bringing GREEN power to life

Annual Report 2010

GCL

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)

Contents

Five-Year Financial Summary

	For the year ended 31 December				
	2006 HK$'000 (restated)	2007 HK$'000 (restated)	2008 HK$'000 (restated)	2009 HK$'000 (restated)	**2010 HK$'000**
Revenue	—	309,612	3,947,539	4,943,622	**18,471,924**
Profit (loss) before taxation	(2,512)	(24,934)	2,586,447	(56,897)	**5,547,369**
Taxation	—	(24,986)	(160,089)	(93,236)	**(1,159,320)**
Profit (loss) for the year	(2,512)	(49,920)	2,426,358	(150,133)	**4,388,049**
Attributable to:					
Owners of the Company	(1,612)	(91,908)	2,155,528	(199,736)	**4,023,577**
Non-controlling interests	(900)	41,988	270,830	49,603	**364,472**
	(2,512)	(49,920)	2,426,358	(150,133)	**4,388,049**

	At 31 December				
	2006 HK$'000 (restated)	2007 HK$'000 (restated)	2008 HK$'000 (restated)	2009 HK$'000 (restated)	**2010 HK$'000**
Total assets	718,466	1,842,991	10,125,910	26,178,807	**40,351,801**
Total liabilities	628,119	1,705,533	11,083,781	13,960,562	**22,972,515**
	90,347	137,458	(957,871)	12,218,245	**17,379,286**
Equity attributable to owners of the Company	13,917	(133,529)	(957,871)	11,615,250	**16,152,202**
Non-controlling interests	76,430	270,987	—	602,995	**1,227,084**
	90,347	137,458	(957,871)	12,218,245	**17,379,286**

Performance Highlights

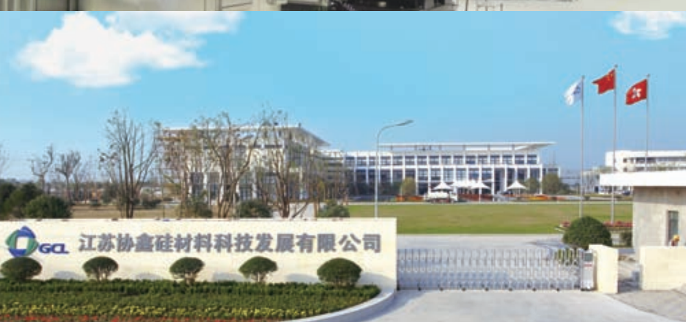
	2010 HK$'000	2009 HK$'000 (restated)	Change	% of change
Revenue				
Sales of wafer	**9,181,692**	297,679	8,884,013	2,984%
Sales of polysilicon	**4,293,233**	2,879,648	1,413,585	49%
Sales of electricity	**2,673,061**	1,113,789	1,559,272	140%
Sales of steam	**1,397,254**	476,495	920,759	193%
Sales of coal	**358,324**	176,011	182,313	104%
Others	**568,360**	—	568,360	N/A
	18,471,924	4,943,622	13,528,302	274%
Profit (loss) and total comprehensive Income (expenses) for the year attributable to owners of the Company				
Profit before impairment loss on goodwill and one-off share-based payment expenses	**4,023,577**	755,678	3,267,899	432%
Impairment loss on goodwill	**—**	(108,894)	108,894	100%
One-off share-based payment expenses	**—**	(846,520)	846,520	100%
	4,023,577	(199,736)	4,223,313	2,114%

	2010 HK Cents	2009 HK Cents	Change	% of change
Basic earnings (loss) per share				
Profit before impairment loss on goodwill and one-off share-based payment expenses	**26.01**	6.72	19.29	287%
Impairment loss on goodwill	**—**	(0.97)	0.97	100%
One-off share-based payment expenses	**—**	(7.53)	7.53	100%
	26.01	(1.78)	27.79	1,561%

	2010 HK$'000	2009 HK$'000	Change	% of change
Extracts of consolidated statement of financial position				
Equity attributable to owners of the company	**16,152,202**	11,615,250	4,536,952	39%
Total assets	**40,351,801**	26,178,807	14,172,994	54%
Bank balances, cash, pledged bank and restricted bank deposits	**8,556,098**	6,340,788	2,215,310	35%
Indebtedness	**14,342,946**	8,572,456	5,770,490	67%
Key financial ratios				
Current ratio	**1.02**	1.05	(0.03)	–3%
Quick ratio	**0.89**	0.96	(0.07)	–7%
Net debt to equity	**35.8%**	19.2%	16.6%	86%

GCL-POLY ENERGY
HOLDINGS LIMITED







BRINGING **GREEN**
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Major Events 2010

JANUARY

- GCL-Poly was ranked 42nd in the first "Top 500 Chinese Merchants in China's Market", which demonstrated the overall strength of the Company.
- Production of 500 MW wafer project (Phase I) of Xuzhou Wafer was successfully commenced.

FEBRUARY

- Jiangsu Zhongneng received three awards, namely "Top 50 Industrial Enterprises of Xuzhou City of 2009", "Top 20 Industrial Investments" and "Top 10 Technology Advancement".
- GCL-Poly was selected as a constituent stock of the Hang Seng Composite Index, which took effect on 8 March 2010.
- The acquisition of Jiangsu Zhongneng by GCL-Poly in July 2009 was elected as the Asia Pacific M&A Deal of the Year Award in the M&A Atlas Awards Ceremony that was held in New York City and organised by Global M&A Network.

MARCH

- GCL-Poly announced in Hong Kong that it had successfully acquired 70.19% of equity interests in Konca Solar, a leading solar wafer supplier in China at a consideration of RMB854 million.

APRIL

- The legal department of GCL-Poly was awarded the "Mergers and Acquisitions Deal of the Year" at the prize-giving ceremony of "2010 ALB China Law Awards".
- Six officials including Cao Changqing, Secretary of Department of Price of the National Development and Reform Commission, Huang Shaozhong, Deputy Director-General of Department of Price and Finance Supervision of the State Electricity Regulatory Commission, and Han Jiangzhou, Secretary of New Energy of the Department of Basic Industries, were accompanied by Zhou Weiguo, Director of the Jiangsu Price Bureau, Shi Yan, Deputy Mayor of Lianyungang City and Cao Weidong, Magistrate of Ganyu County, to visit Lianyungang GCL Biomass Electric-Power Generation Company Limited.
- Production of 2x300 MW wafer project of Suzhou Wafer was commenced.

Major Events 2010

MAY

- GCL-Poly was elected as "China's Outstanding Photovoltaic Enterprise for 2010".
- GCL-Poly signed a long-term wafer supply contract with DelSolar Company Limited, a leading solar cell and module manufacturer in Taiwan.
- Production of 300 MW wafer project (Phase I) of Changzhou Wafer was commenced.

JUNE

- GCL Solar signed a 1.2 MW project agreement with AMSOLAR. The project is located at San Diego of the United States.
- GCL Solar signed a 9.7 MW project agreement with PSOMAS FMG. The project is located at Los Angeles of the United States.
- GCL-Poly's wafer production capacity reached 1.2 GW.

JULY

- GCL-Poly won the "2010 Best Low-Carbon Business in China" award.
- The 200,000 MT of hydrochlorination facility of Jiangsu Zhongneng started operation.
- GCL-Poly was selected as a constituent stock of the Hang Seng Mainland 100 Index, which took effect on 9 August 2010.
- Xuzhou Crucible held the production commencement ceremony for its G5 square crucible.
- At the third "World Environmental Conference (WEC)", GCL-Poly won the award of one of the "Top 100 Enterprises for Promoting Low Carbon Environment (China) in the world".

Major Events 2010

AUGUST

- Zhang Dejiang, Member of Political Bureau of CPC Central Committee and Vice Premier of the State Council, Luo Lin, Director General of the State Administration of Work Safety, Miao Wei, Vice Minister of Ministry of Industry and Information Technology, and Wu Yin, Deputy Director General of National Energy Administration, were accompanied by Liang Baohua, Party Secretary of Jiangsu Province and Luo Zhijun, Governor of Jiangsu Province, to visit Jiangsu Zhongneng and delivered important instructions.
- Fortune Magazine elected GCL-Poly as one of the “Most Innovative Chinese Companies for 2010”.
- Officials including Wan Gang, Vice Chairman of the National Committee of the Chinese People’s Political Consultative Conference, Chairman of the Central Committee of Zhigong Party and Minister of the Ministry of Science and Technology, Wang Weizhong, Vice Minister of the Ministry of Science and Technology, and Xu Jing, Director-General of the Major Special Project Office of the Ministry of Science and Technology visited Jiangsu Zhongneng.
- Tongxiang Puyuan GCL Environmental Protection Cogeneration Company Limited was awarded “Green Enterprise of Zhejiang Province for 2009 (Advanced Clean Production Enterprise)”.
- Jiangsu Zhongneng received the subsidy of RMB5 million that was granted by the Electronic Development Fund of the Ministry of Information Industry of China.

SEPTEMBER

- GCL-Poly established long-term strategic partnership relationship with Hareon Solar Technology Co., Limited, a large solar photovoltaic product supplier in China, under which GCL-Poly will supply Hareon with a total value of RMB20.8 billion high quality wafers in the next three years.
- GCL-Poly was awarded as the “Top 30 China New Energy Enterprise”.

OCTOBER

- Production of 300 MW wafer capacity expansion project (Phase II) of Changzhou Wafer was successfully commenced.
- GCL-Poly signed a long-term wafer supply contract with Indosolar Limited, an Indian leading solar cell provider, under which GCL-Poly will supply Indosolar with approximately 815 MW of high quality wafers in the next four years.

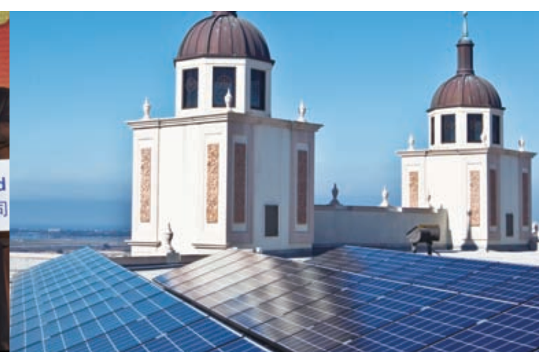
Major Events 2010

NOVEMBER

- GCL Solar established cooperation relationship and formed a joint venture with SolarReserve, LLC to develop solar photovoltaic projects. The joint venture will have 1,100 MW photovoltaic pipeline projects.
- Wells Fargo would provide over USD100 million funding for GCL Solar to develop solar projects in the United States.
- GCL-Poly was elected as a constituent stock of MSCI EM Index.
- Leaders including Wang Dexue, Deputy Director of the State Administration of Work Safety (SAWS) and Wang Xiangming, Director of Jiangsu Provincial Bureau of Work Safety visited Jiangsu Zhongneng.
- Construction of 600 MW wafer project (Phase II) of Suzhou Wafer was commenced.
- The 300 MW wafer capacity expansion project (Phase II) of Changzhou Wafer reached its full production capacity.
- GCL-Poly was awarded two honors, namely “Best of Show Award” and “Best New Product Award of the 12th Hi-Tech Fair”, respectively on the 12th China International Hi-Tech Fair held in Shenzhen Convention and Exhibition Center.

DECEMBER

- Zimbabwe ambassador to China paid a visit to Taicang GCL Refuse Incineration Power Co., Limited.
- GCL-Poly signed a long-term supplementary wafer and polysilicon supply contract with JA Solar Holdings Company Limited, a global leading solar cell producer, to supply a total of 10,031 MW wafer and polysilicon in the next five years.
- GCL-Poly attained wafer production capacity of 3.5 GW.
- The slurry recovery project of Xuzhou Wafer with annual production capacity of 20,000 MT commenced operation.
- GCL-Poly signed a long-term supplementary wafer and polysilicon product supply contract with Solarfun Power Holdings Co., Limited to supply a total of 2,500 MW wafer and polysilicon over the next five years.
- Officials including Li Xueyong, Member of the 17th Central Committee of the Communist Party of China (CPC), Deputy Secretary of Jiangsu Provincial Party Committee and the Acting Provincial Governor of Jiangsu visited Jiangsu Zhongneng.
- GCL Solar completed 4.8 MW projects in Antelope Valley in the United States.
- GCL Solar completed 1.2 MW project in San Diego, the United States, which was the largest rooftop solar power project for education institutions in the United States.

Company Profile

GCL-Poly Energy Holdings Limited is China's largest polysilicon producer, the world's largest wafer supplier and also a top green energy enterprise in China. Annual polysilicon production capacity reached 21,000 MT at the end of 2010 and is expected to reach 65,000 MT by mid 2012. The Group also targets to achieve 6.5 GW of annual wafer production capacity by end of 2011. In addition, the Group owns and invests in a total of 18 cogeneration power plants, 1 incineration power plant, 1 wind power plant and a 20 MW solar farm in Xuzhou, Jiangsu province, which is currently the largest solar farm in China. Most of these plants are located in Jiangsu and Zhejiang provinces in China with strong economic growth and robust demand for electricity and steam. The Company has also invested in certain solar photovoltaic projects in the U.S..

Chairman's Statement

On behalf of the Board of Directors, I am pleased to report that GCL-Poly achieved excellent operating results in 2010. For the financial year ended 31 December 2010, GCL-Poly recorded a revenue of HK$18.47 billion, representing an increase of 274% as compared with HK$4.94 billion for the same period in 2009. Net profit for 2010 was HK$4.02 billion.

