant. In addition to the aforesaid items, segment profit (loss) for 2016 also included depreciation of an aircraft and the respective finance costs under sale and finance leaseback arrangements which are allocated to the solar material business segment for 2017. 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:

	2017	2016
	RMB'000	*RMB'000*
Segment assets		
Solar material business	**44,772,551**	38,350,554
Solar farm business	**3,818,921**	4,156,910
New energy business *(Note)*	**55,391,914**	41,437,588
Total segment assets	**103,983,386**	83,945,052
Convertible bonds receivable	**—**	128,211
Held for trading investments	**100,734**	111,522
Financial assets designated as at FVTPL	**131,689**	—
Interests in associates and joint ventures	**267,399**	—
Available-for-sale investments held by the Company	**99,808**	112,922
Unallocated bank balances and cash	**2,576,349**	2,379,683
Unallocated corporate assets	**120,533**	341,923
Consolidated assets	**107,279,898**	87,019,313
Segment liabilities		
Solar material business	**31,628,470**	25,633,378
Solar farm business	**2,193,475**	2,407,710
New energy business *(Note)*	**45,238,764**	34,157,909
Total segment liabilities	**79,060,709**	62,198,997
Convertible bonds issued by the Company	**839,615**	1,154,536
Unallocated corporate liabilities	**71,994**	271,838
Consolidated liabilities	**79,972,319**	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 convertible bonds receivable, held for trading investments, financial assets designated as at FVTPL, interests in associates and joint ventures and available-for-sale investments held by the Company (2016: including an aircraft, convertible bonds receivable, held for trading investments and 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 relating to the relevant assets were fully offset by the impairment loss on measurement to fair value less cost to sell recognised as at 31 December 2016.

As at 31 December 2017, the segment assets and liabilities of new energy business included no assets classified as held for sale (2016: RMB1,131 million) and no liabilities directly associated with assets classified as held for sale (2016: RMB910 million) due to the operating segment of GNE Group regarding the PCB business was contracted to be sold. The sale was completed on 2 August 2017.

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:

	2017	2016
	RMB'000	*RMB'000*
Continuing operations		
Sales of wafer	**17,432,680**	17,889,741
Sales of electricity *(Note)*	**4,429,387**	2,751,995
Sales of polysilicon	**766,448**	985,645
Processing fees	**938,383**	334,838
Others (comprising the sales of ingots and modules)	**227,557**	62,318
	23,794,455	22,024,537
Discontinued operations		
Sales of PCB	**842,833**	1,491,564
	24,637,288	23,516,101

Note: Sales of electricity included RMB2,814,078,000 (2016: RMB1,860,222,000) 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 10.

Geographical information

The Group's revenue from continuing operations and discontinued operations from external customers by customer's location is detailed below:

	2017	2016
	RMB'000	*RMB'000*
Continuing operations		
The PRC	**19,217,418**	18,427,434
Others	**4,577,037**	3,597,103
	23,794,455	22,024,537
Discontinued operations		
Sales of PCB	**842,833**	1,491,564
	24,637,288	23,516,101

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of total sales of the Group are as follows:

	2017	2016
	RMB'000	*RMB'000*
Customer A	**N/A**[(2)]	2,217,592[(1)]

(1): Revenue from solar material business — sales of wafer.

(2): The corresponding revenue did not contribute over 10% of the total revenue of the Group.

3. OTHER INCOME

	2017	2016
	RMB'000	*RMB'000*
Continuing operations		
Government grants	**141,310**	347,087
Sales of scrap materials	**389,526**	199,994
Bank and other interest income	**228,910**	195,361
Management and consultancy fee income	**18,494**	20,843
Waiver of other payables	**195**	19,020
Compensation income	**—**	43,167
Rental income	**17,700**	14,921
Income arising from transfer of capacity quota	**—**	22,725
Others	**46,928**	63,313
	843,063	926,431

4. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Continuing operations		
Interest on:		
Bank and other borrowings	**2,266,174**	1,796,439
Discounted bills receivable and letters of credit	**140,079**	153,253
Obligations under finance leases	**146,392**	173,279
Notes and bonds payables	**326,884**	308,813
Total borrowing costs	**2,879,529**	2,431,784
Less: Interest capitalised	**(338,509)**	(282,518)
	2,541,020	2,149,266

Borrowing costs capitalised during the year arose from the general borrowing pool and are calculated by applying a capitalisation rate of 7.69% (2016: 9.55%) per annum to expenditure on qualifying assets.

5. OTHER EXPENSES, GAINS AND LOSSES, NET

	2017	2016
	RMB'000	*RMB'000*
Continuing operations		
Research and development costs	**956,136**	247,295
Exchange gain, net	**(7,974)**	(20,685)
Gain on convertible bonds receivable	**(13,506)**	(34,504)
Loss on fair value change of convertible bonds payables	**156,515**	356,126
Loss (gain) on fair value change of held for trading investments	**27,954**	(24,947)
Unrealised gain on fair value change of financial assets designated as at FVTPL	**(16,689)**	—
Bargain purchase from business combination	**—**	(67,111)
Restructuring expenses	**13,022**	—
Impairment loss on property, plant and equipment	**262,634**	540,737
Impairment loss on deposits for acquisitions of property, plant and equipment	**—**	59,536
Gain (loss) on fair value change of derivative financial instruments, net	**(112)**	3,436
(Reversal of) impairment loss on trade and other receivables, net	**(43,246)**	6,545
Loss on disposal of property, plant and equipment	**147,395**	26,461
Loss (gain) on deemed disposal of an associate and a joint venture	**3,227**	(1,822)
Compensation income arising from shutdown of a power plant	**(155,606)**	—
Gain on disposal of three solar power plant projects	**(18,745)**	—
Gain on available-for-sale investments	**(2,883)**	—
	1,308,122	1,091,067

6. INCOME TAX EXPENSE

	2017	2016
	RMB'000	*RMB'000*
Continuing operations		
PRC Enterprise Income Tax ("EIT")		
Current tax	**725,148**	439,214
Under(over)provision in prior years	**32,630**	(27,376)
	757,778	411,838
USA Federal and State Income Tax		
Current tax	**340**	260
Underprovision in prior years	**—**	9
	340	269
Hong Kong Profit Tax		
Overprovision in prior years	**(5,891)**	—
Other jurisdictions	**46**	11
PRC dividend withholding tax	**183,611**	46,834
Deferred tax	**(298,004)**	78,220
	637,880	537,172

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25%, except for those subsidiaries described below. The under(over)provision of EIT in prior years arose mainly as a result of completion of tax clearance procedures by certain PRC subsidiaries with the respective tax authorities.

Certain subsidiaries operating in the PRC have been accredited as "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 years. 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 EIT 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. For the year ended 31 December 2017, certain subsidiaries of GNE engaged in public infrastructure projects had their first year of operating income.

Federal and State tax rates in the USA are calculated at 35% and 8.84%, respectively for both years. The U.S. Tax Cuts and Jobs Act (the "Act") was executed into law on 22 December 2017. The Act includes significant changes to the U.S. corporate income tax system that are effective on 1 January 2018, including a reduction of the U.S. corporate income tax rate from 35% to 21%.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax was made for the year as there were no assessable profits for both years.

Taxation arising from other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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. A provision for deferred taxation of RMB143,981,000 (2016: RMB136,606,000) in respect of withholding tax on undistributed profits has been charged to profit or loss during the current year.

7. PROFIT FOR THE YEAR

	2017	2016
	RMB'000	*RMB'000*
Continuing operations		
Profit for the year has been arrived at after charging (crediting) the following items:		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**2,417,702**	2,287,949
Retirement benefit scheme contributions	**77,485**	74,820
Share-based payment expenses	**47,242**	98,466
Total staff costs	**2,542,429**	2,461,235
Depreciation of property, plant and equipment	**3,654,072**	3,431,250
Depreciation of investment properties	**4,656**	4,655
Amortisation of prepaid lease payments	**27,174**	26,192
Amortisation of other intangible assets	**78,571**	11,014
Total depreciation and amortisation	**3,764,473**	3,473,111
Less: net amounts included in opening and closing inventories	**(17,391)**	(77,360)
Total of depreciation and amortisation charged to profit or loss	**3,747,082**	3,395,751
Auditor's remuneration	**12,586**	12,544

8. DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2017 (2016: nil).

9. 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:

	2017	2016
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share		
— Profit for the year attributable to owners of the Company	**1,974,398**	2,029,412
Effect of dilutive potential ordinary shares:		
— Fair value change on convertible bonds issued by the Company	**37,771**	—
— Adjustment to the share of profit of an associate based on potential dilution arising on convertible bonds issued by the associate	**(2,986)**	—
Earnings for the purpose of diluted earnings per share from continuing operations	**2,009,183**	2,029,412

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**18,453,617**	18,393,103
Effect of dilutive potential ordinary shares:		
— Share options issued by the Company	**6,372**	6,106
— Convertible bonds issued by the Company	**457,698**	—
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	**18,917,687**	18,399,209

For the year ended 31 December 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 year ended 31 December 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 open market pursuant to the share award scheme of the Group.

Diluted earnings per share for the year ended 31 December 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 year ended 31 December 2017.

Diluted earnings per share for the year ended 31 December 2016 did not assume (1) the conversion of the convertible bonds issued by the Company in July 2015 and 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 year ended 31 December 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:

	2017 ***RMB'000***	2016 *RMB'000*
Profit for the year attributable to owners of the Company	**1,974,398**	2,029,412
(Less) add: (profit) loss for the year from discontinued operations attributable to owners of the Company	**(48,025)**	69,883
Earnings for the purpose of basic earnings per share from continuing operations	**1,926,373**	2,099,295
Effect of dilutive potential ordinary share:		
— Fair value change on convertible bonds issued by the Company	**37,771**	—
— Adjustment to the share of profit of an associate based on potential dilution arising on convertible bonds issued by the associate	**(2,986)**	—
Earnings for the purpose of diluted earnings per share from continuing operations	**1,961,158**	2,099,295

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

For discontinued operations

Basic earnings per share for the discontinued operations is RMB0.26 cent per share (2016: basic loss of RMB0.38 cent per share) and diluted earnings per share for the discontinued operations is RMB0.25 cent per share (2016: diluted loss of RMB0.38 cent per share), based on the profit for the year from the discontinued operations attributable to owners of the Company of RMB48,025,000 (2016: loss of RMB69,883,000) and the denominators detailed above for both basic and diluted earnings per share.

10. TRADE AND OTHER RECEIVABLES

Included in the Group's trade receivables are tariff adjustment receivables amounting to approximately RMB4,585,242,000 (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 RMB1,836,092,000 (2016: RMB249,555,000) will be recovered after twelve months from the reporting date. Certain part of the tariff adjustment receivables are discounted at an effective interest rate ranged from 3.44% to 3.55% (2016: 2.65%) per annum as at 31 December 2017.

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.

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

	2017	2016
	RMB'000	*RMB'000*
Trade receivables:		
Unbilled *(Note)*	**4,365,887**	2,093,632
Within 3 months	**1,068,657**	1,322,138
3 to 6 months	**142,984**	162,552
Over 6 months	**166,600**	361,934
	5,744,128	3,940,256
Bills receivable (trade-related):		
Within 3 months	**3,302,388**	3,424,004
3 to 6 months	**4,857,039**	2,662,711
	8,159,427	6,086,715

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

11. 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:

	2017	2016
	RMB'000	*RMB'000*
Trade payables:		
Within 3 months	**2,046,460**	1,491,407
3 to 6 months	**1,670,582**	870,289
Over 6 months	**—**	9
	3,717,042	2,361,705
Bills payable (trade-related):		
Within 3 months	**571,437**	1,097,268
3 to 6 months	**1,504,089**	651,379
	2,075,526	1,748,647

12. INTERESTS IN ASSOCIATES AND JOINT VENTURES

	2017	2016
	RMB'000	*RMB'000*
Interests in associates	**1,073,100**	—
Interests in joint ventures	**776,999**	659,296
	1,850,099	659,296
Share of profits of associates	**8,444**	—
Share of profits of joint ventures	**18,517**	33,489
	26,961	33,489

13. BALANCES WITH RELATED COMPANIES

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

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**484,347**	234,506
3 to 6 months	**—**	—
Over 6 months	**—**	187
	484,347	234,693

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

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**133,788**	94,490
3 to 6 months	**3**	22,011
Over 6 months	**318**	374
	134,109	116,875

The amounts due from/to related companies are unsecured, non-interest bearing and the credit period for trade-related balances is 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 RMB218,042,000) plus, as the case may be, adjustment amounts pursuant to the S & P Agreement. On 2 August 2017, the disposal was completed without any adjustment on the consideration. The disposal of PCB business is consistent with GNE Group's long-term policy to focus on its core solar farms 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 its shareholders dated 20 January 2017.

The profit (loss) for the period/year from the discontinued PCB business is set out below.

Analysis of loss for the period/year from discontinued operations

The results of the discontinued operations for the period/year were as follows:

	1 January 2017 to 2 August 2017 *RMB'000*	1 January 2016 to 31 December 2016 *RMB'000*
Discontinued operations		
Revenue	**842,833**	1,491,564
Cost of sales	**(795,834)**	(1,383,305)
Other income	**18,939**	29,577
Distribution and selling expenses	**(10,540)**	(19,811)
Administrative expenses	**(36,437)**	(71,549)
Other expenses, gains and losses, net	**(10,947)**	16,062
Finance costs	**(7,357)**	(12,207)
Profit before tax	**657**	50,331
Income tax expense	**(5,323)**	(48,104)
	(4,666)	2,227
Loss on measurement to fair value less costs to sell	**(4,734)**	(114,435)
Gain on disposal of operation including a cumulative exchange gain reclassified from translation reserve to profit or loss	**86,512**	—
Profit (loss) for the period/year from discontinued operations (attributable to owners of GNE)	**77,112**	(112,208)

Profit (loss) for the period/year from discontinued operations include the following:

	1 January 2017 to 2 August 2017 *RMB'000*	1 January 2016 to 31 December 2016 *RMB'000*
Staff costs, including director's remuneration		
Salaries, wages and other benefits	**132,167**	236,661
Retirement benefit scheme contributions	**10,764**	19,128
Total staff costs	**142,931**	255,789
Depreciation of property, plant and equipment	**64,762**	155,856
Amortisation of prepaid lease payments	**101**	711
Total depreciation and amortisation	**64,863**	156,567
Cost of inventories recognised as an expense	**795,834**	1,389,065
Auditor's remuneration	**—**	694

Note: During the years ended 31 December 2017, staff costs and depreciation and amortisation of approximately RMB123,479,000 (2016: RMB212,528,000) and RMB62,142,000 (2016: RMB158,024,000) were capitalised as cost of inventories respectively. Depreciation and amortisation adjustment of RMB5,761,000 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 year ended 31 December 2016. No such fair value adjustments are recognised during the year ended 31 December 2017.

Cash flows from discontinued operations:

	1 January 2017 to 2 August 2017	1 January 2016 to 31 December 2016
	RMB'000	*RMB'000*
Net cash inflows from operating activities	**74,321**	135,933
Net cash outflows from investing activities	**(48,331)**	(139,118)
Net cash outflows from financing activities	**(30,881)**	(36,431)
Net cash outflows	**(4,891)**	(39,616)

CHAIRMAN'S STATEMENT

Dear Shareholders,

GCL-Poly seized the opportunity of the installation boom in solar market in 2017. By adhering to green and low-carbon development, we made outstanding contributions to China's energy revolution and green development, and continuously explored industry deployment for green energy development. Leveraging our industrial strengths, GCL-Poly will promote the upgrade of solar industry further.

2017 Business Review

During 2017, GCL-Poly's total production of polysilicon and wafer were 74,818 MT and 23,902 MW respectively, ranking the top in the World again. As of 31 December 2017, GCL-Poly recorded a revenue of RMB23.79 billion, representing a 8.0% increase as compared with the same period in 2016; gross profit was approximately RMB8.20 billion, a 16.4% increase as compared with the same period in 2016; profit attributable to owners of the Company amounted to approximately RMB1.97 billion and basic earnings per share were approximately RMB10.70 cents.

For the year 2017, GNE's total PV installed capacity was 5,990 MW, a 70.4% increase as compared with the same period in 2016. Total revenue from new energy business was approximately RMB3.94 billion, up by 75.5% year-on-year. Profit significantly increased by 249.9% to RMB852 million as compared with last year.

New Heights in New Age, GCL-Poly and GNE Marked New Milestones

Global PV industry developed rapidly in 2017. According to an international industry research institution[#], global PV installations were approximately 102 GW in 2017, representing an approximately 25% increase as compared with the same period in 2016. According to the statistics from the China Photovoltaic Industry Association (CPIA), with the explosive growth in end demands, China reached over 50 GW of new installations for the first time in 2017, among which distributed installations realized an approximately 400% increase year-on-year, which marked the golden age of China's PV industry. GCL-Poly worked together with other PV enterprises to promote industry upgrade with various technological improvements.

As an industry leader, GCL-Poly is committed to optimizing integrated industry value chain and technological research and development to push forward industry development. We provided cost-effective PV materials for downstream enterprises and facilitated the progress of photovoltaic grid parity in 2017. GCL-Poly successfully achieved all its technological upgrade goals: upgrading polycrystalline ingot casting furnaces from G7 to G8 without purchasing new equipment and optimizing the polycrystalline structure by thermal field transformation to further improve efficiency; in respect of wafers, completing the upgrade to diamond-wire cutting sawing, together with the promotion of black silicon technology, to significantly reduce manufacturing cost and increase wafer capacity at the same time.