The year 2010 marked a period of fast growth in China's economy. It was also a year where GCL-Poly achieved the most rapid business development and remarkable operating results since its establishment. GCL-Poly, China's largest polysilicon producer and the world's leading polysilicon producer, has further strengthened its position to become the largest global wafer producer and the leading global manufacturer of silicon materials. By the end of November 2010, GCL-Poly's annual wafer production capacity reached 3.5 GW — one month ahead of schedule. At the year-end, the Company's annual polysilicon production capacity reached 21,000 MT. Developing in tandem with the photovoltaic industry and society as a whole, GCL-Poly credits its success in 2010 to several factors including: our strategic position as an industry leader; an emphasis on technological innovation; continuous management upgrades; insistence on a people-oriented value concept, and creating harmonious business management environment and order. We hereby present to our shareholders with the year's excellent operating results.

2010 was a remarkable year for GCL-Poly. In January, GCL-Poly ranked 42nd in the "Top 500 Chinese Merchants in China's Market". In February, the Company was selected as a constituent of the Hang Seng Composite Index. In March, we announced the successful acquisition of 70.19% equity interest in Konca Solar Cell Co. Ltd, a leading solar silicon wafer supplier in China. Konca Solar's track record and expertise in wafer production have laid a solid foundation which enables GCL-Poly to become the world's leading wafer supplier. In July, GCL-Poly was awarded the title of "2010 Best Low-Carbon Business in China"; in the same month, the Company was admitted as a constituent of the Hang Seng Mainland 100 Index. In August, GCL-Poly was named by Fortune as one of the "Most Innovative Chinese Companies for 2010". At November end, GCL-Poly ramped up its wafer production capacity to 3.5 GW. Since the official production launch for Phase I 500 MW Wafer Project of Xuzhou Wafer in January 2010, the Company has managed to become the world's largest wafer producer in just 11 months.

In the second half of 2010, the Company signed several long-term contracts with global leading solar cell and module manufacturers. These included a RMB20.8 billion supply contract with Hareon, and 10 GW and 2.5 GW long-term supply contracts with JA Solar and Solarfun Power, respectively.

The start of 2011 has seen GCL-Poly's development momentum remain strong and encouraging. In January, the Company signed 7.5 GW and 5.2 GW long-term supply contracts with global leading cell and module manufacturers Trina Solar and Canadian Solar, respectively. In February, we signed a 4.4 GW long-term supply contract with China Sunergy, another global leading cell and module manufacturer. To date, GCL-Poly's aggregate long-term wafer supply contracts for the period of 2011 to 2016 have exceeded 50 GW.

New Achievements in the Silicon Materials Business

In 2010, GCL-Poly managed to capitalise on opportunities arising from the strong development of the global photovoltaic industry by continuously upgrading its polysilicon business. We also expanded our wafer business in order to take full advantage of the synergy of the integrated businesses. On 6 December 2010, we announced that our wafer production capacity had reached 3.5 GW which was ahead of our original schedule. The polysilicon production capacity also reached 21,000 MT at the end of the year. Throughout the year of 2010, GCL-Poly produced 17,853 MT of polysilicon and 1.4 GW of wafer, with sales of 10,507 MT of polysilicon and 1.4 GW of wafer generating revenues of HK$14.04 billion. We today stand as a highly influential and competitive silicon material manufacturer and supplier in the world.

Elements of Our Success

1. Technological innovation, production capacity enhancement, cost down and quality upgrade effort

With great emphasis on technological innovation as the core competence in an enterprise's development, GCL-Poly has established the United States Research and Development Centre and the Suzhou Industrial Technology Research Institute to provide leading-edge technical support, enabling the Company to take better advantage of new technologies, materials and techniques. With close cooperation between the United States Research and Development Centre and Jiangsu Zhongneng, the polysilicon business has completed several major technical improvements and continuously minimised the unit energy consumption and unit material consumption in production. By the end of 2010, the production cost of polysilicon was reduced to approximately US$22.5 per kilogram. Even during the process of ramping up the production capacity, we were able to increase the production volume of the ingot slicing equipment and attained progressive results. The yield rate for wafer production has now reached 95%.

2. Strong execution capabilities in construction and production management

The ramping up of the Company's four slicing projects — Xuzhou Wafer (徐州硅材料), Konca Solar (高佳太陽能), Changzhou Wafer (常州硅材料) and Suzhou Wafer (蘇州硅材料) — was on average one month ahead of our original schedule. This contributed to additional profits in 2010. The Company achieved its wafer production capacity of 3.5 GW — the highest in the world — in only 11 months. GCL-Poly furthermore showcased outstanding execution capabilities on project construction and management. For instance, the construction of Changzhou Phase I 300 MW Slicing Project was completed and commenced production in just 48 days through the use of a local idled plant. The Company also overcame the challenges of employees' recruitment and training in a short time frame. All the projects commenced production smoothly, and the production yield rate of the plants now exceeds 94%. The miraculous success of GCL-Poly's wafer business in 2010 was attributed to our extensive experience in construction management and team cultivation over the past two decades.

3. Management Innovation

GCL-Poly Silicon Material Management Centre is highly effective in team building with many talents involved in operations and management. Through the establishment of supply chain systems, the management centre has set up centralised procurement so that we are able to lower both production and project costs continuously. The implementation of the product quality management system has led to the product quality upgrade. The in-house production of TCS has decreased the polysilicon raw material cost. The slurry recovery has lowered the wafer production cost. These innovative management approaches, together with the continuous improvements in production methods, have strengthened internally GCL-Poly as well as optimised all of the Company's production units.

4. Adhering to commercial integrity, enhancement of customer service and increase market share steadily

Whilst the market price of silicon material is increasing due to the supply shortage, we have foregone the short-term gains and did not increase the wafer price unduly. Hence, we are able to build up customers' trust, promote GCL-Poly's acceptance and image, establish order in the industry and stabilise business operating environment. In 2010, the Company continued to adopt its market strategy of "embracing our customers and working with strong leaders in the market". Our wafer plants were set up in the vicinity of the factory sites of customers such as Trina Solar, Canadian Solar and Hareon in order to establish close sales cooperation with our customers. We have a mutual understanding to execute strategic co-location strategy with our customers including JA Solar and Goldpoly. GCL-Poly set up and optimised its global customer service network system in 2010 to promote efficiency and quality. We have set up a representative office in Taiwan to improve cooperation, customer service, as well as front-line effects of research and development. Moreover, GCL-Poly has made progressive achievements in exploring the international market. In October 2010, the Company signed a 815 MW long-term supply contract with Indosolar Limited, a leading solar cell manufacturer in India.

Power Business Outperforms Counterparts

In 2010, under the adverse market environment of rising coal prices and controlled electricity tariffs, the Company endeavoured to maximise the effectiveness of existing resources by means of centralised management, cost cutting and exploring new avenues of opportunity in order to ensure the sound and stable development of its power and steam businesses. In 2010, the Company achieved sales of 4.71 billion kWh of electricity, with a year-on-year fall of 7.5%, and sales of 7,042,493 MT of steam, with a year-on-year rise of 22.3%.

While ensuring sound and stable growth of the business, the Company also adopted various measures including coal purchasing cost controls, cash pooling, centralised insurance, inland river navigation, bulk purchasing of resources, expansion in heat supplies, and a vigorous push for a steam-price adjustment. All these combined measures have helped to achieve excellent economic indicators in the operations of our power business in 2010, which compared well with the stagnant performance of our industry players.

Outstanding Investment Returns from Overseas Solar Farms

GCL solar power investment team was set up in May 2010, with the aim of developing and investing in solar farm projects in the United States, Europe and several key emerging markets. The installed capacity was 6 MW during 2010, with pipeline projects of approximately 2 GW. This has produced excellent project development results. The Company has cooperated successfully with several banks and financial institutions including Wells Fargo, a tax equity fund, for the funding of solar farm projects established in the United States. These funds will be used to finance GCL-Poly's solar farm projects in the United States and laid the foundation for further development.

Social Responsibilities

As an enterprise that has long been engaged in the development of renewable energy, we are well aware of our responsibilities to environmental protection. The Company effectively recycles various by-products of polysilicon production, and we ensure that our manufacturing facilities comply with national standards. All our cogeneration power plants are equipped with desulphurisation facilities, which can significantly reduce the emission of sulphur dioxide.

Whilst maximising shareholders' value, GCL-Poly performs its social responsibilities by acting as an industry leader to stabilise the market and maintain order in the industry. Meanwhile, the Company has actively served the society by creating jobs, making charitable donations, and taking an active part in public welfare. In 2010, GCL-Poly and its employees made generous donations to drought-ravaged Southwest China and earthquake-affected Yushu. We have taken an active part in education welfare through various channels for the provision of a suitable environment for incubating more talents for the society. In 2010, the Company built the first Sunshine Primary School — GCL Sunshine Dengjiao Primary School (協鑫陽光登交小學). We also made donation to the Nanjing University Education Foundation and donated solar power systems to various schools.

With our commitment to the society, we endeavour to promote harmony. We have extended our sincerity, love and care to rehabilitation centres, orphanages, and schools in mountainous areas in the mainland via our annual "Sunshine Love and Care Action" (陽光關愛行動). We were the sole sponsor of the Eco-Friendly Economy Forum (環保經濟論壇) of China Fortune Foundation Limited (中國富強基金會) to explore the benefits of environmental protection.

Outlook and Plan for 2011

Energy shortages and environmental pollution are the two major challenges which human beings encounter in the long run. The exploration of new energy sources mainly in the form of renewable energies, the development of a low-carbon economy and the breakthrough in developing emerging industries are the vital means of overcoming these two challenges. Industrial and agricultural development, coupled with rising standards of living, has increased energy consumption in the 21st century. Conventional energies such as coal, oil and natural gas are expected to be depleted within the next tens to hundreds of years. Therefore, the exploration of new energy sources mainly in the form of renewable energies is the most important topic for the future survival of the human race.

As the most sustainable of the renewable energy sources, solar power is increasingly gaining the support of governments around the world. The total worldwide installation in 2010 has not been announced yet. However, various influential institutions pointed out that 2010 was a year of good harvest for solar companies. The total estimated installed capacity of solar farms around the world in 2010 was over 16 GW. By comparison with 2009's installed capacity of 7.2 GW, this was a more than two-fold increase. Germany remains the world's largest photovoltaic market, with an installed capacity exceeding 8 GW in 2010. In Italy, the photovoltaic market also grew very rapidly in 2010. Market analysts estimated the 2010 installed capacity of solar farms in Italy was in the range of 2.5–3.5 GW, and estimated to reach 4 GW in 2011. Other European markets such as Spain and Czech Republic also showed a satisfactory performance during the year. Although the subsidy policies for solar energy in Germany and Spain will change in 2011, cost decreases across the entire photovoltaic value chain are expected to mitigate some of these adverse factors. We still expect very good prospects for the European market in 2011. Meanwhile, with the various states of the United States extending or launching subsidy and incentive policies, the United States will play a more important role in the global photovoltaic market in 2011. Apart from encouraging private investments in solar farms, the United States government also requires large utility companies to comply with renewable portfolio standards (RPS). Other Asian and Middle East countries such as India, Japan, Korea, Saudi Arabia, Qatar and Israel have each launched national plans for developing solar power and that will provide new areas of growth for the global photovoltaic industry. We believe that the new installed capacity of global solar power to exceed 20 GW in 2011.

The development prospects of new energy industry in China are promising. The photovoltaic industry in particular shows phenomenal potential with immense business opportunities. It is expected that from 2011 to 2015 the country's total installed power capacity will reach 1.4 billion kW and new energy will account for 15%. The year 2011 marks the beginning of the country's 12th Five-Year Plan. The economy of China will strike a balance between growth and anti-inflation. Local governments' deployment of scarce resources including land, incentive policies and scarce bank financing will be skewed towards the strategic emerging industries. China will start a new round of investment and construction in the new energy domain. Since the launch of the Golden Sun Demonstration Projects (金太陽示範工程) and Building Integrated Photovoltaic Demonstration Projects (太陽能光電建築應用示範工程) in December 2010, which have outlined the scale of the domestic photovoltaic targets in the future years. It is estimated that the annual domestic installed capacity after 2012 will be no less than 1 GW. We opine that China will make great effort in developing the photovoltaic industry in the future. The country will change from being a major photovoltaic material producer to a major user of solar energy.

In 2011, we will follow thoroughly the working theme of "technological innovation, management upgrades, people-oriented and harmonious development", and insist on the principles of prioritising talents, technology and values. With technological innovation and management upgrades, we will continue to lead the silicon materials industry, gradually changing our business model of our power business, and facilitate the rapid expansion of the solar farm business.

For the silicon materials business, we will expand on the foundation of our current production capacity of polysilicon and wafer. We expect the production capacity of polysilicon to reach 46,000 MT by end of 2011 and polysilicon output to reach 31,000 MT for the year 2011. Meanwhile, through implementing technical upgrades and minimising energy consumption, we are confident in lowering the polysilicon production cost to approximately US$20 per kilogram by the end of 2011 in order to ensure that our gross profit margins will continue to be higher than those of our industry peers. We will also continue to focus on the development of our wafer business in 2011. Apart from our current wafer production bases in Xuzhou, Wuxi, Changzhou and Suzhou, we will build new wafer facilities in Yangzhou, Taicang, Quanzhou and Henan such that our global competitiveness in the silicon materials business will be strengthened. We expect that by the end of 2011, our wafer production capacity will be ramped up to 6.5 GW and wafer output will reach 5.5 GW for the year 2011.

GCL Solar Energy Limited (協鑫光伏有限公司) will continue to explore markets in the United States and overseas. We will develop sufficient photovoltaic pipeline projects in order to fulfil the requirements of rapid business development. We hope that we can become the world's leading solar farm enterprise within three years.

While developing the solar farm business, we will continue to ensure the healthy and stable development of our existing environmentally friendly power business. On one hand, we will adopt proactive measures to cope with fluctuations in fuel prices and ensure effective power business development; on the other hand, we will further enhance our business mix in accordance with carbon neutral principles by increasing our investments in clean and renewable energy, and raising the proportion of incineration and natural gas power plants.

Finally, I would like to express my heartfelt gratitude to our Directors, management team and all the staff of GCL-Poly for their hard work over the past year. I also wish to extend my gratitude to our shareholders and business partners for their continuing support.

Zhu Gong Shan
Chairman

Hong Kong, 17 March 2011

Executive Directors:

Mr. ZHU Gong Shan (朱共山), aged 53, has been an Executive Director of the Company since July 2006 and is the Chairman, Chief Executive Officer and a member of the Strategic Planning Committee of the Company. Mr. Zhu, the founder of the Group, and his family (including his son, Mr. Zhu Yu Feng, who is also a Director of the Company) are the beneficiaries of a trust which owns about 32.4% issued share capital of the Company at 31 December 2010. He is currently a member of the Chinese People's Political Consultative Conference of Jiangsu Province, the Deputy Chairman of China Fortune Foundation Limited, the Co-Chairman of China Photovoltaic Industry Alliance, the Vice Chairman of the Cogeneration Professional Committee of the Chinese Society for Electrical Engineering (中國電機工程學會熱電專業委員會), the Honorable Chairman of the 4th Board of Directors of Nanjing University, the Vice Director-general of Jiangsu Foundation for the Wellbeing of the Youth, the Honorable Chairman of Jiangsu Residents Association in Hong Kong, the Honorable Chairman of Jiangsu Yancheng Residents Association in Hong Kong, the Chairman of Hong Kong Yancheng Chamber of Commerce Limited, the Honorable Chairman of Jiangsu Chamber of Commerce in Guangdong, the Honorable Chairman of Xuzhou Chamber of Commerce in Shenzhen, the Vice President of Chinese Renewable Energy Industries Association, a member of Chinese Entrepreneur Club on Renewable Energy and American Council on Renewable Energy, the Vice Director of The Prince's Charities Foundation, and the Honorable Chairman of Africa Food Fund. Mr. Zhu has been awarded an Honorable Citizen of Texas of United States, an Honorable Citizen of Taicang, Jiangsu Province of the PRC, an Honorable Citizen of Xuzhou, Jiangsu Province of the PRC and an Honorable Citizen of Xilinheote, Inner Mongolia of the PRC. Mr. Zhu majored in electrical automation and holds a degree of Doctor of Philosophy in Business Administration.

Mr. SHA Hong Qiu (沙宏秋), aged 52, has been an Executive Director of the Company since November 2006. He is also the Executive President (Power) and a member of the Strategic Planning Committee of the Company. Mr. Sha is responsible for the overall operation and management of the Group's power business. Mr. Sha had been awarded various titles, including the Outstanding Entrepreneur of Xuzhou (徐州市優秀企業家) in 2000 and the Outstanding Enterprise Manager of Taicang (太倉市優秀企業管理人才) in 2005. He graduated from the China University of Mining and Technology in 1986, majoring in enterprise management. Mr. Sha is a Senior Economist. He has over 10 years experience in the operation and management of power plants.

Mr. SHU Hua (舒樺), aged 48, has been an Executive Director of the Company since October 2007. Mr. Shu was appointed as the Executive President (Silicon) of the Company in May 2010 and he is responsible for the overall operation and management of the polysilicon and wafer businesses of the Company. He has over 15 years' experience in the energy industry. Mr. Shu has obtained a Master's degree in Business Administration for Senior Management from the Tongji University in the PRC.

Mr. JI Jun (姬軍), aged 63, has been an Executive Director of the Company since November 2006. He is also a member of the Strategic Planning Committee of the Company. Mr. Ji focuses on strategic planning and business development of the Group. He has extensive experience in the power industry and has experience in handling corporate finance projects.

Mr. YU Bao Dong (于寶東), aged 47, has been an Executive Director of the Company since November 2006. Mr. Yu is responsible for the overall development strategy and project implementation for the Group. He has over 10 years experience in project investment and corporate management. Mr. Yu holds a Doctorate degree in Economics from the Wuhan University in the PRC. Mr. Yu is also the chairman and a non-executive director of Asia Energy Logistics Group Limited.

Ms. SUN Wei (孫瑋), aged 39, re-joined the Company in October 2007 as an Executive Director. She is responsible for the financial management of the Group, including participation in the budget planning process of the Group. Ms. Sun holds a Doctorate degree in Business Administration. Ms. Sun has over 10 years experience in power plant investment and management. Ms. Sun is currently a non-executive director of Asia Energy Logistics Group Limited.

Mr. TONG Yee Ming (湯以銘), aged 58, has been an Executive Director of the Company since July 2008 and is the Chief Financial Officer of the Company. He is an associate member of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Cost and Management Accountants of United Kingdom. He obtained a Bachelor of Arts degree in Business Administration from University of Washington in 1979. In 1980, Mr. Tong obtained a Master of Business Administration degree from Oregon State University. Mr. Tong has broad financial management and accounting experience and had also acted as the chief financial officer and finance director for a number of companies, including listed companies in Hong Kong.

Mr. ZHU Yu Feng (朱鈺峰), aged 29, has been an Executive Director of the Company since September 2009. He graduated from George Brown College (Business Administration Faculty) in 2005. Mr. Zhu and his family (including his father, Mr. Zhu Gong Shan, who is also a Director of the Company) are the beneficiaries of a trust which owns about 32.4% issued share capital of the Company at 31 December 2010. Mr. Zhu joined a subsidiary of the Company in 2006. He is responsible for internal control, human resources, administration, and project tender of the power business of the Company.

Non-Executive Directors:

Mr. CHAU Kwok Man, Cliff (周國民), aged 44, has been a Non-Executive Director of the Company since December 2009. He is currently the Managing Director and Head of Finance Department of China Investment Corporation. China Investment Corporation, through its wholly-owned subsidiary, owns approximately 20% of the issued share capital of the Company. Mr. Chau was a partner in the Financial Advisory Services Department at KPMG before he joined China Investment Corporation. Before that Mr. Chau was a financial controller for various companies in the United States and was with KPMG Los Angeles for a number of years. Mr. Chau holds an MBA degree from the State University of New York and is also a Certified Public Accountant (USA).

Ms. BAI Xiao Qing (白曉晴), aged 43, has been a Non-Executive Director of the Company since December 2009. She is currently the Managing Director of the Special Investments Department of China Investment Corporation. China Investment Corporation, through its wholly-owned subsidiary, owns approximately 20% of the issued share capital of the Company. Ms. Bai was the Director of the General Office of the Ministry of Finance of China before she joined China Investment Corporation. Ms. Bai obtained a Bachelor degree in Economy at Tianjin Foreign Trade Institute and obtained a Doctor degree in Economy at the Research Institute for Fiscal Science.

Independent Non-Executive Directors:

Mr. QIAN Zhi Xin (錢志新), aged 65, has been an Independent Non-Executive Director of the Company since July 2007. He is also a member of the Audit Committee, Remuneration Committee and Strategic Planning Committee of the Company. Prior to that, he was a principal of the Development and Reform Commission of the Jiangsu Province in February 2004. Mr. Qian holds a Doctorate degree in Management from the Nanjing Agricultural University in the PRC.

Ir. Dr. Raymond HO Chung Tai (何鍾泰), *SBS, MBE, S.B.St.J., JP*, aged 72, has been an Independent Non-Executive Director of the Company since September 2007. He is also the Chairman of the Remuneration Committee and the Strategic Planning Committee of the Company and a member of the Audit Committee of the Company.

Dr. Ho is a member of the Legislative Council of Hong Kong and a Deputy to the National People's Congress. He holds a Doctorate degree in Civil Engineering from the City University of London, United Kingdom, an Honorary Doctorate of Business Administration from the City University of Hong Kong, an Honorary Doctorate of Laws from the University of Manchester, United Kingdom, a Postgraduate Diploma in Geotechnical Engineering from the University of Manchester, United Kingdom and a Bachelor's degree in Engineering from the University of Hong Kong. Dr. Ho is currently a Member of the Commission on Strategic Development, a Board Member of the Airport Authority Hong Kong, the Chairman of the Hong Kong Trade Development Council Infrastructure Development Advisory Committee and the Chairman of Guangdong Daya Bay Nuclear Plant and LingAo Nuclear Plant Safety Consultative Committee. In addition, he is an independent non-executive director of Deson Development International Holdings Limited and China State Construction International Holdings Limited.

Mr. XUE Zhong Su (薛鍾甦), aged 71, has been an Independent Non-Executive Director of the Company since October 2007. He is also a member of the Strategic Planning Committee of the Company. He graduated from Shanghai Jiaotong University in 1962. Mr. Xue worked for the Shanghai Municipal Power Company (上海市電力公司) in 1985 as the deputy general manager. From 1986 to 2000, Mr. Xue was the vice president of the Shanghai Municipal Power Bureau (上海市電力工業局) and deputy general manager of Shanghai Municipal Power Company. From 1994 to 2000, Mr. Xue was also the general manager of the Huaneng International Power Development Company, Shanghai Branch (華能國際電力開發公司上海分公司). From 2000 to 2005, Mr. Xue was the party secretary and general manager of the China Huaneng Group Company, Shanghai Branch (中國華能集團公司上海分公司). Mr. Xue has over 20 years of experience in the power industry.

Mr. YIP Tai Him (葉棣謙), aged 40, has been an Independent Non-Executive Director of the Company since March 2009. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Yip is a practising accountant in Hong Kong. He is an associate member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. He has over 15 years of experience in accounting, auditing and financial management. Mr. Yip is currently an independent non-executive director of the following listed companies in Hong Kong, namely, Wing Lee Holdings Limited, China Communication Telecom Services Company Limited, Vinco Financial Group Limited, KH Investment Holdings Limited and iOne Financial Press Limited.

Overview

Global solar installations accelerated in 2010, with the Group capitalising on its momentum from 2009 to extend its growth as one of the world's leading polysilicon and wafer manufacturers.

The Group was very successful in ramping up its polysilicon production capacity from 18,000 MT by the end of 2009 to 21,000 MT by end of 2010 and achieved its in-house wafer production capacity of 3.5 GW by November 2010.

During 2010, the Group achieved a remarkable financial performance as a result of the impressive growth of revenue and efficient low cost production in our solar business.

Results of the Group

2010 was a record year for the Group with revenue amounted to HK$18,471.9 million, representing an increase of 274% compared with the revenue of HK$4,943.6 million for the year ended 31 December 2009. The significant increase was mainly due to the surge in revenue contributed from solar business together with the consolidation of full year results of the power business.

The Group's net profit attributable to owners of the Company for 2010 was HK$4,023.6 million compared with a loss of HK$199.7 million in 2009.

Major Acquisition

On 30 March 2010, the Group completed the acquisition of 70.19% of the equity interests in Konca Solar with a total cash consideration of approximately HK$971 million. Konca Solar principally engages in the research and development, production and sale of monocrystalline and multicrystalline ingots and wafers. Since its establishment, Konca Solar has enjoyed stable growth and is a highly-regarded industry-leader in terms of technology, quality and cost control measures. Following the successful completion of the acquisition of Konca Solar, the sales and net profit contribution from Konca Solar's wafer business were consolidated into the Group since April this year. The acquisition enabled the Group to enhance its wafer production capabilities and further vertically integrated its production processes by making use of self-produced polysilicon.

Use of Proceeds

The Company raised approximately HK$9,320 million in gross proceeds by placement/subscription of new shares in 2009. As at 31 December 2010, an aggregate amount of HK$8,868 million representing 95% of gross proceeds was utilised as follows:

1. approximately HK$2,732 million for the redemption of the secured notes;

2. approximately HK$2,340 million for the repayment of bank borrowings;

3. approximately HK$971 million for the acquisition of Konca Solar;

4. approximately HK$2,096 million for the capital expenditure related to expansion of polysilicon production capacity, the development and expansion of wafer production capacities, and the development of the solar farm business;

5. approximately HK$341 million for the payment of transaction costs related to the placement/subscription of new shares and the acquisition of the solar business (including commission, legal and other professional fees); and

6. approximately HK$388 million for the loan repayments and general working capital purposes.

Business Review

Solar Business

Silicon Material Business

Production

GCL Solar supplies polysilicon and wafer to companies operating in the solar industry. Polysilicon is the primary raw material for wafer used in the solar and electronics industries. Monocrystalline and multicrystalline wafers are then processed by downstream manufacturers to produce solar cells and modules.

During the year, Jiangsu Zhongneng successfully completed its technical improvement project and with its annual production capacity increasing from 18,000 MT by end of 2009 to 21,000 MT by end of 2010. During the year ended 31 December 2010, GCL Solar produced 17,853 MT of polysilicon, representing a significant increase of 140% as compared to 7,454 MT for the year ended 31 December 2009.