During the year, GCL-Poly acquired the world class polysilicon material technologies from SunEdison including the fluidized bed reactor (FBR) and the constant czochralski monosilicon (CCZ) technologies and applied the technologies on custom made, lower cost domestic equipment. We also entered into a joint strategic investment framework agreement with Tianjin Zhonghuan, a leading monocrystalline wafer manufacturer on a new polysilicon production base in Xinjiang. In 2018, we will not only continue to deploy more resources to the development of innovative technologies, but also seek to work with new investors in the polysilicon project in Xinjiang with Tianjin Zhonghuan , to improve our competitiveness in the future. Besides, GCL-Poly signed a USD200 million syndicated loan facility to support our future development and operations.

In 2017, GNE, a subsidiary of GCL-Poly, recorded total installed capacity of approximately 5,990 MW, representing a significantly increase of approximately 70% as compared with the corresponding period in the previous year. With leading technology and innovation management, GNE was granted approximately 250 MW of poverty alleviation projects, ranking the first in China, and secured approximately 360 MW of "Frontrunner" projects, ranking the third in China. In 2017, GNE ranked the second in terms of PV installed capacity in the World.

In August and December 2017, GNE issued two tranches of 3-year private green bonds with a fixed annual rate of 7.5% to meet the funding requirement of the construction of power plants with active subscriptions from investors. The proceeds were used to invest in and construct green projects, and to repay the earlier financings for green projects. In addition, GNE signed a number of financial lease and sale and leaseback agreements with several financial leasing organizations. We believe that through these financing arrangements, together with the additional capital generated from operation, GNE will have ample funding resources to support its future business and operations.

GNE will continue to leverage its competitive strengths and comply with national policies by devoting more efforts to participating in the "Frontrunner" project and the poverty alleviation project. GNE will deepen its distributed business and increase the proportion of distributed projects to enhance its leading position in the PV business.

Social Responsibility

GCL-Poly is always dedicated to fulfilling its environmental and social responsibilities. As the leading enterprise in clean energy, we continuously make contributions to the society and communities through sponsorship, fundraising and environmental protection activities. In August 2017, an earthquake of magnitude 7 attacked Sichuan. We actively participated in the disaster relief and reconstruction work, raised donations within the Company for the Sichuan earthquake victims. In regards to social responsibility and the social security system optimization, Xuzhou Photovoltaic was endorsed as the representative enterprise by Xuzhou Social Security Centre. Our executives and staff actively participated in the production of a promotional video on employment injury insurance to promote the importance of work safety.

In 2017, GCL-Poly was awarded the "Best Investment Value Award for Listed Companies in the 13th Five-year Plan" in the "Golden Bauhinia Award" in recognition of its outstanding business performance for seven consecutive years, which reflected that the capital market is optimistic about our future development and growth potential. In addition, we were also awarded the "Best PV Material Supplier in China" at OFWeek's PV Award Ceremony 2017, and "Global Top 500 New Energy Innovative Enterprises for Science and Technology Awards 2017" at the Belt and Road International Energy Summit & 7th Global Top 500 New Energy Enterprises Summit. Meanwhile, I was appointed as chairman of the Global Solar Council, which indicated the trust and recognition on GCL-Poly from various sectors.

In 2017, GCL-Poly was for the first time included in the Hang Seng Corporate Sustainability Index Series, in recognition of its excellent performance in corporate sustainable development.

Outlook

The Paris Agreement is the consensus of the international community on climate change. Since it has came into effect, 147 contracting parties have approved the agreement. Clean energy has become the development trend and related investment scale will continue to expand. The International Energy Agency (IEA) also increased the power generation capacity prediction of global renewable energy in the next five years, predicting that China will account for most of the increase of power generation capacity of global renewable energy. China, India and America would increase significantly in PV installed capacity.

According to the 13th Five-year Plan for Energy Industry, China's non-fossil energy will account for more than 15% of the total primary energy consumption by 2020. Energy Production and Consumption Revolution Strategy (2016–2030) (《能源生產和消費革命戰略(2016–2030)》) issued by the National Development and Reform Commission (NDRC) and National Energy Administration (NEA) sets out that by 2030, the non-fossil power plants will account for approximately 50% of total power generation, with an increase of approximately 70% to 80% by 2050. This indicates that there is still a lot of room for improvement. Moreover, Opinions on Supporting Photovoltaic Poverty Alleviation and Regulating the Land Use of Photovoltaic Power Generation Industry (《關於支持光伏扶貧和規範光伏發電產業用地的意見》) jointly issued by the Ministry of Land and Resources, the State Council Leading Group Office of Poverty Alleviation and Development and the NEA specifically set out that the expiration of the 50% rebate policy of value-added tax for PV products will be extended from the end of 2018 to the end of 2020.

2018, the first year after the 19th National Congress of the Communist Party of China (CPC), is a crucial year to implement the green development of the 13th Five-year Plan to build a beautiful China. Benefited from low-carbon energy policy and the lower solar energy cost, China's PV installed capacity has been increased remarkably in recent years, with faster growth than that of any other fuel for the first time. We believe that the growth momentum will continue. The industry holds an optimistic attitude about the domestic installation size in the next three years. According to international industry research[#] and brokerage[##], it is expected that China's new installations will maintain at around 50 GW in 2018. GCL-Poly is committed to constructing a PV industry innovation ecosystem by means of technical strategic cooperations with our industry parties so as to realize a "Big Synergy". Through developing new technology and sharing of the results of cost reduction, we aim to promote the sound development of PV industry. Thus, the collaborative innovation and high quality integration within the PV industrial value chain will bring about positive results. The cooperation, dependency and growth between the upstream and downstream of the industrial value chain will form an inseparable developing community.

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

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

[#] *According to Energy Trend's research*

[##] *According to Citic Securities' research*

CEO'S REVIEW OF OPERATIONS AND OUTLOOK

On behalf of the management of the Company, I hereby report the following annual results of GCL-Poly in 2017. As of 31 December 2017, GCL-Poly recorded revenue of RMB23.79 billion, representing a 8.0% increase as compared with the same period in 2016; gross profit was approximately RMB8.20 billion, representing a 16.4% increase as compared with the same period in 2016; profit attributable to owners of the Company amounted to approximately RMB1.97 billion and basic earnings per share were approximately RMB10.70 cents. During 2017, total production and sales of polysilicon of the Company were 74,818 MT and 7,316 MT respectively and total production and sales of wafer were 23,902 MW and 23,417 MW respectively. The Company ranked the first in the World in both polysilicon and wafer production.

Global PV Market Enjoyed Sustained Growth with Strong Momentum in the PRC Market

According to international industry research[#], 2017 saw approximately 102 GW of additional installed PV capacity worldwide, a 25% year-on-year increase. According to the data from China Photovoltaic Industry Association (CPIA), 2017 was another remarkable year for China's solar industry. The country added an annual installed capacity of approximately 53 GW, a year-on-year increase of over 50%, ranking the first in the World for five consecutive years. China's cumulative installed capacity amounted to approximately 130 GW, ranking the top globally for the third consecutive year, followed by the U.S. with 12 GW. The grid-connected new capacity of Japan was only 6.1 GW in 2017, while India has surpassed Japan and ranked the third with 9.3 GW of next installations. With strong momentum from China, the market share of Asia Pacific in global solar market is estimated to hit a new high of approximately 70% in 2017.

Explosive Growth of End Demands in the Domestic Market with the Strong Market Prices

According to CPIA, China's total installed capacity reached a record high in 2017. The distributed installation realized an explosive growth with a year-on-year increase of 400%, which was the biggest highlight in China's PV market in 2017 and achieved an installed capacity of 19 GW. The demands for polysilicon and wafer burst out during the year with rising but adequate supply. Average prices of polysilicon in domestic and overseas markets were higher than those in 2016, rebounding after the low ebb. The price of polysilicon fell to the bottom in mid-April due to the uncertain PV policies in the first quarter of 2017, and followed by a rebound and continuous rise till the end of December. The supply was slightly less than the demand throughout the year, so the product price and sales volume still stayed firm.