GCL Solar commenced its in-house wafer manufacturing in December 2009. On 30 March 2010, the Company completed the acquisition of Konca Solar, a leading supplier of solar wafer in the PRC. GCL Solar further expanded its own in-house wafer and ingot manufacturing facilities during the year, and the wafer production capacity of the Company's manufacturing plants at Xuzhou, Changzhou, Wuxi and Suzhou were all ramped up to their required levels by December 2010. As at 30 November 2010, our annual wafer production capacity reached 3.5 GW. For the year ended 31 December 2010, approximately 1.4 GW of wafers were produced.

Production Costs

GCL Solar's polysilicon and wafer production costs mainly depend on its ability to control raw material costs, to achieve economies of scale in its operations and to efficiently manage its supply chain.

During the year, Jiangsu Zhongneng successfully ramped up its hydrochlorination capacity from 300,000 MT to 500,000 MT, which allowed full recycling of the by-products and reduced the cost of TCS — an important raw material for polysilicon production. In addition, GCL Solar was able to reduce the cost of steam and electricity, as well as other overhead costs. As a result, polysilicon production costs were lowered to HK$175.1 (US$22.5) per kilogram by the end of December 2010, which is considered to be the lowest in the industry.

Although GCL Solar commenced its in-house wafer production in 2010, the Company has already been able to reduce its production costs to a very competitive level. This is mainly attributable to technological advancements together with a co-location strategy that has helped us to significantly reduce our logistics and overhead costs. As a result, GCL Solar's wafer average production costs (before eliminating the internal profit of polysilicon) were approximately HK$4.30 (US$0.57) per W for the year ended 31 December 2010.

Sales Volume and Revenue

For the year ended 31 December 2010, GCL Solar sold 10,507 MT of polysilicon and 1,451 MW of wafer, and its revenue amounted to HK$14,043.3 million. For the year ended 31 December 2009, GCL Solar sold 5,675 MT of polysilicon and 46.4 MW of wafer, and achieved a revenue of HK$3,177.3 million.

The average selling prices of polysilicon and wafer were approximately HK$408.6 (US$52.1) per kilogram and HK$6.32 (US$0.82) per W respectively for the year ended 31 December 2010. The corresponding average selling prices of polysilicon and wafer for the year ended 31 December 2009 were approximately HK$506.9 (US$65.4) per kilogram and HK$6.40 (US$0.83) per W respectively.

Environmental Matters

GCL Solar has adopted the modified Siemens method for its polysilicon production. We process all our waste water and waste gas according to national environmental standards. In addition, most of our solid waste can be recycled and does not contain poisonous materials. We have established a pollution control system and installed a variety of anti-pollution apparatus in our facilities to reduce, treat, and where feasible, recycle any waste generated during the manufacturing process. We have been granted a pollutant discharge permit, a work-safety permit for the storage and use of hazardous chemicals, and a permit for the use of our high-pressure containers.

Our wafer production facilities are environmentally friendly, with various pollution control measures in force. Moreover, we have developed our in-house slurry recovery facilities, enabling us to recycle and reuse our slurry.

We believe that the environmental protection systems implemented in our facilities are adequate to comply with the national environmental protection regulations.

Recent Developments

GCL Solar has completed ramping up the polysilicon and wafer production capacity to 21,000 MT and 3.5 GW by end of 2010. GCL Solar has recently signed several long-term supply contracts with cell and module manufacturers. To cater for the rising demand from these long-term contracts, the Board has recently approved our expansion plan to further invest HK$17.7 billion in the polysilicon and wafer facilities. We will increase our polysilicon production capacity to 46,000 MT by end of 2011 and to 65,000 MT by the mid of 2012. In addition, our wafer production capacity will be ramped up to 6.5 GW by the end of 2011.

Outlook

Global demand for new installations of photovoltaic systems ramped up substantially to over 16 GW in 2010. This is thanks in large part to the enthusiastic support of governments in Europe, many of which provide subsidies to solar-power manufacturers and users. We anticipate that countries such as Germany, Italy, France and Spain will continue to exhibit a strong demand for photovoltaic system installation in 2011. In addition, China, the United States, India and countries in the Middle East appear willing to increase installation and promote solar-power usage.

The average selling prices of polysilicon, wafer, cell and module are expected to fall in the coming year. This will stimulate market demand and boost shipment volumes. As the difference between the cost of generating electricity from solar versus traditional means narrow, grid parity is becoming an achievable target. These lowered costs in turn will enable governments to reduce their subsidies to the solar industry.

The PRC government has set out standards for capacity expansion in the energy-intensive and often highly polluting polysilicon industry. The qualified polysilicon manufacturers should maintain an annual production scale of at least 3,000 MT and their economical power consumption for recycling should be reduced to 60 kWh per kilogram of polysilicon by the end of 2011. In addition, plants are required to recycle at least 98.5% of waste hydrogen and fluorosilicone chemicals, which are highly acidic and polluting to the environment. Plants that cannot fulfil the requirements will need to overhaul their facilities or face closure. The industry will soon enter into a consolidation stage, with only the most powerful players able to sustain their presence in the solar industry.

The quality of polysilicon will be a critical factor leading to increased demand in solar power around the world. Polysilicon durability is highly prized in photovoltaic products manufacturing, with wafer made from high-quality polysilicon bringing improvements to conversion efficiency. This in turn will further lower the overall cost of using solar power.

GCL Solar adopts a co-location strategy in establishing its polysilicon and wafer manufacturing plants, enabling the Company to form close bonds with customers in nearby regions. Our production expansion strategy will continue to follow this pattern, giving us the competitive edge in cost control.

Solar Power Plant Business

In 2010, GCL Solar Energy Inc., a subsidiary of GCL-Poly, completed the construction of approximate 6 MW solar photovoltaic power projects in the United States and entered into the sales and leaseback transactions for these projects with Wells Fargo.

Joint Programme with Wells Fargo

In November 2010, GCL Solar Energy Inc. signed a joint programme with Wells Fargo through which Wells Fargo will provide over US$100 million by the end of 2011 to facilitate GCL Solar Energy Inc. in developing solar photovoltaic power projects across the United States.

Joint Venture with SolarReserve, LLC

In November 2010, GCL Solar Energy Inc. formed a joint venture with SolarReserve, LLC. Its experienced management team has previously invested in renewable and conventional energy projects around the world. The joint venture will work to develop solar photovoltaic projects in the United States, and its project pipeline comprising a solar photovoltaic project-development pipeline of more than 1 GW.

Other Projects

GCL Solar Energy Inc. has 4.8 MW projects currently under construction and has acquired 11.1 MW projects in the United States, for which we plan to start construction in the first quarter of 2011. All the projects are intended to be sold to Wells Fargo through the sales and leaseback transactions once they have met the commercial operation requirements in 2011.

Outlook

In 2011, we expect that the United States will continue to offer excellent investment opportunities in photovoltaic systems, with attractive government support programmes such as the Federal Business Energy Investment Tax Credit (ITC) — which provides a 30% tax credit on the investment cost of photovoltaic systems, and the Modified Accelerated Cost-Recovery System (MACRS) — allowing accelerated depreciation of investments in photovoltaic systems. With over 1 GW of project development pipeline secured with SolarReserve, LLC, the tax equity investment partnership with Wells Fargo, and our strong local presence with extensive experience in engineering, procurement and construction and operation capabilities, we are well positioned to capture investment opportunities in photovoltaic systems in the United States.

In addition, we will continue to identify, develop and invest in projects in China, India, South Africa, Australia, as well as other emerging high-growth markets.

Power Business

The Group's power plants are one of the categories of environmentally friendly power plants that are encouraged by the PRC government.

As at 31 December 2010, the Group operates 21 power plants (including its subsidiary and associated power plants) in the PRC. These comprised 14 coal-fired cogeneration plants and comprehensive resource utilisation cogeneration plants, 2 gas-fired cogeneration plants, 2 biomass cogeneration plants, 1 solid-waste incineration plant, 1 wind power plant and 1 solar farm. The total installed capacity and attributable installed capacity were 1,125.5 MW and 773.3 MW, respectively. The total steam extraction capacity and attributable steam extraction capacity were 2,239.0 tonne/h and 1,756.4 tonne/h, respectively.

Sales Volume and Revenue

The following table indicates total electricity sales and steam sales for each of the Group's power plants:

Electricity Sales Volume

Plant	Electricity Sales MWh 31.12.2010	Electricity Sales MWh 31.12.2009	Electricity Sales MWh 1.8.2009 – 31.12.2009
Subsidiary power plants			
Kunshan Cogeneration Plant	**391,866**	406,356	179,490
Haimen Cogeneration Plant	**117,320**	146,670	59,860
Rudong Cogeneration Plant	**165,525**	185,717	78,287
Huzhou Cogeneration Plant	**148,667**	168,863	66,057
Taicang Poly Cogeneration Plant	**214,634**	250,123	117,563
Jiaxing Cogeneration Plant	**209,871**	227,812	91,353
Lianyungang Xinneng Cogeneration Plant	**91,153**	120,950	49,437
Puyuan Cogeneration Plant	**204,167**	231,617	98,855
Fengxian Cogeneration Plant	**157,466**	198,753	80,075
Yangzhou Cogeneration Plant	**267,002**	274,490	116,460
Dongtai Cogeneration Plant	**143,089**	175,680	72,820
Peixian Cogeneration Plant	**180,448**	199,800	86,333
Xuzhou Cogeneration Plant	**152,248**	193,438	78,613
Suzhou Cogeneration Plant	**1,789,106**	1,847,234	662,006
Baoying Cogeneration Plant	**154,253**	197,070	75,880
Lianyungang Xiexin Cogeneration Plant	**144,120**	187,334	73,202
Taicang Incineration Plant	**72,224**	52,815	26,252
Guotai Wind Power Plant	**84,263**	27,000	27,000
Xuzhou Solar Farm	**21,663**	—	—
Total subsidiary power plants	**4,709,085**	5,091,722	2,039,543
Associated power plants			
Funing Cogeneration Plant	**103,179**	191,260	80,530
China Resources Beijing Cogeneration Plant	**642,701**	682,836	283,298
Total subsidiary and associated power plants	**5,454,965**	5,965,818	2,403,371

Steam Sales

Plant	Steam Sales tonne 31.12.2010	Steam Sales tonne 31.12.2009	Steam Sales tonne 1.8.2009– 31.12.2009
Subsidiary power plants			
Kunshan Cogeneration Plant	**692,116**	480,962	221,986
Haimen Cogeneration Plant	**482,847**	385,211	189,501
Rudong Cogeneration Plant	**651,420**	435,545	184,535
Huzhou Cogeneration Plant	**360,697**	341,724	153,658
Taicang Poly Cogeneration Plant	**423,697**	398,110	171,016
Jiaxing Cogeneration Plant	**909,017**	816,044	413,546
Lianyungang Xinneng Cogeneration Plant	**221,368**	158,192	74,418
Puyuan Cogeneration Plant	**840,530**	740,260	376,033
Fengxian Cogeneration Plant	**379,595**	316,807	164,065
Yangzhou Cogeneration Plant	**254,049**	199,858	82,338
Dongtai Cogeneration Plant	**449,191**	364,859	164,178
Peixian Cogeneration Plant	**168,129**	160,164	62,706
Xuzhou Cogeneration Plant	**264,555**	188,308	78,875
Suzhou Cogeneration Plant	**625,172**	518,926	220,683
Baoying Cogeneration Plant	**186,962**	136,904	66,916
Lianyungang Xiexin Cogeneration Plant	**133,148**	116,885	54,654
Total subsidiary power plants	**7,042,493**	5,758,759	2,679,108
Associated power plants			
Funing Cogeneration Plant	**88,167**	81,649	34,326
China Resources Beijing Cogeneration Plant	**358,272**	297,671	120,869
Total subsidiary and associated power plants	**7,488,932**	6,138,079	2,834,303

Revenue

Revenue for the power business for the year ended 31 December 2010 was HK$4,428.6 million. For the period from 1 August 2009 to 31 December 2009, revenue for the power business was HK$1,766.3 million.

Average Utilisation Hours

Average utilisation hours for the Group's subsidiary power plants, defined as the amount of electricity produced during a specified period (in MWh) divided by the average installed capacity of the plant during the same period (in MW), was 5,465 hours in 2010, a decrease of 13.1% compared with 6,291 hours in 2009. The decrease was due to a commensurate decrease in electricity generation during the year.

Approved On-Grid Tariff

For electricity output, the major customers of our power plants are their respective local provincial power-grid companies. Prices are based on an approved on-grid tariff that is determined by the provincial price bureaus. The on-grid tariff depends on the fuel type of the relevant power plant and whether government-encouraged desulphurisation equipment has been installed. As at 31 December 2010, the approved on-grid tariff of the Group (excluding solar farm) ranged from approximately HK$584.2/MWh to HK$860.8/MWh. The implementation of on-grid tariffs for solar farm was approximately HK$2,467.5/MWh as at 31 December 2010.

Approved Steam Price

In response to PRC-government incentive projects, the Group sells steam to customers exclusively within a certain radius of where our cogeneration plants are located. Steam prices are negotiated commercially between customers and the cogeneration plants and are subject to local government pricing guidelines. Prices may vary according to market forces. As at 31 December 2010, the approved steam price of our subsidiaries and associated power plants ranged from HK$165.3/tonne to HK$283.5/tonne.

Production Costs

The major costs of sales in the power-plant business were fuel costs including coal, natural gas, coal sludge, sludge, gangue and biomass materials.

For the Company's coal-fired cogeneration plants, comprehensive resource utilisation plants and biomass cogeneration plants, average unit fuel costs for electricity sales and steam sales were HK$422.5/MWh and HK$131.6/tonne respectively for the year ended 31 December 2010.

In the case of the Group's gas-fired cogeneration plants, Suzhou Cogeneration Plant, natural gas was the major component of the cost of sales. Average unit fuel costs for electricity sales and steam sales were HK$448.6/MWh and HK$169.2/tonne respectively for the year ended 31 December 2010.

Health, Safety and Environmental Matters

All power plants within the Group have implemented internal safety policies that include protective measures against health and safety hazards. Health and safety issues are closely monitored.

All existing coal-fired cogeneration plants are installed either with circulating fluidised bed boilers or pulverised coal boilers with desulphurisation equipment to reduce the emission of air pollutants. All power plants operated by the Group have obtained the required applicable approvals and have satisfied the emission requirements set forth by local government.

All power plants within the Group have installed the CEMS (Continuous Emissions Monitoring System) required by the PRC government for the purpose of monitoring pollutant emissions of thermal power plants.

We believe that the environment protection system and installed facilities of our power plants are adequate to comply with the national environmental protection regulations.

Outlook

Coal prices continued to rise throughout 2010, and are expected to remain high in 2011. The high coal price will impose pressure on fuel costs for the operation of the Group's power plants. We will focus on steam sales as contract prices of steam can be negotiated between us and our customers, making it easier to maintain profit margins despite the increase in fuel costs. The implementation of cost-cutting measures is also expected to help the power business to generate a healthy level of cash flow. In the long run, we will put our emphasis on the development of renewable-energy power plants.

Employees

We consider our employees to be our most important resource. As at 31 December 2010, the Group had approximately 12,387 employees in Hong Kong, the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees.

Financial Review

Segment Information

The Group reported its financial information in two segments — the solar business and power business — during the year. The following table sets forth the Group's profits from operations by business segment:

	Solar Business HK$'000	Power Business HK$'000	Corporate HK$'000	Consolidated HK$'000
Revenue	14,043,285	4,428,639	—	18,471,924
Segment profit	4,213,502	276,344	—	4,489,846
EBITDA	6,623,746	909,447	(28,609)	7,504,584

Revenue

Revenue for the year ended 31 December 2010 amounted to HK$18,471.9 million, representing an increase of 274% as compared with HK$4,943.6 million for the year ended 31 December 2009. The significant increase was mainly due to the surge in revenue attributable to the solar business together with the consolidation of full-year results from the power business. The recovery in the solar market and the commencement of in-house wafer production during the year led to the substantial rise in revenue driven by sales of polysilicon and wafer. Revenue attributable to sales of electricity also increased as we could only consolidate five months' revenues of power business in 2009.

Gross Profit Margin

Gross profit margin for the solar business rose from 36.4% for the year ended 31 December 2009 to 44.4% for the year ended 31 December 2010. The increase in gross profit margin was mainly due to the significant decrease in polysilicon production costs and additional profit captured from the sale of wafer produced from 2010 onwards, though it was partly offset by the decline in the average selling price of polysilicon. For the power business, the gross profit margin for the year ended 31 December 2010 was 13.1%. The overall gross profit margin for the Group was 36.9% for the year ended 31 December 2010.

Other Income

Other income mainly comprised government grants of HK$288.7 million, consultancy fee income of HK$65.0 million, sales of scrap materials of HK$61.4 million as well as bank interest income and interest income from related companies amounting to HK$45.5 million.

Distribution and Selling Expenses

Distribution and selling expenses stood at HK$46.3 million for the year ended 31 December 2010, representing an increase of 5.2 times from HK$7.5 million for the year ended 31 December 2009. Expenses mainly represented salaries and other expenses incurred by GCL Solar's sales office. Increases in distribution and selling expenses were due to the increase in salaries and other office-related expenses as a result of the expansion of the sales office.

Administrative Expenses

Administrative expenses amounted to HK$996.3 million for the year ended 31 December 2010, representing an increase of 144% from HK$408.3 million for the year ended 31 December 2009. This increase was primarily attributable to increases in salaries and other staff costs as a result of headcount increase due to growth in the solar business, an increase in depreciation and other office expenses due to the growth in the operating structure, and the consolidation of full year administrative expenses from the power business.

Finance Costs

Finance costs of the Group for the year ended 31 December 2010 were HK$606.4 million, which rose by 73.9% from HK$348.8 million in 2009. The increase was mainly due to increased interest expenses as a result of a larger average bank loan balance, and the fall in interest being capitalised during the year.

Share of Results of Associates

The Group's share of profits of associates for the year ended 31 December 2010 was approximately HK$10.7 million, which was derived solely from the power business.

Share-Based Payment Expenses

The amount mainly represented the share option expenses arising from the Company's equity-settled share option scheme.

Income Tax Expense

Income tax expense for the year ended 31 December 2010 stood at HK$1,159.3 million, representing an increase of 11.4 times as compared with HK$93.2 million for the year ended 31 December 2009. The increase was mainly due to the surge in the PRC Enterprise Income Tax and deferred tax provided for the undistributed profit, which resulted from a significant increase in profits generated from the solar business in the PRC and an increase in income tax paid by Jiangsu Zhongneng as its 100% tax exemption had expired.

Profit attributable to Owners of the Company

Profit attributable to owners of the Company for the year ended 31 December 2010 was HK$4,023.6 million as compared with a loss of HK$199.7 million for the year ended 31 December 2009.

Liquidity and Financial Resources

	2010 HK$ million	2009 HK$ million
Net cash from operating activities	**7,834.1**	351.9
Net cash used in investing activities	**(10,777.6)**	(1,557.6)
Net cash from financing activities	**3,933.6**	4,537.0

For the year ended 31 December 2010, the Group's main sources of funding were cash generated from operating and financing activities. The net cash from operating activities and financing activities in 2010 were HK$7,834.1 million and HK$3,933.6 million respectively. The increase in net cash from operating activities was mainly attributable to a strong operating result arising from the solar business during the year. The net cash used in investing activities primarily arose from payments for the purchase of property, plant and equipment due to the ramping up of our wafer production facilities and technical improvements to polysilicon production facilities. The main financing activities of the Group in 2010 included newly raised bank borrowings of HK$14,214.5 million and repayment of bank borrowings amounting to HK$10,069.7 million.

The Group has a strong financial position. Aggregate restricted and unrestricted cash and bank balances amounted to approximately HK$8,556.1 million as at 31 December 2010 (31 December 2009: HK$6,340.8 million). The Group's total assets as at 31 December 2010 were HK$40,351.8 million (31 December 2009: HK$26,178.8 million).

Indebtedness

The indebtedness of the Group mainly comprises bank borrowings and obligations under finance lease. As at 31 December 2010, the Group's total bank borrowings amounted to HK$13,790.2 million (31 December 2009: HK$8,572.5 million) and obligations under finance lease amounted to HK$552.8 million (31 December 2009: Nil). Below is a table showing the bank borrowing structure and maturity profile of the Group's total borrowings:

	2010 HK$ million	2009 HK$ million
Secured	**1,823.6**	4,684.5
Unsecured	**11,966.6**	3,888.0
	13,790.2	8,572.5
Maturity profile of bank borrowings		
On demand or within one year	**6,410.8**	5,032.7
After one year but within two years	**1,876.2**	1,837.8
After two years but within five years	**4,852.1**	1,050.1
After five years	**651.1**	651.9
Group's total bank borrowings	**13,790.2**	8,572.5
Bank borrowings are denominated in the following currencies		
RMB	**11,568.4**	8,339.8
USD	**2,221.8**	232.7
	13,790.2	8,572.5

As at 31 December 2010, RMB bank borrowings carried both fixed and floating interest rates at rates with reference to the Benchmark Borrowing Rate of The People's Bank of China or Shanghai Interbank Offer Rate (SIBOR). US-dollar bank borrowings carried interest rates at rates with reference to the London Interbank Offer Rate (LIBOR).

Key Financial Ratios of the Group

	2010	2009
Current ratio	**1.02**	1.05
Quick ratio	**0.89**	0.96
Net debt to equity	**35.8%**	19.2%

Current ratio	=	Balance of current assets at the end of the year/balance of current liabilities at the end of the year
Quick ratio	=	(Balance of current assets at the end of the year — balance of inventories at the end of the year)/balance of current liabilities at the end of the year
Net debt to equity	=	(Balance of total interest-bearing borrowings at the end of the year — balance of bank balances, cash, 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

Foreign Currency Risk

Most of our revenue, cost of sales and operating expenses are denominated in RMB. Some of the bank deposits are denominated in Hong Kong dollars and US dollars. Most of our assets and liabilities are denominated in RMB. Since RMB is our functional currency, our foreign currency risk exposure is mostly confined to assets denominated in Hong Kong dollars and US dollars.

For the year ended December 2010, the Group did not purchase any foreign currency or interest rate derivatives or related hedging instruments.

Pledge of Assets

As at 31 December 2010, property, plant and equipment and prepaid lease payments with a carrying value of approximately HK$3,004.0 million and HK$264.1 million respectively, were pledged as security for certain banking facilities granted to the Group. Apart from these, bank deposits of an aggregate amount of HK$163.2 million were pledged to the banks to secure borrowings granted to the Group.

Capital Commitments

As at 31 December 2010, the Group had capital commitments in respect of the acquisition of property, plant and equipment contracted for but not provided in financial statements amounting to approximately HK$3,036.3 million (31 December 2009: HK$1,995.0 million) and authorised but not contracted for capital commitments amounting to HK$566.4 million (31 December 2009: HK$4,136.2 million).

Contingent Liabilities

As at 31 December 2010, the Group provided guarantees of HK$17.6 million (31 December 2009: HK$36.4 million) to a bank in respect of the banking facilities granted to an associate.

Events After the End of Reporting Year

On 12 January 2011, 25,000,000 share options were granted by the Company to eligible persons to optimise their future contributions to the Group at an exercise price of HK$3.32 per share. Details of the grant of share options are set out in the Company's announcement dated 12 January 2011.

During 2010, the Group has continued to grow via acquisitions and setting up new plants. The Company has focused on implementing the various established systems in these new business units while invigilating and improving the existing procedures and policies within the Group with an objective to achieve a high standard of corporate governance practice to maximise the Company's and the shareholders' value.

Corporate Governance Code Compliance

The Company, save as disclosed below, complied with all the code provisions as set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Listing Rules throughout the year ended 31 December 2010:

(1) Code Provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Subsequent to the acquisition of the polysilicon and wafer businesses by the Company on 31 July 2009, Mr. Zhu Gong Shan (the Chairman and a Director of the Company) was appointed as the Chief Executive Officer of the Company. As Mr. Zhu has more than twenty years' experience in power business and is the founder of our Xuzhou polysilicon production base, the Board considered that it was appropriate to elect Mr. Zhu as the Chief Executive Officer. In view of the strong support and assistance given to Mr. Zhu by the Company's experienced and dedicated management team and executives, the Board is of the opinion that Mr. Zhu is able to discharge his responsibilities to manage the Board as well as the Group's businesses. The Board will continuously monitor and make new appointments when appropriate.

(2) Code Provision E.1.2

Code Provision E.1.2 states that the chairman of the board should attend the annual general meeting. As Mr. Zhu Gong Shan, Chairman of the Board, was out of town and unable to attend the annual general meeting of the Company held on 17 May 2010, Mr. Tong Yee Ming (an executive Director and Chief Financial Officer of the Company) represented Mr. Zhu to chair the annual general meeting accordingly.

The Board

Board Composition

As at 31 December 2010, the Board comprised fourteen Directors with professional background and/or extensive expertise in the Group's business related industries. The Board includes eight executive Directors, namely Mr. Zhu Gong Shan (Chairman and Chief Executive Officer), Mr. Sha Hong Qiu, Mr. Ji Jun, Mr. Shu Hua, Mr. Yu Bao Dong, Ms. Sun Wei, Mr. Tong Yee Ming and Mr. Zhu Yu Feng; two non-executive Directors, namely Mr. Chau Kwok Man, Cliff and Ms. Bai Xiao Qing; and four independent non-executive Directors, namely Mr. Yip Tai Him, Mr. Qian Zhi Xin, Ir. Dr. Raymond Ho Chung Tai and Mr. Xue Zhong Su. Biographical details of the Directors are set out under the section headed "Biographical details of Directors" of this annual report on pages 17 to 19.

Mr. Zhu Yu Feng is the son of Mr. Zhu Gong Shan. Save for the above and to the best knowledge of the Company, there is no financial, business, family or other material or relevant relationships among members of the Board. Mr. Zhu Gong Shan is the founder of a trust which owns approximately 32.4% issued share capital of the Company as at 31 December 2010 for himself and his family, including Mr. Zhu Yu Feng. Mr. Chau Kwok Man, Cliff and Ms. Bai Xiao Qing are employees of China Investment Corporation, which through its wholly-owned subsidiary, namely Chengdong Investment Corporation, controls approximately 20.09% issued share capital of the Company at 31 December 2010. Save as disclosed in this paragraph and to the best knowledge of the Company, there is no relevant relationships between the members of the Board and the substantial shareholders of the Company.

No additional director has been appointed during 2010. A Directors' Handbook, which sets out the Company's business and a summary of all applicable laws, rules and regulations and key governance issues, will be provided to each newly appointed director. A training regarding the rules and regulations applicable to directors of listed companies to observe during their services on Board will also be provided to any newly appointed directors.