Capturing Business Opportunities with Strategic Supply Management in Rapid Response to Market Changes

Reviewing 2017, GCL-Poly strategically adjusted its production and supply plan in response to changes in market demands, achieving above production and sales targets of polysilicon and wafer products, and maintaining satisfactory performance in gross profit margin. At the end of the first quarter, PV demand experienced a sharp decline due to uncertain PV policies, which led to the price decline of polysilicon. The Company implemented proactive countermeasures to adjust the production schedule in advance and carried out refined management, which effectively minimized the impact of declined price. Subsequently, stimulated by a series of favourable policies, the demand gradually recovered and thrived from mid April to the end of the third quarter. The growth of PV demands in the fourth quarter slightly slowed down compared with that in the second and third quarters. Taking into account of the industrial development and the Company's own demand, the Company announced the Xinjiang Polysilicon Expansion Project in April and steadily promoted the project construction to build a high-quality and low-cost polysilicon production base. In addition to satisfying market demands, the Company also applied stringent cost control, and accelerated the upgrade of diamond-wire sawing technology, which further realized substantial production growth and cost reduction of wafer production. The Company successfully realized cost reduction and research and development of new products, and fulfilled all the operating targets in 2017 by promoting new technologies and processes improvement and striving for further excellence in production.

In 2017, GCL-Poly's wafer production continued to maintain a high-speed growth, and the costs of polysilicon and wafer products continued to record significant decreases. G7 ingot casting furnaces were gradually replaced by G8 without purchasing new equipment, and crystalline structure was optimized through thermal field optimization, in a bid to enhance efficiency. As a result, the ingot pulling capacity was improved. Meanwhile, the Company fully adopted diamond-wire sawing technology, and launched the new-generation black silicon products, which substantially reduced cost and improved production capacity of wafer to cater for the increasing market demands in future. We also effectively reduced wafer production cost by upgrading the manufacturing equipment, and improving production techniques.

Committed to Technological Innovation and Led Industrial Revolution

Technological innovation is the core competitiveness for enterprise development. The synergic integration of diamond-wire sawing and black silicon technologies became the biggest spotlights of GCL-Poly in 2017. As the pioneer in the industry to overcome the difficulty in technology upgrade of diamond-wire sawing, GCL-Poly led the polycrystalline industrial revolution by completing the upgrade of all slicers to significantly reduce the wafer processing cost. After the introduction of the first-generation "TS" double-sided black silicon products, the Company launched the second-generation "TS+" single-sided black silicon products, which effectively reduced the suede-surface making cost and facilitated the superposition of PERC cell technology. In terms of CCZ constant czochralski monosilicon, we leveraged the leading technologies of SunEdison to promote the development of heat-shielding technology with low energy consumption, high speed of ingot pulling and large feed capacity as well as the optimization of ancillary facilities. The latest technology and equipment to be adopted by polysilicon base in Xinjiang which is under construction will fully satisfy the demand for CCZ constant czochralski monosilicon and N-type monosilicon materials, and surpass the current quality level, while achieving the lowest cost over the World. Thanks to the unremitting focus on technology innovation and constant investments in R&D resources, GCL-Poly has accomplished incredible achievements in the work related to intellectual property rights during the year. The Company has applied for a total of 133 patents in the year, 49 of which were invention patents, and obtained 120 patent licenses; Thus far, cumulatively the Copmany has applied for 1,054 patents and was granted 637 patents, 289 of which were invention patents.

In 2017, GCL-Poly persevered in technology innovation and upgrade, and further improved the automation and informatization level of our production, popularized the intelligent manufacturing in our bases with production efficiency enhanced. By firmly grasping favourable opportunities in PV market in 2017, the Company recorded remarkable results by fully achieving production and sales targets, making the market shares of polysilicon and wafer rank the top in the World.

Self-iterative Upgrades Promoted Collaborative Innovation of PV Industry

Adhering to the spirits of "entrepreneurship, innovation, contending and leading", GCL-Poly continuously optimizes and improves its working mode, and achieved a number of milestones in production management and corporate governance during the year, including: 1. The official release of the GCL-Poly Basic Law (《協鑫基本法》) marked the Group's milestone of strengthened strategic management, and opening a new epoch in the management reform and system innovation of GCL-Poly; 2. We made great efforts to promote in-depth interactions and cooperations with partners across the value chain of the PV industry, and pushed forward the sustainable development of the industry through self-improvements and iterative upgrades; 3. We are committed to the full implementation of GHA working method for safety and production management work at all levels, and thereby ensured smooth implementation, and safe and steady performance of our production; 4. We further facilitated refined production management and enhanced the automation and informatization of manufacturing equipment.

Solar Farm Platform "GCL New Energy" Scaled New Heights

GNE achieved satisfactory results in 2017. As of 31 December 2017, total installed capacity of GNE was approximately 5,990 MW, representing a substantial increase of 70.4% over the same period last year, and the cumulative installations ranked second in the World. GNE has played a leading role in both domestic and global PV power generation sector in terms of installed capacity. Besides, the domestic and overseas grid-connected capacity amounted to 5,503 MW, representing a year-on-year increase of 75.4%.

GNE has raised funds from various channels through a series of financing activities in order to significantly reduce the gearing ratio of the Company. Moreover, GNE has steadily stepped into a high-growth trajectory through various efforts, including increasing proportion of self-development of solar farms, reducing cost, controlling construction price, introducing one-stop intelligent operation service of solar farms and formulating GCL standards of PV agriculture. Going forward, GNE will strengthen the development of distributed generation business and overseas markets and develop the solar farms operation services business to create new growth drivers of the Company.

New Opportunities Emerged in the Industry with Favourable Global Policies

Upon the execution of the Paris Agreement, the development of new energy and clean energy has become the global trend. According to the Strategy of Revolution of Energy Production and Consumption 2016–2030 (《能源生產和消費革命戰略2016–2030》) released by the National Development and Reform Commission (NDRC) and National Energy Administration (NEA) of the PRC, the country intends to raise the share of non-fossil energy for power generation to 50% of total power generation by 2030. According to the latest planning of new PV construction released by the NEA, the country is expected to add 86.5 GW in new PV installation (excluding distributed PV generation) by 2020, indicating an enormous development potential of the solar energy industry. The State constantly provided strong support for the PV industry such as realizing grid-parity, launching the Solar Frontrunner Program with 8 GW per year, and publicizing a series of measures last year including the Implementation Plan on Solving Problems of Water, Wind and PV Power Curtailment (《解決棄水棄風棄光問題實施方案》), and the Guiding Opinions on the Implementation of the 13th Five-Year Plan Concerning the Development of Renewable Energy Sources (《關於可再生能源發展「十三五」規劃實施的指導意見》). Among them, the Notification Concerning the Piloting of Marketized Transaction of Distributed Power Generation (《關於開展分佈式發電市場化交易試點的通知》), and the Opinions on the Comprehensive Deepening of Price Mechanism Reform (《關於全面深化價格機制改革的意見》) opened new opportunities for distributed power generation and drove the demand for installations. Key countries along the Belt and Road will accelerate their investments in new energy with increasing PV demands in the areas, which will bring about huge global opportunities for Chinese PV companies.

After reaching the historical climax in 2017, according to international industry research# and brokerage research##, China's installed capacity is estimated to reach 50 GW in 2018. The new installed capacity of distributed power stations was 19 GW in 2017, which indicates great room for growth to reach 60 GW as proposed in the 13th Five-Year Plan. Meanwhile programmes like the photovoltaic poverty alleviation, agricultural-photovoltaic and distributed photovoltaic generation, particularly, distributed agricultural-photovoltaic will further foster explosive industry growth. With the extension of the Solar Investment Tax Credit until 2022, the PV market in the U.S. will continue to grow steadily. In 2017, Japan revised its Energy Development Plan with focus on PV development. The country also initiated the PV tariff tender program for utility-scale PV power projects to promote competition to reduce the electricity price, which ensured the stable growth of PV market in Japan. European market will enter into a phase of recovery. With year-by-year increasing demands for PV products over recent years in emerging markets such as Africa, the Middle East, Southeast Asia and South America, governments of these countries have formulated favourable policies in support of the PV industry. Among them, Indian government has set up an aggressive PV capacity target. However, its manufacturing industry chain is still to be further developed, so India will still be heavily dependent on PV products supplied by the PRC in the near future.

GCL-Poly is always committed to the mission of providing green energy to every household and is striving to driving solar power to reach grid-parity. We endeavor to satisfy various customer demands following the "market-oriented" and "customer-centered" business philosophies. We will continue to focus on innovation and leverage our leading position in the industry to expand the market and enhance the core competitiveness of our products, as well as continuously improving the product quality and cost-effectiveness. Meanwhile, we will also keep investing in highly-sophisticated technologies and scientific research. While focusing on the existing R&D work, we will explore new technologies with high development potential, and further optimize our product and technology structure. We are also devoting efforts to the construction of a PV industry innovation ecosystem, which will foster our business and technological collaborations and mutually benefit our industry partners of us and help the industry realize a "Big Synergy". We will further enhance the automation level of the existing production capacity, and promote the upgrade of our production capacity.

I am confident that with technology upgrades and fast development of the industry, GCL-Poly's "Green Dream" will come true in the coming future!