Each independent non-executive Directors has made a written confirmation to the Company of his independence with reference to the criteria and guidelines as set out in the Listing Rules. Each Director has declared to the Company of his/her interests in any material contracts or other interest in the business of the Group or in any competing business with the Group.

Board Process and Effectiveness

The Board is responsible for leading the Group's activities by setting strategic directions and business plan, exercising a number of reserved powers to oversee the operations and monitor the financial performance of the Group by determination of the annual budget, approving significant capital investment and to review the adequacy of the resources.

Key features of Board Process:

- At least four regular Board meetings will be held each year, with additional meetings to be held as and when required. All Directors will be informed of the tentative dates of the regular Board meetings to be held within the year at the beginning of the year. In 2010, there were eight board meetings being held;

- In respect of regular meetings, at least 14 days' notice is given to all Directors to give them an opportunity to attend. For all other meetings, reasonable notice is given;

- proposed agenda will be given to all Directors at least 14 days prior to the regular meetings to give them an opportunity to include matters in the agenda and the board papers were sent to all Directors at least 3 days before the meetings;

- all Directors is able to access to the advice and services of the company secretary and management with a view to ensuring that board procedures, all applicable rules and regulations, are followed;

- minutes of all board meetings and committee meetings have been sent to all directors for their comments and records respectively, within a reasonable time after the meetings are held;

- a procedure has been adopted by the Company to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense.

Eight Board meetings have been held during the year and the average attendance rate is 92%. The attendance of each Director is shown in the table below:

Members of the Board	Number of meetings attended
Executive Directors	
Zhu Gong Shan *(Chairman and CEO)*	8
Sha Hong Qiu	8
Ji Jun	7
Shu Hua	7
Yu Bao Dong	8
Sun Wei	7
Tong Yee Ming	8
Zhu Yu Feng	8
Non-Executive Directors	
Chau Kwok Man, Cliff	6
Bai Xiao Qing	6
Independent Non-executive Directors	
Yip Tai Him	8
Qian Zhi Xin	8
Ho Chung Tai, Raymond	5
Xue Zhong Su	8

Nomination of Director

Where vacancies arise at the Board or whenever any member of the Board considers any qualified professionals or individual with relevant expertise and experience is likely to be invited to join the Board, the qualifications, experience and awards (if any) of the proposed candidate(s) will be put forward to the Board for its consideration, selection and approval.

Appointment and Re-election of Directors

The independent non-executive Directors and non-executive Directors are appointed for a specific term of office for three years. During the year under review, the Board had renewed the term of service of the three Indepedent non-executive Directors, namely Ir. Dr. Ho Chung Tai, Raymond, Mr. Qian Zhi Xin and Mr. Xue Zhong Su, for a term of three years commencing from 13 November 2010. All Directors, including the independent non-executive Directors and non-executive Directors as well as any newly appointed Directors within the year are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Articles of Association, provided that every Director shall be retired at least once every three years. In the annual general meeting held in May 2010, Mr. Zhu Yu Feng, Mr. Chau Kwok Man, Cliff and Ms. Bai Xiao Qing, all being newly appointed Directors in 2009; and Mr. Shu Hua, Ms. Sun Wei, Mr. Qian Zhi Xin, Ir. Dr. Ho Chung Tai, Raymond and Mr. Xue Zhong Su had been retired and re-elected as Directors.

Chairman and Chief Executive Officer

Mr. Zhu Gong Shan is the Chairman and the Chief Executive Officer of the Company. The primary responsibilities of the Chairman are to provide leadership to the Board in setting corporate goals of the Company, overseeing the performance and effectiveness of the Board and taking a lead to ensure that the Board acts in the best interest of the Company and shareholders as a whole. The primary responsibilities of the Chief Executive Officer of the Company are to provide leadership for the management of the Company, taking a lead to implement the Company's business strategies and oversee the performance of the management in achieving corporate goals. The Board notes that the Chairman and the Chief Executive Officer of the Company are being acted by the same person and will continuously monitor and make new appointments when appropriate.

Delegation by the Board

The Board delegates certain responsibilities to various committees including the Audit Committee, Remuneration Committee and Strategic Planning Committee, which are discussed below. Each of these committees has its respective terms of reference, the major terms of which are published on the Group's website (www.gcl-poly.com.hk).

Accountability and Audit

The Directors acknowledge their responsibility for preparing the financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the profits and cash flows of the Group in accordance with the International Financial Reporting Standards, disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. In preparing the financial statements for the year ended 31 December 2010, the Directors have selected suitable accounting policies and applied them consistently; made judgements and estimates which are reasonable and have prepared the financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position, results of operations, cash flows and changes in equity of the Group. The Independent Auditor's Report relating to their reporting responsibilities on the financial statements of the Company is set out on pages 67 and 68 of this annual report.

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Mr. Yip Tai Him, Mr. Qian Zhi Xin and Ir. Dr. Raymond Ho Chung Tai. Mr. Yip Tai Him, who is a practicing accountant in Hong Kong and an associate member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountant in the United Kingdom, possesses extensive accounting experience and serves as the chairman of the committee.

The primary responsibilities of the Audit Committee include:

- monitoring integrity of the financial statements;
- reviewing annual report and interim report;
- monitoring and assessing the internal control system (including the adequacy of resources, qualifications and experience of accounting and financial reporting staff) and risk management system;
- monitoring and assessing the performance of internal control function;
- monitoring the independence of an external auditor; and
- monitoring and assessing the performance of external auditor, proposing to the board the appointment or removal of external auditor, and facilitating the communication between external auditor and internal audit function.

Three Audit Committee meetings were held in 2010 and the attendance is set out in the following table:

Members of Audit Committee	Number of meetings Attended
Mr. Yip Tai Him *(Chairman)*	3
Mr. Qian Zhi Xin	3
Ir. Dr. Raymond Ho Chung Tai	3

In addition to the aforesaid three meetings, the Audit Committee also held a meeting in March 2011. The following work was performed by the Audit Committee for and subsequent to the year ended 31 December 2010:

i. reviewed and approved the audit fees;

ii. assess the independence of the external auditors;

iii. approved the scope of audit for the year ended 31 December 2010;

iv. reviewed the 2010 auditor's report from Deloitte Touche Tohmatsu;

v. reviewed the 2010 audited financial statements and the results announcement (including the unaudited financial statements and the results announcement for 1st half of 2010);

vi. reviewed the report on the continuing connected transactions for the financial year ended 31 December 2010;

vii. reviewed the corporate governance internal control review reports prepared by Baker Tilly Hong Kong Business Services Ltd. and confirmed that the Group has an effective internal control system and the qualifications and experience of the Company's accounting staff and resource for financial reporting function are adequate; and

viii. reviewed various aspects of risk management.

For the year ended 31 December 2010, the total remuneration in respect of services provided by Deloitte Touche Tohmatsu is analysed as follows:

Nature of Service	Fees (HK$'000)
Audit services	
— 2010 Annual audit	7,800
Non-audit services	
— 2010 Interim review	1,100
— Reporting accountant	5,966
	7,066

Internal Controls

The Directors assume the responsibility for maintaining and reviewing the effectiveness of the Group's internal controls, and through the Company's Audit Committee, kept regularly appraised of significant risks that may impact on the Group's performance. Appropriate policies and control procedures have been designed, implemented and reviewed to ensure that assets are safeguarded against improper use or disposal; relevant rules and regulations are adhered to and complied with; reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements; and key risks that may impact on the Group's performance are appropriately identified and managed. Such procedures are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. These procedures can only provide reasonable, and not absolute, assurance against material errors, losses and fraud.

In addition to the internal control function carried out internally by the Group, an external independent audit firm, Baker Tilly Hong Kong Business Services Ltd. has been appointed consecutively for three years to review and appraise the internal control system of the Group. The semi-annual internal control review plan of the Group covers major activities and material controls (including operational, financial and compliance) of the Group's business and service units. During the year, Baker Tilly Hong Kong Business Services Ltd. had conducted site visits, walked through tests on various operational and financial cycles, assessed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, their training programmes and budget, and discussed directly with the executives of certain power plants, a service unit, and the polysilicon and wafer plants in Xuzhou for the purpose of assessing the effectiveness of the internal control system of the Group. A report on the result of assessment and recommendations from Baker Tilly Hong Kong Business Services Ltd. was provided to the Audit Committee in August 2010 and March 2011, respectively.

Based on the two reviews carried out by Baker Tilly Hong Kong Business Services Ltd. and the auditor's report from Deloitte Touche Tohmatsu, the Audit Committee and the Board concluded that there are no material irregularities nor areas of concern that would have significant adverse impact on the Company's financial position or results of operations, and that the internal control systems are adequate and effective and the Company's accounting staff and resource for financial reporting function are adequate.

Remuneration of Directors and Senior Management

During the year, the executive Directors had reviewed, with reference to the work load and time spent as well as the market rate, the directors' fee of the Independent non-executive Directors. After the review, the executive Directors had revised the Independent non-executive Directors' fees.

The Remuneration Committee is also mandated to review the remuneration package of the executive Directors and have approved the revision of certain executive Directors' annual salary in 2010.

Remuneration Committee

The Remuneration Committee comprises three independent non-executive Directors, namely Ir. Dr. Raymond Ho Chung Tai, Mr. Yip Tai Him and Mr. Qian Zhi Xin. Ir. Dr. Raymond Ho Chung Tai is the chairman of the committee.

The primary responsibilities of the Remuneration Committee include:

- reviewing and approving performance-based remuneration evaluation system;
- recommending the remuneration policy and structure of Directors and senior management to the board for approval; and
- reviewing, approving and advising the compensation arrangement to Directors and senior management

Two meetings were held by the Remuneration Committee for the year ended 31 December 2010 and the attendance of the meetings is set out in the following table:

Members of Remuneration Committee	Number of Meetings Attended
Ir. Dr. Raymond Ho Chung Tai *(Chairman)*	2
Mr. Yip Tai Him	1
Mr. Qian Zhi Xin	2

During the year, the Remuneration Committee had reviewed, considered and approved the remuneration package and incentive scheme of the executive Directors, approved the amount of incentives paid to the Directors. During the review process, no individual Director was involved in decisions relating to his own remuneration. Details of remuneration payable to each Director of the Company have been set out in note 13 to the consolidated financial statements.

Other Committee

Strategic Planning Committee

The Strategic Planning Committee comprises six members, three independent non-executive Directors and three executive Directors. The independent non-executive Directors include Ir. Dr. Raymond Ho Chung Tai (who is also the chairman of the committee), Mr. Qian Zhi Xin and Mr. Xue Zhong Su. The executive Directors who are also the committee members are Messrs. Zhu Gong Shan, Sha Hong Qiu and Ji Jun.

The primary responsibilities of the Strategic Planning Committee include:

- reviewing long-term strategic development plans;
- reviewing the annual performance of the Company and assessing implementation and progress of the long term strategic development plans;
- reviewing and recommending to the Board for opportunities of upgrading the facilities, expansion, mergers and acquisitions;
- reviewing and recommending to the Board with regard to the political, social and economic development in the PRC affecting or potentially affecting the business activities of the Group; and
- reviewing and monitoring the relationship of the Company with its key strategic joint-venture partners or the relationship building with these partners.

Two meetings were held during the year and the attendance of the meetings is set out in the following table:

Members of Strategic Planning Committee	Number of meetings Attended
Ir. Dr. Raymond Ho Chung Tai *(Chairman)*	2
Mr. Zhu Gong Shan	2
Mr. Sha Hong Qiu	2
Mr. Ji Jun	2
Mr. Xue Zhong Su	2
Mr. Qian Zhi Xin	2

During the two meetings, the Strategic Planning Committee had reviewed the market analysis, competitiveness of the Group and the forthcoming year plan of the Group.

Compliance with Model Code

The Board has adopted the model code with terms no less exacting than the required standard as set out in Appendix 10 of the Listing Rules as its own model code of conduct regarding Directors' securities transactions (the "Model Code"). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2010.

Investor Relations and Communication with Shareholders

The Board recognizes the importance of providing timely full and accurate information with his shareholders, subject to the provisions of the Listing Rules. Apart from the statutory announcement, the Company has issued announcements from time to time to keep his shareholders and potential investors informed of the latest progress and development of the Group. Full information contained in the circulars, interim report and annual report (which were available on the Company's website: www.gcl-poly.com.hk) were also sent to the shareholders to ensure they have sufficient information and understanding of the business as well as the performance of the Group. One shareholders' meeting in addition to the annual general meeting were held during the year 2010.

The Board also made continuous communication with the analysts, fund managers, institutional shareholders and media while keeping the stringent standard of not disclosing price sensitive information to a selective group. The Directors, executives together with our Investor Relations team from time to time held/participated in meetings, presentations and conference with them. Details of investor relations activities were further described under the section headed "Major Investor Relations Activities" of this report.

Major Investor Relations Activities

The Board and management of the Company believe that effective investor relations is instrumental in enhancing investors' understanding of the Company, improving the quality of corporate governance and creating shareholders' value. Throughout the year, we have engaged various professional investor relations intermediaries and an investor relations team to organize a series of investor relations activities with the aim to increase awareness of the Company's profile among the investment community.