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

According to Energy Trend's research

According to Citic Securities' research

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the year ended 31 December 2017, despite the challenging market environment in the solar materials business, the Group was able to achieve a relatively stable growth in financial performance as a result of the increase in profit contribution by the Group's new energy business, which partially offset by the decrease in profit contribution by the solar materials business.

Results of the Group

For the year ended 31 December 2017, the revenue, gross profit of the Group and profit attributable to the owners of the Company from continuing operations were approximately RMB23,794 million, RMB8,199 million and RMB1,926 million, respectively, representing an increase of 8.0%, 16.4% and a decrease of 8.2% respectively as compared with approximately RMB22,025 million, RMB7,044 million and RMB2,099 million in the corresponding period in 2016. The profit attributable to owners of the Company from both continuing and discontinued operations for the year ended 31 December 2017 amounted to approximately RMB1,974 million as compared to approximately RMB2,029 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 31 December 2017 would be as follows:

	The Group *RMB million*	**GNE Group** *RMB million*	**De-consolidation adjustment** *(note)* *RMB million*	**The effect of de-consolidated GNE Group** *RMB million*
Total assets	107,280	55,434	(5,659)	57,505
Total liabilities	79,972	46,638	(1,400)	34,734
Net current liabilities	12,313	9,305	66	2,942
Bank balances and cash, pledged and restricted bank deposits	15,580	6,440	—	9,140
Indebtedness				
Bank and other borrowings	49,965	32,549	—	17,416
Loan from fellow subsidiaries	—	1,072	(1,072)	—
Obligations under finance leases	1,637	—	—	1,637
Notes and bonds payables	4,829	883	—	3,946
Convertible bonds payables	1,765	926	—	839
Subtotal	58,196	35,430	(1,072)	23,838
Net debt	42,616	28,990	(1,072)	14,698

Note:

De-consolidation adjustments included:

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

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

3. The transaction balances with GNE Group.

As at 31 December 2017, the Company and certain subsidiaries of the Company guaranteed bank and other borrowings of certain subsidiaries of GNE which amounted to RMB4,355 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:

	2017			2016		
	Revenue	**Segment profit (loss)**	**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	**19,355**	**1,264**	**5,658**	19,270	2,319	7,117
Solar Farm Business	**497**	**68**	**413**	508	(161)	258
Corporate[1]	**N/A**	**N/A**	**81**	N/A	N/A	9
Sub-total	**19,852**	**1,332**	**6,152**	19,778	2,158	7,384
New Energy Business	**3,942**	**852**	**3,388**	2,247	244	1,838
Total	**23,794**	**2,184**	**9,540**	22,025	2,402	9,222

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

2. The segment profit of the new energy business includes reported net profit of GNE Group of approximately RMB904.3 million (2016: RMB309.4 million) and allocated corporate expenses of approximately RMB51.9 million (2016: RMB65.0 million).

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

BUSINESS REVIEW

Solar Material Business

Production

The Group's solar material business belongs to the upstream of the solar supply chain, which supplies polysilicon and wafer to companies operating in the solar industry. Polysilicon is the primary raw material used in the solar wafer production. In addition, the Group 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 31 December 2017, the Group's polysilicon annual production capacity remained at 70,000 MT. During the year ended 31 December 2017, the Group operated its polysilicon business at full capacity and produced approximately 74,818 MT of polysilicon, representing an increase of 7.9% as compared to 69,345 MT for the corresponding period in 2016.

During the year ended 31 December 2017, as a result of the Group continued to adopt various technological improvements on application, the Group's annual wafer production capacity has increased to 30 GW as at 31 December 2017, representing an increase of 62.2% as compared to 18.5 GW for the corresponding period in 2016. During the year ended 31 December 2017, the Group produced approximately 23,902 MW of wafers (including processing business with supplied materials), representing an increase of 37.9% from 17,327 MW for the corresponding period in 2016.

Expansion of Polysilicon Production Capacity

During the year ended 31 December 2017, the Group has commenced the construction of a plant to produce polysilicon with a production capacity of 60,000 tonnes in Xinjiang, the Peoples' Republic of China (the "PRC") (the "Project"), which will comprise of 40,000 tonnes of new-built facilities and 20,000 tonnes of existing Xuzhou facilities to be removed and relocated to Xinjiang. The estimated additional total investment of the Project is approximately RMB5,682,000,000.

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

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

Diamond Wire Sawing Technology Transformation

During the year ended 31 December 2017, the research and development and promotion of diamond wire sawing technology was further accelerated, which substantially reduced the cost of wafer. The commissioning of equipment for wet texturing technology of black silicon, equipped with polysilicon applying diamond wire sawing technology was completed, which 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. The Group will continue to accelerate the diamond wire sawing technology transformation and aims to increase the proportion of wafer applying diamond wire sawing technology.

Sales Volume and Revenue

For the year ended 31 December 2017, the Group sold 7,316 MT of polysilicon and 23,417 MW of wafer (including processing business with supplied materials), representing a decrease of 26.5% and increase of 33.7% respectively, as compared with 9,951 MT of polysilicon and 17,518 MW of wafer for the corresponding period in 2016.

The average selling prices of polysilicon and wafer were approximately RMB104.8 (US$15.46) per kilogram and RMB0.905 (US$0.134) per W respectively for the year ended 31 December 2017. The corresponding average selling prices of polysilicon and wafer for the year ended 31 December 2016 were approximately RMB99.0 (US$15.0) per kilogram and RMB1.085 (US$0.164) per W respectively.

Revenue from external customers of our solar materials business amounted to approximately RMB19,355 million, representing an increase of 0.4% from RMB19,270 million for the corresponding period in 2016. The increase in revenue was primarily attributable to the increase of sales volume of wafer, partially offset by the decrease in sales volume of polysilicon and average selling price of wafer during the year ended 31 December 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 year ended 31 December 2017, the Group continued to make effort on cost reduction and control measures.

The net profit margin of our Solar Material Business for the year ended 31 December 2017 was decreased to 6.5% as compared with net profit margin of 12.0% in the corresponding period in 2016. The decrease was mainly combined effect of the following:

(1) Decrease in gross profit and gross profit margin as a result of the decrease in sales volume of polysilicon and average selling price of wafer, partially offset by the increase in sales volume of wafer and reduction of production cost of both polysilicon and wafer.

(2) Increase in research and development costs for several projects such as the diamond wire sawing technology.

Solar Farm Business

Overseas Solar Farms

As at 31 December 2017, the Solar Farm Business includes 18 MW of solar farms in the United States. Besides, 150 MW solar farms in South Africa, which was partnered with CAD Fund, commenced operation in 2014 with the total effective ownership of 9.7% owned by the Group.

PRC Solar Farms

As at 31 December 2017, the Solar Farm Business also includes 10 solar farms in the PRC and its installed capacity and attributable installed capacity were remained unchanged at 353.0 MW and 289.3 MW, respectively.

Sales Volume and Revenue

For the year ended 31 December 2017, the electricity sales volume of Solar Farm Business in overseas and the PRC were 29,804 MWh and 495,365 MWh respectively (2016: 31,302 MWh and 498,420 MWh, respectively).

For the year ended 31 December 2017, revenue for Solar Farm Business was approximately RMB497 million (2016: RMB508 million).

New Energy Business

As at 31 December 2017, the Group owns 11,880 million shares of GNE (approximately 62.28% of GNE's issued capital). As at 31 December 2017, the aggregated installed capacity of the 162 grid-connected solar farms of GNE Group (31 December 2016: 90) increased by 70.4% to 5,990MW (31 December 2016: 3,516MW). Details of capacity, electricity sales volume and revenue for the year ended 31 December 2017 are set out below.

Places	Tariff Zones	Number of solar power plant	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	391	391	619	0.75	461
Ningxia	1	5	252	201	241	0.68	164
Qinghai	1	3	107	107	163	0.82	134
Xinjiang	1	2	80	80	111	0.68	76
Subtotal	Zone 1	21	830	779	1,134	0.74	835
Shaanxi	2	13	822	822	689	0.71	490
Hebei	2	3	224	224	262	0.90	235
Qinghai	2	4	141	127	123	0.77	94
Shanxi	2	1	100	20	—	—	—
Yunnan	2	3	98	87	99	0.68	68
Sichuan	2	2	85	85	94	0.68	64
Gansu	2	2	55	25	7	0.76	6
Liaoning	2	2	40	40	36	0.74	27
Jilin	2	3	36	36	46	0.80	37
Xinjiang	2	1	21	21	8	0.75	6
Subtotal	Zone 2	34	1,622	1,487	1,364	0.75	1,027
Henan	3	11	513	493	466	0.76	355
Anhui	3	11	397	369	331	1.03	277
Shanxi	3	6	385	377	308	0.82	252
Jiangsu	3	29	331	320	361	0.86	311
Hubei	5	5	268	262	265	0.80	212
Hebei	3	8	213	208	220	0.95	208
Hunan	3	4	213	208	113	0.80	91
Jiangxi	3	4	192	171	148	0.95	141
Guangdong	3	5	176	66	21	0.85	18
Guizhou	3	3	174	171	97	0.84	81
Shandong	3	5	132	132	190	0.87	165
Guangxi	3	2	120	62	20	0.84	17
Zhejiang	3	2	62	62	25	1.03	26
Hainan	3	2	50	50	67	0.87	58
Fujian	3	1	40	14	2	0.84	1
Shanghai	3	1	7	7	5	0.70	3
Subtotal	Zone 3	99	3,273	2,972	2,639	0.84	2,216
PRC Subtotal		154	5,725	5,238	5,137	0.79	4,078
US		1	83	83	103	0.32	31
Japan		1	4	4	3	2.42	8
Subsidiaries total		156	5,812	5,325	5,243	0.79	4,117

Places	Tariff Zones	Number of solar power plant	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)
Joint ventures[(4)]							
PRC		3	173	173	98	0.96	80
Japan		3	5	5	6	2.18	13
Total		**162**	**5,990**	**5,503**	**5,347**	**0.79**	**4,210**
Representing:							
Electricity sales							1,446
Tariff adjustment — government subsidies received and receivables							2,651
							4,117
Less: effect of discounting tariff adjustment receivables to present value[(3)]							(175)
Total revenue of GNE Group							3,942

(1) Aggregate installed capacity represents the maximum capacity that is approved by the local government authorities while grid-connected capacity represents 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 3.44% to 3.56% per annum.

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

Revenue

During the year ended 31 December 2017, the revenue of GNE Group mainly comprised sales of electricity and related tariff adjustment (i.e. government subsidies) amounting to approximately RMB3,942 million (2016: RMB2,246 million), net of effect of discounting the tariff receivables to its present value of approximately RMB175 million (2016: RMB52 million). The significant increase in revenue was mainly attributable to the increase in sales of electricity of the solar power plants by 92% as a result of intensive developments of solar power plants in 2017. The average tariff (net of tax) for PRC was approximately RMB0.79/kWh (2017: RMB0.84/kWh). The decrease in average tariff was mainly due to the tariff cut adopted from 1 July 2016 and competitive bidding tariff for some of our projects.

In terms of revenue generated by tariff zone from the PRC, for the year ended 31 December 2017, approximately 20%, 25% and 55% of revenue were generated from zone 1, zone 2 and zone 3 respectively (2016: 29% for zone 1, 23% for zone 2 and 48% for zone 3). In consistent with our prevailing strategy, the Group focused more on developing solar power plants in well-developed areas with strong domestic power demand (i.e. zone 2 and zone 3) to minimize the grid curtailment risk in zone 1 area and the impact from competitive bidding in some of the regions.

Financial Resources of GNE Group

The net cash from operating activities during the year ended 31 December 2017 was RMB1,854 million, representing a 312% increase from RMB450 million of the same period last year. The substantial increase in net cash from operating activities was mainly due to the cash received from sale of electricity and tariff adjustments for solar power plants registered to the 6th batch of subsidy catalogue as well as the expansion of grid-connected capacity from 3,138MW as at 31 December 2016 to 5,503MW as at 31 December 2017.

The net cash used in investing activities during the year ended 31 December 2017 primarily arose from payments and deposit paid for the acquisition and development of solar power plant projects.

For the year ended 31 December 2017, the Group's main source of funding was cash generated from financing activities amounting to RMB11,888 million, which mainly included the net effect of newly raised bank and other borrowings of RMB18,384 million and repayment of bank and other borrowings of RMB7,466 million.

Outlook

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

FINANCIAL REVIEW

Continuing operations

Revenue

Revenue for the year ended 31 December 2017 amounted to approximately RMB23,794 million, representing an increase of 8.0% as compared with approximately RMB22,025 million for the corresponding period in 2016. The increase was mainly contributed by the increase in revenue contributed by GNE Group.

Gross Profit Margin

The Group's overall gross profit margin for the year ended 31 December 2017 was 34.5%, as compared with 32.0% for the corresponding period in 2016.

Gross profit margin for the solar material business decreased from 27.7% for the year ended 31 December 2016 to 27.2% for the year ended 31 December 2017. The decrease was mainly attributable to the decrease in the average selling price of wafer products, partially offset by the decrease in production costs, resulting in a slight decrease in gross profit margin.

Solar farm business has a gross profit margin of 48.5% for the year ended 31 December 2017, as compared with 20.7% for the corresponding period in 2016. The increase was primarily due to the significant decrease in impairment loss on project assets in the current year.

The gross profit margin for the new energy business was 67.3% for the year ended 31 December 2017 and 69.9% for the corresponding period in 2016. The decrease in gross profit 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 power plants of 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 year ended 31 December 2017, other income mainly comprised government grants of approximately RMB141 million (2016: RMB347 million), sales of scrap materials of approximately RMB390 million (2016: RMB200 million) and bank and other interest income of approximately RMB229 million (2016: RMB195 million).

Distribution and Selling Expenses

Distribution and selling expenses increased from approximately RMB73 million for the year ended 31 December 2016 to approximately RMB119 million for the year ended 31 December 2017. Increase in distribution and selling expenses were due to more sales and marketing activities carried out during the period.

Administrative Expenses

Administrative expenses amounted to approximately RMB2,188 million for the year ended 31 December 2017, representing an increase of 18.5% from approximately RMB1,847 million for the corresponding period in 2016. Increase in administrative expenses was primarily due to the increase in depreciation expenses on fixed assets, amortization expenses on other intangible assets and professional fee incurred for solar materials business.

Other Expenses, Gains and Losses, Net

The other expenses, gains and losses represents net expenses of RMB1,308 million for the year ended 31 December 2017 (2016: net expenses of RMB1,091 million). The net expenses for the current year mainly comprises of research and development costs of approximately RMB956 million (2016: RMB247 million), impairment loss on property, plant and equipment of approximately RMB263 million (2016: RMB541 million), loss on fair value change of convertible bonds payable of approximately RMB157 million (2016: RMB356 million) and loss on disposal of property, plant and equipment of approximately RMB147 million (2016: RMB26 million), the amount is partially offset by compensation income of RMB156 million (2016: Nil).

Research and development costs increased because in the past year, the Company enhanced the research and development investment in terms of the technology in the existing business in FBR technology, polysilicon crystal growth technique, monosilicon crystal growth technique and diamond wire saw cutting polysilicon technology, and achieving significant results. At the same time, it also start the study in new technologies in silicon chemical, constant czochralski monosilicon technology (連續直拉單晶生長技術) and direct wafer growth (直接硅片生長).

Finance Costs

Finance costs for the year ended 31 December 2017 were approximately RMB2,541 million, increased by 18.2% as compared to approximately RMB2,149 million for the corresponding period in 2016. Increase was mainly related to the increase of bank and other borrowings by GNE Group during the year.

Share of Profits of Associates and Joint Ventures

The Group's share of profits of associates and joint ventures for the year ended 31 December 2017 was approximately RMB27 million, mainly contributed by joint venture in South Africa.

Income Tax Expense

Income tax expense for the year ended 31 December 2017 was approximately RMB638 million, representing an increase of 18.8% as compared with approximately RMB537 million for the corresponding period in 2016. The increase was mainly due to tax incurred on group restructuring of RMB199 million (2016: Nil).

Profit attributable to Owners of the Company

Profit attributable to owners of the Company from continuing operations amounted to approximately RMB1,926 million for the year ended 31 December 2017, representing a decrease of 8.2% as compared with a profit of approximately RMB2,099 million for the corresponding period in 2016.

The profit for the year ended 31 December 2017 from discontinued operations was RMB77 million (2016: Loss of RMB112 million).

Profit attributable to owners of the Company from continuing operations and discontinued operations amounted to approximately RMB1,974 million for the year ended 31 December 2017 as compared with a profit of approximately RMB2,029 million for the corresponding period in 2016.