In 2010, we launched various roadshows in Hong Kong, Singapore, Europe and US upon the release of our interim and annual results. The corporate structure and growth drivers of the Company have changed significantly since the acquisition of the solar business as well as China Investment Corporation's equity investment into our Company. Therefore, we felt the need to be proactive in reaching out to investors so that they can be aware of the Company's latest developments as well as future prospects. We have grasped every opportunity to take part in investors' seminars, including those organized by Goldman Sachs, Citigroup, JP Morgan Chase, UBS, Deutsche Bank, Credit Lyonnais, DBS, Nomura, Piper Jaffray, Lazard, Shenyin Wanguo, BOCI, CICC and Morgan Stanley. We have also arranged one-on-one meetings with investors whenever possible. Throughout the year, we participated in over 300 investor relations activities ranging from roadshows, investors' seminars and one-on-one meetings.

We also reached out to investors in Japan and the Middle East because they expressed strong interests in investing in sizable solar companies like ours. We organized many roadshows in 2010 as we wanted investors globally to learn more about our strategic move into the solar industry. Representatives from major media groups, research analysts and fund managers all over the world were invited to visit our power plants and our polysilicon and wafer manufacturing facilities in the PRC. Through face-to-face meetings with our frontline management, the media and investors were able to understand more about our operations and business strategy.

Furthermore, we redesigned the layout and content of our Company's website. In addition to providing more information about the different business segments, we have also added information about the renewable energy industry, including relevant policies and regulations, basic technological information and market news, so that investors can stay abreast of the most recent industry developments. We update the information on our website on a timely basis, and communicate with investors through various media channels and emails in a timely manner.

The Directors have pleasure in presenting their report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2010.

Principal Activities

The principal activities of the Group are principally engaged in the manufacturing of polysilicon and wafers for the solar industry as well as the development, management and operation of environmentally friendly power plants. The particulars of the Company's principal subsidiaries, associates and jointly controlled entity are set out in notes 49, 21 and 20 of the consolidated financial statements respectively.

Results and Appropriations

The results of the Group for the year ended 31 December 2010 are set out in the consolidated statement of comprehensive income on page 69.

The Directors recommend the payment of a final dividend of HK5.1 cents per share for the year ended 31 December 2010, which will be payable on or about 26 July 2011 to all persons registered as holders of ordinary shares of the Company on 13 May 2011 subject to approval at the forthcoming annual general meeting. The register of members will be closed from 12 May 2011 to 13 May 2011, both dates inclusive.

Financial Summary

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years is set out on page 2.

Property, Plant and Equipment

Movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

Share Capital

Details of movements in the issued share capital of the Company during the year are set out in note 39 to the consolidated financial statements.

Distributable Reserves

The distributable reserves of the Company as at 31 December 2010 amounted to HK$35,015.7 million (2009: restated HK$34,691.8 million).

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

Bank Borrowings

Particulars of the Group's bank borrowings are set out in note 34 to the consolidated financial statements.

Donations

Donations by the Group for charitable and other purposes as at 31 December 2010 amounted to HK$32,599,000.

Directors

The directors of the Company during the year and up to the date of this report are:

Executive Directors

Mr. Zhu Gong Shan *(Chairman and Chief Executive Officer)*
Mr. Sha Hong Qiu *(President)*
Mr. Shu Hua *(President)*
Mr. Ji Jun
Mr. Yu Bao Dong
Ms. Sun Wei
Mr. Tong Yee Ming
Mr. Zhu Yu Feng

Non-Executive Directors

Mr. Chau Kwok Man, Cliff
Ms. Bai Xiao Qing

Independent non-executive Directors

Mr. Qian Zhi Xin
Mr. Xue Zhong Su
Ir. Dr. Raymond Ho Chung Tai
Mr. Yip Tai Him

In accordance with Articles 87(1) and (2) of the Articles of Association of the Company, Messrs. Zhu Gong Shan, Sha Hong Qiu, Ji Jun, Yu Bao Dong and Tong Yee Ming will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

The Company has received from each of its independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company has assessed their independence and considers that all the independent non-executive directors are independent in accordance with guidelines set out in the Listing Rules.

Directors' Services Contracts

Each of the non-executive Directors has entered into a service contract with the Company for an initial fixed term of three years and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Upon the expiry of the notice period, the appointment will be terminated. During 2010, the Company had renewed the service contract with each of the three independent non-executive Directors, namely Mr. Xue Zhong Su, Mr. Qian Zhi Xin and Ir. Dr. Raymond Ho Chung Tai for a term of three years, commencing from 13 November 2010.

No Director proposed for re-election at the forthcoming annual general meeting has entered into any service agreements with any member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interest in Contracts

Save as disclosed under the section headed "Connected Transactions and Continuing Connected Transactions" in this report of the Directors, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party, and which subsisted at the end of the year or at any time during the year.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares And Debentures

As at 31 December 2010, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register required to be kept by the Company pursuant to Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules:

Long position in the shares and underlying shares of the Company

Name of director/ chief executive	Number of ordinary shares					
	Beneficiary of a trust	Corporate interests	Personal interests	Number of underlying shares	Total	Approximate percentage of issued share capital of the Company
Zhu Gong Shan	5,015,343,327 *(note 1)*	—	—	—	5,015,343,327	32.41%
Sha Hong Qiu	—	—	1,000,000	3,360,000 *(note 2)*	4,360,000	0.03%
Ji Jun	—	—	—	3,000,000 *(note 2)*	3,000,000	0.02%
Shu Hua	—	—	1,200,000	3,000,000 *(note 2)*	4,200,000	0.03%
Yu Bao Dong	—	19,832,032 *(note 3)*	1,112,000	3,000,000 *(note 2)*	23,944,032	0.15%
Sun Wei	—	—	3,223,000	3,000,000 *(note 2)*	6,223,000	0.04%
Tong Yee Ming	—	—	—	1,200,000 *(note 2)*	1,200,000	0.01%
Zhu Yu Feng	5,015,343,327 *(note 1)*	—	—	1,000,000 *(note 2)*	5,016,343,327	32.42%

Notes:

(1) The interests of Mr. Zhu Gong Shan are held by Highexcel Investments Limited and Happy Genius Holdings Limited, both of which are directly wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust by Credit Suisse Trust Limited for Mr. Zhu Gong Shan and his family, including Mr. Zhu Yu Feng, the son of Mr. Zhu Gong Shan and a Director.

(2) These are share options granted by the Company to the Directors under the Pre-IPO Share Option Scheme and the Share Option Scheme as defined below, both schemes were adopted by the shareholders on 22 October 2007. Such share options can be exercised by the Directors at various intervals during the years from 1 April 2009 to 15 February 2019 at an exercise price of HK$4.10 and HK$0.59, respectively.

(3) Mr. Yu Bao Dong is the ultimate beneficial owner of Bonus Billion Group Limited ("Bonus Billion") and Joy Big Holdings Limited ("Joy Big"). Bonus Billion and Joy Big owns 6,108,934 shares and 13,723,098 shares of the Company respectively as at 31 December 2010.

Save as disclosed above, as at 31 December 2010, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept under Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Option Schemes

(A) Pre-IPO share option scheme

The Company adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") on 22 October 2007. The Pre-IPO Share Option Scheme is to give our employees an opportunity to have a personal stake in the Company and to motivate our employees to optimise their performance and efficiency, and to retain our employees whose contribution are important to the long-term growth and profitability of the Group.

The Pre-IPO Share Option Scheme shall be valid and effective until the listing date of the shares of the Company on the Stock Exchange, ie. 13 November 2007, after which period no further options may be issued but the provisions of the Pre-IPO Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of such scheme.

Details of the outstanding and movements of the pre-IPO share options of the Company during the year are as follows:

Name or category of participant	Date of grant	Exercise period	Exercise Price HK$	Number of options: Outstanding as at 01.01.2010	Granted during the year	Lapsed or forfeited during the year	Exercised during the year	Outstanding as at 31.12.2010
Directors/ chief executive								
Sha Hong Qiu	13.11.2007	13.11.2010 to 12.11.2017	4.10	336,000	—	—	—	336,000
		13.11.2011 to 12.11.2017	4.10	504,000	—	—	—	504,000
		13.11.2012 to 12.11.2017	4.10	840,000	—	—	—	840,000
Ji Jun	13.11.2007	13.11.2010 to 12.11.2017	4.10	300,000	—	—	—	300,000
		13.11.2011 to 12.11.2017	4.10	450,000	—	—	—	450,000
		13.11.2012 to 12.11.2017	4.10	750,000	—	—	—	750,000
Shu Hua	13.11.2007	13.11.2010 to 12.11.2017	4.10	300,000	—	—	—	300,000
		13.11.2011 to 12.11.2017	4.10	450,000	—	—	—	450,000
		13.11.2012 to 12.11.2017	4.10	750,000	—	—	—	750,000
Yu Bao Dong	13.11.2007	13.11.2010 to 12.11.2017	4.10	300,000	—	—	—	300,000
		13.11.2011 to 12.11.2017	4.10	450,000	—	—	—	450,000
		13.11.2012 to 12.11.2017	4.10	750,000	—	—	—	750,000
Sun Wei	13.11.2007	13.11.2010 to 12.11.2017	4.10	300,000	—	—	—	300,000
		13.11.2011 to 12.11.2017	4.10	450,000	—	—	—	450,000
		13.11.2012 to 12.11.2017	4.10	750,000	—	—	—	750,000
Non-director employees (in aggregate)	13.11.2007	13.11.2010 to 12.11.2017	4.10	3,856,000	—	(80,000)	—	3,776,000
		13.11.2011 to 12.11.2017	4.10	5,784,000	—	(120,000)	—	5,664,000
		13.11.2012 to 12.11.2017	4.10	9,640,000	—	(200,000)	—	9,440,000
				26,960,000	—	(400,000)	—	26,560,000

Note: The consideration for the pre-IPO Share Options granted to each participant is HK$1.00.

During the year, a total of 400,000 option shares were lapsed and no option was cancelled nor exercised.

(B) Share option scheme

The Company adopted a share option scheme (the "Share Option Scheme") on 22 October 2007 which became effective on 13 November 2007. The purpose of the Share Option Scheme is to motivate personnel to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such personnel who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives of the Company, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. The Share Option Scheme shall be valid and effective for a period of 10 years from 22 October 2007, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

During the year, no options was granted by the Company, a total of 620,000 option shares were lapsed, 2,414,000 option shares were exercised and there were 38,952,000 option shares outstanding as at 31 December 2010.

Details of the share options outstanding and movements under the Share Option Scheme of the Company during the year are as follows:

				Number of options				
Name or category of participant	Date of grant	Exercise period	Exercise Price HK$	Outstanding as at 01.01.2010	Granted during the year	Lapsed or forfeited during the year	Exercised during the year	Outstanding as at 31.12.2010
Directors/ chief executive								
Sha Hong Qiu	16.02.2009	01.04.2009 to 15.02.2019	0.59	336,000	–	–	–	336,000
		16.02.2010 to 15.02.2019	0.59	336,000	–	–	–	336,000
		16.02.2011 to 15.02.2019	0.59	336,000	–	–	–	336,000
		16.02.2012 to 15.02.2019	0.59	336,000	–	–	–	336,000
		16.02.2013 to 15.02.2019	0.59	336,000	–	–	–	336,000
Ji Jun	16.02.2009	01.04.2009 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2010 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2011 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2012 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2013 to 15.02.2019	0.59	300,000	–	–	–	300,000
Shu Hua	16.02.2009	01.04.2009 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2010 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2011 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2012 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2013 to 15.02.2019	0.59	300,000	–	–	–	300,000
Yu Bao Dong	16.02.2009	01.04.2009 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2010 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2011 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2012 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2013 to 15.02.2019	0.59	300,000	–	–	–	300,000
Sun Wei	16.02.2009	01.04.2009 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2010 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2011 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2012 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2013 to 15.02.2019	0.59	300,000	–	–	–	300,000
Tong Yee Ming	16.02.2009	16.02.2010 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2011 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2012 to 15.02.2019	0.59	300,000	–	–	–	300,000
		16.02.2013 to 15.02.2019	0.59	300,000	–	–	–	300,000
Zhu Yu Feng	16.02.2009	01.04.2009 to 15.02.2019	0.59	200,000	–	–	–	200,000
		16.02.2010 to 15.02.2019	0.59	200,000	–	–	–	200,000
		16.02.2011 to 15.02.2019	0.59	200,000	–	–	–	200,000
		16.02.2012 to 15.02.2019	0.59	200,000	–	–	–	200,000
		16.02.2013 to 15.02.2019	0.59	200,000	–	–	–	200,000
Non-director employees (in aggregate)	16.02.2009	01.04.2009 to 15.02.2019	0.59	5,226,000	–	(40,000)	(910,000)	4,276,000
		16.02.2010 to 15.02.2019	0.59	5,960,000	–	(40,000)	(1,264,000)	4,656,000
		16.02.2011 to 15.02.2019	0.59	5,960,000	–	(140,000)	–	5,820,000
		16.02.2012 to 15.02.2019	0.59	5,960,000	–	(140,000)	–	5,820,000
		16.02.2013 to 15.02.2019	0.59	5,960,000	–	(140,000)	–	5,820,000
	24.04.2009	01.05.2009 to 23.04.2019	1.054	608,000	–	–	(120,000)	488,000
		24.04.2010 to 23.04.2019	1.054	608,000	–	–	(120,000)	488,000
		24.04.2011 to 23.04.2019	1.054	608,000	–	(40,000)	–	568,000
		24.04.2012 to 23.04.2019	1.054	608,000	–	(40,000)	–	568,000
		24.04.2013 to 23.04.2019	1.054	608,000	–	(40,000)	–	568,000
Total				41,986,000	–	(620,000)	(2,414,000)	38,952,000

Save as disclosed above, during the year, neither the Company nor any of its subsidiaries is a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities of, the Company or any associated corporation and none of the Directors had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

Subsequent to the year end, the Company granted 25,000,000 option shares under the Share Option Scheme to the employees of the Group on 12 January 2011.