Adjusted EBITDA and Adjusted EBITDA Margin

	2017	2016
	RMB million	*RMB million*
For the year ended 31 December:		
Profit for the year from continuing operations:	**2,274**	2,307
Adjust: non-operating or non-recurring items:		
Impairment loss of property, plant and equipment	**263**	541
Gain on convertible bonds receivable	**(13)**	(34)
Loss on fair value change of convertible bonds payables	**157**	356
Loss (gain) on fair value change of held for trading investments	**28**	(25)
Loss on fair value change of derivative financial instrument	**—**	3
Impairment loss on deposits for acquisitions of property, plant and equipment	**—**	59
Bargain purchase from business combination	**—**	(67)
Restructuring and acquisition costs	**78**	—
Compensation income in relation to shutdown of a power plant	**(156)**	—
Gain on fair value change of financial assets designated at fair value through profit or loss	**(17)**	—
	2,614	3,140
Add:		
Finance costs	**2,541**	2,149
Income tax expense	**638**	537
Depreciation and amortization	**3,747**	3,396
Adjusted EBITDA	**9,540**	9,222
Adjusted EBITDA Margin	**40.1%**	41.9%

Property, Plant and Equipment

Property, plant and equipment increased from RMB52,462 million as at 31 December 2016 to RMB63,780 million as at 31 December 2017. The significant increase is mainly attributable to the increase in the total installed capacity of solar-farms from 3,656 MW as at 31 December 2016 to 5,990 MW as at 31 December 2017.

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 RMB6,083 million as at 31 December 2017. The increase was mainly attributable to the increase in tariff adjustments expected to be received after twelve months from RMB250 million as at 31 December 2016 to RMB1,836 million at 31 December 2017, as well as increase in refundable value-added tax from RMB2,114 million as at 31 December 2016 to RMB2,716 million at 31 December 2017 by GNE Group.

Interests in Associates and Joint Ventures

Interests in associates and joint ventures increased when compared to 31 December 2016 mainly because of (1) capital injection of RMB900 million in Inner Mongolia Zhonghuan GCL Solar Material Co., Ltd., a company established in the PRC engaged in the research and development and manufacturing of monocrystalline silicon materials for solar (the green renewable energy) cells and silicon materials for other applications; and (2) investment in Lamtex Holdings Limited, details are set out in the section "Material Acquisitions and Disposals of Subsidiaries and/or Associated Companies" of this announcement.

Trade and Other Receivables

Trade and other receivables increased from RMB12,285 million as at 31 December 2016 to RMB14,537 million as at 31 December 2017. The increase was mainly due to (1) increases in accounts receivables from solar material business as a result of the increase in its bills receivables; and (2) net increase in current portion of government subsidies receivables of RMB542 million from GNE Group.

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:

	2017	2016
	RMB'000	*RMB'000*
Trade receivables:		
Unbilled	**4,365,887**	2,093,632
Within 3 months	**1,068,656**	1,322,138
3 to 6 months	**142,984**	162,552
Over 6 months	**166,600**	361,934
	5,744,127	3,940,256
Bills receivable (trade-related):		
Within 3 months	**3,302,388**	3,424,004
3 to 6 months	**4,857,038**	2,662,711
	8,159,426	6,086,715

Trade and Other Payables

Trade and other payables increased from RMB17,860 million as at 31 December 2016 to RMB19,592 million as at 31 December 2017. The increase was mainly due to increase in trade payables and increase in construction payables from solar material business, such as the new project at Xinjiang.

Liquidity and Financial Resources

As at 31 December 2017, the total assets of the Group were about RMB107,280 million, of which the aggregate restricted and unrestricted cash and bank balances amounted to approximately RMB15,580 million. The bank and other interest received for the year ended 31 December 2017 was approximately RMB155 million.

For the year ended 31 December 2017, the Group's main source of funding was cash generated from operating and financing activities. The net cash from operating activities was RMB8,955 million, compared with RMB7,785 million in the corresponding period in 2016. The increase is mainly attributable to the increase cash received from trade and tariff receivables by GNE group.

For the year ended 31 December 2017, the net cash used in investing activities was approximately RMB18,770 million (2016: RMB8,150 million), primarily related to the deposits paid for and purchase of property, plant and equipment of approximately RMB16,560 million (which was mainly attributable to GNE Group of approximately RMB13,634 million) and increase in interests in associates and joint ventures of approximately RMB1,201 million, in which approximately RMB900 million represented capital increase in Inner Mongolia Zhonghuan GCL, and approximately RMB169 million represented investment in Lamtex Holdings Limited.

For the year ended 31 December 2017, the net cash from financing activities was approximately RMB11,690 million (2016: net cash used in financing activities of RMB1,232 million). This was mainly due to the net addition of bank borrowings of RMB14,758 million (in which RMB10,919 million attributable to GNE Group), partially offset by interest paid of RMB2,932 million (RMB1,795 million attributable to GNE Group), net repayment of obligations under finance leases of RMB902 million and repayment of notes and bonds payables of RMB1,190 million.

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately RMB12,313 million as at 31 December 2017 and the Group had cash and cash equivalents of RMB10,673 million against the Group's total borrowings (comprising bank and other borrowings, obligations under finance leases, notes and bonds payable and convertible bonds payable) amounted to approximately RMB58,196 million, out of which approximately RMB22,582 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 undrawn banking facilities, renewal of existing banking facilities, the Group's cash flow projection for the coming year and the successful implementation of measures of GNE Group, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months.

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

Indebtedness

Details of the Group's indebtedness are as follows:

	2017	2016
	RMB million	*RMB million*
Current liabilities		
Bank and other borrowings — due within one year	**17,107.8**	13,022.4
Obligations under finance leases — due within one year	**740.9**	858.2
Notes and bonds payables — due within one year	**2,968.0**	648.1
Convertible bonds payables — due within one year	**1,765.3**	—
Indebtedness directly associated with assets classified as held for sale	**—**	264.7
	22,582.0	14,793.4
Non-current liabilities		
Bank and other borrowings — due after one year	**32,857.1**	20,257.1
Obligations under finance leases — due after one year	**895.7**	1,655.3
Notes and bonds payables — due after one year	**1,861.4**	4,473.2
Convertible bond payables — due after one year	**—**	2,013.0
	35,614.2	28,398.6
Total indebtedness	**58,196.2**	43,192.0
Less: Pledged and restricted deposits and bank balances and cash	**(15,580.1)**	(13,189.6)
Net indebtedness	**42,616.1**	30,002.4

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

	2017	2016
	RMB million	*RMB million*
RMB	**50,898.1**	38,032.3
USD	**6,178.3**	4,283.3
EUR	**125.6**	—
JPY	**68.6**	—
HKD	**925.6**	876.4
	58,196.2	43,192.0

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

	2017	2016
	RMB million	*RMB million*
Secured	**39,399.0**	27,134.8
Unsecured	**10,565.9**	6,144.7
	49,964.9	33,279.5
Maturity profile of bank and other borrowings		
On demand or within one year	**17,107.8**	13,022.4
After one year but within two years	**7,993.8**	4,950.8
After two years but within five years	**11,382.0**	7,777.1
After five years	**13,481.3**	7,529.2
Group's total bank and other borrowings	**49,964.9**	33,279.5

Bank and other borrowings are denominated in the following currencies:

	2017	2016
	RMB million	*RMB million*
RMB	**44,651.0**	30,520.7
USD	**5,119.8**	2,758.8
EUR	**125.6**	—
JPY	**68.5**	—
	49,964.9	33,279.5

As at 31 December 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 note payables bear interest at a rate of 4.15% — 7.5% per annum (2016: 3.99% — 7.5%) and the convertible bonds payables bear interest at a fixed rate of 0.75% — 6.0% per annum (2016: 0.75% — 6.0%).

Key Financial Ratios of the Group

	As at 31 December 2017	As at 31 December 2016
Current ratio	**0.72**	0.79
Quick ratio	**0.69**	0.76
Net debt to equity attributable to owners of the Company *(Note)*	**191.6%**	144.1%

Note:

As at 31 December 2017, the net debt of GNE was approximately RMB28,990 million (including the loans from fellow subsidiaries of RMB1,072 million) and the net debt to equity attributable to owners of GNE was 496.7%. For illustration purpose, if purely excluding GNE Group's net debt of RMB27,918 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 64.5%.

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

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.

Grid curtailment risk

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

Risk associated with tariff

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

Risk related to interest rate

Interest risk may result from fluctuations in bank loan rates. Given our company highly relies on external financing in order to obtain investment capital for new solar power project development, any interest rate changes will have impact on the Company's capital expenditure and finance expenses, hence, affecting our operating results. Transformation into asset-light model is an effective way to reduce debts and interest rate exposure.

Foreign Currency Risk

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

The Group continues to adopt a conservative approach on foreign exchange exposure management and ensure that its exposure to fluctuations in foreign exchange rates is minimised. The majority of the Group's borrowings are denominated in RMB. Foreign currency forward contracts will be 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 31 December 2017, property, plant and equipment and prepaid lease payments with a carrying value of approximately RMB37,957 million and RMB343 million respectively, were pledged as security for certain banking facilities and borrowings granted to the Group (2016: RMB24,302 million and RMB300 million respectively). Apart from these, bank deposits, and bill receivables of RMB4,515 million (2016: RMB2,979 million), and RMB2,515 million (2016: RMB1,887 million), respectively, were pledged to the banks to secure borrowings and finance leases granted to the Group.

Capital Commitments

As at 31 December 2017, the Group's capital commitments in respect of purchase of property, plant and equipment, and intangible assets contracted for but not provided amounted to RMB7,185 million and nil respectively (2016: RMB5,005 million and RMB936 million, respectively).

Contingencies

Financial guarantees contracts

As at 31 December 2017 and 2016, the Company and certain of its subsidiaries guaranteed bank and other borrowings of certain subsidiaries of GNE which amounted to RMB4,355 million and RMB5,553 million, respectively.

Contingent liability

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

Material Acquisitions and Disposals of Subsidiaries and/or Associated Companies

a. *Acquisition of SunEdison's solar material assets*

   During the year ended 31 December 2017, the Group completed the acquisition of both tangible and intangible assets of SunEdison's solar material business at a net consideration of US$127,500,000.

With integration of the advanced manufacturing technology of SunEdison, it will enable the Group to further consolidate its position as a leading polysilicon manufacturer globally and maintain its cost advantage and competitiveness of solar materials production.

b. *Purchase of shares in Lamtex Holdings Limited ("Lamtex")*

On 13 October 2017, the Company has purchased 299,498,421 ordinary shares of Lamtex (the "Shares"), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1041) from China Force Enterprises Inc. ("China Force"), for a total consideration of HK$200,000,000. The Shares represent approximately 29.55% of the issued share capital of Lamtex on 13 October 2017.

China Force will continue to hold convertible bonds issued by Lamtex with an outstanding principal amount of HK$158,000,000 (due 18 January 2019, coupon rate 2%, conversion price HK$0.285). On 21 December 2017, China Force has partially converted HK$46,000,000 convertible bonds into 161,403,508 ordinary shares of Lamtex. As a result, the shareholding of the Company in Lamtex has decreased to 25.49% as at 31 December 2017.

On 7 March 2018, Lamtex entered into a conditional placing agreement ("Placing Agreement") with ChaoShang Securities Limited (the "Placing Agent") pursuant to which the Placing Agent agreed to place as Lamtex's placing agent on a best effort basis a total of up to 170,000,000 new shares ("the Placing Shares") at HK$0.43 per Placing Share ("Placing Price").

The Placing Shares represent approximately 14.47% of the existing total number of issued shares of Lamtex as at 7 March 2018, and approximately 12.64% of the total number of issued shares of Lamtex as enlarged by the allotment and issue of the Placing Shares in full. As a result, the shareholding of the Company in Lamtex will further decreased to 22.27% if the Placing Shares are allotted in full.

The shareholding of the Company will further decreased to 17.23% if China Force fully exercised the convertible bonds and the Placing Shares are allotted in full.

Lamtex is principally engaged in securities trading and investment business, securities brokerage and provision of securities margin finance business, property investment business and loan financing services business.

c. *Acquisitions by GNE Group*

For the year ended 31 December 2017, GNE Group acquired several subsidiaries, which is engaged in solar power plant business in Japan and the PRC at a total consideration of approximately RMB42 million (2016: RMB157 million).

d. *Capital increase in 蘇民睿能無錫股權投資合夥企業（有限合夥） (Sumin Ruineng Wuxi Equity Investment Partnership (Limited Partnership)*) ("Sumin Ruineng")*

On 22 November 2017, GNE Group entered into capital increase agreements with Sumin Ruineng Wuxi, Equity Investment Partnership (Limited Partnership)* (蘇民睿能無錫股權投資合夥企業（有限合夥）) ("Sumin Ruineng"). Pursuant to which, Sumin Ruineng agreed to make a capital increase in an aggregate amount of RMB1,500 million to Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司) ("Suzhou GCL New Energy"), a subsidiary of GNE Group. Upon completion of the capital increase, GNE Group and Sumin Ruineng would hold 92.82% and 7.18% equity interest in Suzhou GCL New Energy, respectively. The transaction was completed in December 2017.

e. *Disposal of printed circuit boards business ("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.

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

On 30 June 2017, GNE Group entered into share transfer agreements with 西安中民協鑫新能源有限公司 (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 RMB192 million and RMB70 million, respectively. The transaction was completed in July 2017.

* *English name for identification only*

Events After the End of The Reporting Period

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

(i) On 26 February 2018, the Company through its direct wholly-owned subsidiary, Stand Virtue Limited ("Stand Virtue"), entered into a subscription agreement (the "Company Subscription Agreement") with Millennial Lithium Corp. ("Millennial"), pursuant to which Stand Virtue agreed to:

(1) subscribe for 1,636,213 units in the capital of Millennial, with each unit being comprised of one common share in Millennial and one half of one warrant ("Units") in Millennial ("Initial Units") for Canadian dollars ("C$") 3.50 per unit for an aggregate consideration of C$5,726,745.50 (the "Subscription Amount"); and

(2) if the Over-Allotment Option is exercised, subscribe for up to a further 186,301 Units in Millennial ("Additional Units") for C$3.50 per unit up to a maximum consideration of C$652,053.50 (the "Additional Subscription Amount").

Million Surge Holdings Limited (an indirect wholly-owned subsidiary of the Zhu family trust) has agreed to guarantee the obligations of Stand Virtue under the Company Subscription Agreement.

For detailed information, please refer to the Company's announcement dated 26 February 2018.

(ii) On 30 November 2017, GIC Investment Limited, a limited company incorporated in the British Virgin Islands, a wholly owned subsidiary of the Company (as subscriber) (the "Subscriber"), and Asia Energy Logistics Group Limited, a limited liability company incorporated in Hong Kong and listed on the Stock Exchange (stock code: 0351) (as issuer) (the "Issuer") entered into the subscription agreement (the "Subscription Agreement"), pursuant to which the Subscriber agreed to subscribe for, and the Issuer agreed to issue HK$100,000,000 5.5% convertible bonds with a term of 3 years ("Convertible Bonds").

The conditions precedent as specified in the Subscription Agreement have been fulfilled and the subscription of the Convertible Bonds by the Subscriber has been completed on 2 March 2018.

(iii) On 23 January 2018, GNE Group issued senior notes of US$500 million. The notes bear interest at 7.1% and will be matured on 30 January 2021. The estimated net proceeds of the notes issue, after deduction of underwriting discounts and commissions and other estimated expenses, amounted to approximately US$493 million.

Employees

We consider our employees to be our most important resource. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits including but not limited to discretionary bonuses, with share options granted to eligible employees.

DIVIDENDS

The Board does not recommend the payment of any final dividend for the year ended 31 December 2017 (2016: nil final dividend).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions as stipulated in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2017 save for the deviation from the following code provisions of the CG Code:

(i) CG Code provision A.6.7

CG Code provision A.6.7 stipulates that independent non-executive directors (the "INEDs") and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. One of our independent non-executive Director, who was not in Hong Kong when the extraordinary general meeting of the Company held on 9 February 2017 and 11 August 2017, was unable to attend such meetings.

(ii) CG Code provision E.1.2

CG 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 abroad. Mr. Zhu had invited Mr. Yeung Man Chung, Charles, an executive Director, Chief Financial Officer and Company Secretary of the Company to attend and acted as the chairman of such meeting.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting ("AGM") of the Company will be held on 28 May 2018. For details of the AGM, please refer to the notice of AGM which is expected to be published on or about 16 April 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 21 May 2018 to Monday, 28 May 2018, both days inclusive, for the purpose of determining shareholders who are entitled to attend and vote at the AGM. In order to qualify for the right to attend and vote at the AGM, all transfers accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 18 May 2018.

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

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

Thereafter, the Company entered into agreements with the bondholder to purchase each of US$50 million in the principal amount of the 2019 Convertible Bonds (the "Repurchased Bonds") at the purchase price of US$47,625,000 and US$49,375,000 in cash (the "Partial Buy-back") on 26 April 2016 and 7 April 2017, respectively. After the Partial Buy-back, the Repurchased Bonds were cancelled by the Company and the principal amount of the 2019 Convertible Bonds which remains outstanding amounts to US$125 million (At 31 December 2016: the outstanding principal amount of the 2019 Convertible Bonds was US$175 million).

For the year ended 31 December 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 of the Company from the market at a total consideration of approximately HK$195,987,000.

Other than disclosed above, during the year ended 31 December 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE SET OUT IN APPENDIX 10 OF THE LISTING RULES

The Company has established its model code (the "Code") in terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules. Having made specific inquires of all Directors, the Company has received from all Directors confirmations of compliance with the required standard as set out in the Code throughout the year ended 31 December 2017.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.gcl-poly.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2017 will be dispatched to shareholders of the Company and available on the above websites on or about 16 April 2018.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the audited financial statements of the Group for the year ended 31 December 2017.

GLOSSARY OF TERMS

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

"PV"	photovoltaic
"W"	watts

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

Hong Kong, 15 March 2018

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