Interests and Short Positions of Substantial Shareholders

As at 31 December 2010, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO:

Name	Note	Capacity/nature of interest	Number of ordinary shares/ underlying shares	Approximate percentage of issued share capital of the Company
Asia Pacific Energy Fund Limited	1	Interest in a controlled corporation	5,015,343,327	32.41
Chengdong Investment Corporation	2	Beneficial interest	3,108,163,054	20.09

Notes:

(1) Highexcel Investments Limited and Happy Genius Holdings Limited collectively hold 5,015,343,327 shares of the Company, both of which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust by Credit Suisse Trust Limited for Mr. Zhu Gong Shan (a Director and Chairman of the Company) and his family, including Mr. Zhu Yu Feng, a Director and the son of Mr. Zhu Gong Shan. Mr. Zhu Gong Shan and his family are beneficiaries under the discretionary trust.

(2) China Investment Corporation ("CIC") is interested in approximately 3,111,103,054 shares of the Company, out of which Chengdong Investment Corporation (a wholly-owned subsidiary of CIC) owns 3,108,163,054 shares. Mr. Chau Kwok Man, Cliff and Ms. Bai Xiao Qing, both the non-executive directors of the Company, are currently employees of CIC.

(3) The total number of ordinary shares of the Company in issue as at 31 December 2010 is 15,473,963,268.

Save as disclosed aforesaid, so far as is known to any Directors or chief executive of the Company, as at 31 December 2010, no other persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO.

Connected Transactions and Continuing Connected Transactions

(A) Connected Transactions

The following are summaries of connected transactions which were disclosed in the announcements during the year:

(1) Termination of acquisition of 55% equity interests in Duolun Mine project

It was announced on 11 August 2008 that Get Famous Investments Limited ("Get Famous"), which entered into the sale and purchase agreement ("S&P Agreement") dated 11 August 2008 as vendor with a subsidiary of the Company as purchaser to conditionally acquire the entire issued shares of a company which indirectly owns 55% of the equity interests of Duolun Mine, Get Famous, a company wholly-owned by Mr. Zhu Gong Shan (a Director and a deemed controlling shareholder of the Company). Pursuant to a technical report as at 30 June 2008, the total in-place resources of all seams of the Duolun Mine amount to approximately 82.44 million tonnes and that the commercial operation of the mine would be commenced in early 2009. Upon the first completion (completion of the transfer of shares in respect of the indirect holding company of the Duolun Mine) and the second completion (completion of increase of total investment and registered capital of the immediate holding company of Duolun Mine) of the said agreement, Get Famous or its nominee will receive the convertible notes in an amount of RMB85,000,000 and an amount not more than RMB42,936,000 respectively. Get Famous or its nominee has the right to convert any part of the principal amount of the convertible notes into ordinary shares of the Company at the conversion price of HK$1.230 (subject to adjustment). Assuming exercise in full of the conversion right attaching to the conversion notes, the Company will allot and issue an aggregate of about 118,395,719 new ordinary shares.

It was announced by the Company that on 7 August 2009, the parties under the S&P Agreement entered into a supplemental agreement to extend the first long stop date for the first completion from 10 August 2009 to 10 February 2010.

It was further announced by the Company that on 5 February 2010, the parties under the S&P Agreement entered into a deed of termination as at the same date to terminate the S&P Agreement (as amended on 7 August 2009) due to one of the conditions precedent for the first completion was unable to fulfil.

As at 5 February 2010, no convertible notes has been issued to the vendor.

(2) Setting Up a Joint Venture Company

It was announced on 21 April 2010 that 豐縣鑫源生物質環保熱電有限公司 *Fengxian Xinyuan Biological Environmental Heat and Power Co., Ltd.* ("Fengxian Cogeneration Plant", a non-wholly owned subsidiary of the Company) and its substantial shareholder (i.e. a connected person of the Company under the Listing Rules) entered into a joint venture agreement to set up a joint venture company in the PRC, principally engaged in the business of generation and sale of steam with the installation of 2x180 tonnes/hour boilers and relevant devices. The registered capital and total investment of the joint venture company were RMB46 million and RMB230 million respectively. The difference between the total investment and the registered capital would be funded by borrowings. Fengxian Cogeneration Plant holds 80% with the balance of the registered capital is owned by the joint venture partner. On 8 June 2010, the joint venture company was duly established.

(3) Connection Agreement

On 26 November 2010, 江蘇中能硅業科技發展有限公司 *Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* ("Jiangsu Zhongneng", a wholly-owned subsidiary of the Company) and 徐州金山橋熱電有限公司 *Xuzhou Jinshanqiao Cogeneration Co., Ltd.** ("Jinshanqiao Cogeneration Plant") entered into a connection agreement, pursuant to which Jinshanqiao Cogeneration Plant charged Jiangsu Zhongneng for an one-off connection fee of RMB500,000 per tonne for a volume of 620 tonnes of steam per hour (ie. in aggregate of RMB310,000,000) for the purposes of supplying steam by Jinshanqiao Cogeneration Plant at various standards to Jiangsu Zhongneng upon its technological upgrade to be achieved by mid 2011 and to establish a new steam transmission network together with new equipment required by Jinshanqiao Cogeneration Plant to facilitate the transmission of the higher pressure steam to Jiangsu Zhongneng. 80% of the one-off connection fee, being RMB248 million would be payable within 5 days of the signing of the connection agreement and the remaining 20% would be payable when the steam of such standard is ready to be supplied, expected to be in mid 2011. Mr. Zhu Yu Feng, an executive Director, indirectly owns the entire equity interest in Jinshanqiao Cogeneration Plant. Mr. Zhu Yu Feng is a connected person of the Company and Jinshanqiao Cogeneration Plant is an associate of Mr. Zhu Yu Feng and therefore a connected person of the Company. Accordingly, the transactions contemplated under the connection agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules. RMB248 million, being 80% of the connection fee, has been paid by Jiangsu Zhongneng to Jinshanqiao Cogeneration Plant in December 2010. Full details of this transaction was disclosed under the announcement of the Company dated 26 November 2010.

(4) Non-exercise of Right of First Refusal and Call Option

It has been disclosed in the prospectus of the Company dated 31 October 2007 that pursuant to a non-competition deed entered into, among others, Mr. Zhu Gong Shan and Mr. Zhu Yu Feng (collectively the "Grantors", both are Directors of the Company) and the Company, the Grantors had granted to the Company an option at any time to purchase, among others, the whole or any part of the interest of the Grantors in 太倉港協鑫發電有限公司 *Golden Concord Energy (Taicang Harbour) Limited* ("Taicang Harbour Power Plant") and a right of first refusal in respect of, among others, any offer it receives in respect of the whole or any part of the interests of the Grantors in Taicang Harbour Power Plant. On 23 December 2010, 蘇州崇高電力投資有限公司 *Suzhou Chonggao Power Investment Company Limited** (Chonggao Company") notified the Company that it intended to transfer a 3% equity interest in Taicang Harbour Power Plant to a company. Pursuant to the above-mentioned non-competition deed, the Company had a right of first refusal to acquire such interest. On 28 December 2010, the independent non-executive Directors of the Company resolved that the Company would not exercise the right of first refusal to acquire the 3% equity interest in Taicang Harbour Power Plant.

Mr. Zhu Yu Feng, an executive Director, indirectly owns the entire equity interest in Chonggao Company. Mr. Zhu Yu Feng is a connected person of the Company and Chonggao Company is an associate of Mr. Zhu Yu Feng and therefore a connected person of the Company. As such, the non-exercise of the right of first refusal to acquire the 3% equity interest in Taicang Harbour Power Plant also constitutes a connected transaction of the Company under Rule 14A.70(3) of the Listing Rules. Full details of the non-exercise of right of first refusal and call option was disclosed under the announcement of the Company dated 30 December 2010.

(5) Facility Agreement with Golden Concord Real Estate

Jiangsu Zhongneng entered into a facility agreement to grant a facility of RMB65,000,000 to 蘇州協鑫置業有限公司 *Golden Concord Real Estate Co., Ltd.** ("Golden Concord Real Estate") during the period from 10 October 2008 to 9 October 2009 at an interest rate of 5.841% p.a. based on the actual drawdown amount. The proceeds are to be used in the construction of the residential buildings which Jiangsu Zhongneng intends to acquire as its staff quarters when it is completed. An outstanding balance of RMB65 million due from Golden Concord Real Estate as at 9 October 2009 was extended for six months to 9 April 2010 by Jiangsu Zhongneng. Both parties entered into a new facility agreement dated 12 October 2009. Other than the repayment date, all other terms of the new facility agreement were same as the original facility agreement. Mr. Zhu Gong Shan (a Director and a deemed controlling shareholder), through his associates owns more than 30% equity interest in Golden Concord Real Estate, which is thus a connected person of the Company. An announcement of the extension has been published by the Company on the same day. The principal RMB65,000,000 and all outstanding payments have been fully paid to Jiangsu Zhongneng by Golden Concord Real Estate in April 2010.

(B) Continuing Connected Transactions

Pursuant to Rule 14A.38 of the Listing Rules, the Company has engaged the auditor of the Company to conduct certain procedures in respect of the continuing connected transactions of the Group in accordance with the Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has confirmed to the Board in writing that for the year ended 31 December 2010, the continuing connected transactions, which were entered into:

1. have received the approval of the Board;
2. have been entered into in accordance with the relevant agreement governing such transactions; and
3. have not exceeded the relevant announced cap amounts for the financial year ended 31 December 2010.

Details of the continuing connected transactions of the Company for the year ended 31 December 2010 are as follows:

(1) Provision of operation and management services

(a) 南京協鑫生活污泥發電有限公司 *Nanjing Xiexin Life Sludge Power Co., Ltd.** ("Nanjing Cogeneration Plant") and 蘭溪協鑫環保熱電有限公司 *Lanxi Golden Concord Environmental Protection Cogen-Power Co., Ltd.** ("Lanxi Cogeneration Plant") are owned by a trust of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries. 徐州龍固坑口矸石發電有限公司 *Xuzhou Longgu Mine-site Gangue Power Generation Co., Ltd.** ("Longgu Cogeneration Plant"), in which Mr. Zhu Gong Shan and his family have a 59% deemed interest. Thus Nanjing Cogeneration Plant, Lanxi Cogeneration Plant and Longgu Cogeneration Plant are associate of Mr. Zhu Yu Feng and/or Mr. Zhu Gong Shan, and therefore are connected persons of the Company under the Listing Rules.

上海保利協鑫電力運行管理有限公司 Shanghai GCL-Poly Electricity Operating Management Co., Ltd. (the "Management Company"), a subsidiary of the Company, has entered into (i) an agreement dated 20 October 2008 with Nanjing Cogeneration Plant ("Previous Nanjing Agreement") and (ii) an agreement dated 20 October 2008 with Longgu Power Plant ("Previous Longgu Agreement") relating to the provision of operation and management services ("Operation and Management Services") provided by the Management Company at an annual service fee of RMB2,880,000 and RMB2,400,000, respectively, for a term of two years from 1 January 2009 to

31 December 2010. The Previous Longgu Agreement was amended by a supplemental agreement dated 27 March 2009 to reduce the annual service fee from RMB2,400,000 to RMB1,200,000 by providing limited management services in addition to the original agreed operational services. The Management Company also entered into an agreement dated 20 October 2008 with Lanxi Cogeneration Plant ("Previous Lanxi Agreement") to provide similar operation and management services to Lanxi Cogeneration Plant for a period from 1 November 2008 and 31 December 2010 at an annual fee of RMB1,000,000.

On 26 January 2010, the Management Company and Jinshanqiao Cogeneration Plant entered into an agreement (the "Previous Jinshanqiao Agreement"), pursuant to which the Management Company agreed to provide operation and management services to Jinshanqiao Cogeneration Plant for a term of one year commencing from 1 January 2010 at a service fee of RMB1,300,000 per annum. Mr. Zhu Yu Feng, a Director of the Company owns the entire interest of Jinshanqiao Cogeneration Plant, which is thus an associate of Mr. Zhu Yu Feng and a connected person of the Company under the Listing Rules.

On 26 January 2010, the Management Company and 保利協鑫（徐州）再生能源有限公司 Xuzhou GCL-Poly Renewable Energy Company Limited* ("Xuzhou Incineration Power Plant") entered into an agreement (the "Previous Xuzhou Agreement"), pursuant to which the Management Company agreed to provide operation and management services to Xuzhou Incineration Power Plant for a term of one year commencing from 1 January 2010 at a service fee of RMB550,000 per annum. As Mr. Zhu Yu Feng and the trust (of which Mr. Zhu Gong Shan and his family are beneficiaries) then owned as to 25% and 75% of Xuzhou Incineration Power Plant, which is thus an associate of Mr. Zhu Yu Feng and Mr. Zhu Gong Shan and a connected person of the Company under the Listing Rules.

As the Previous Nanjing Agreement, the Previous Longgu Agreement (as amended), the Previous Lanxi Agreement, the Previous Jinshanqiao Agreement and the Previous Xuzhou Agreement expired on 31 December 2010, the Management Company on 7 January 2011 entered into a renewed agreement with each of Nanjing Cogeneration Plant (the "Renewed Nanjing Agreement"), Longgu Cogeneration Plant (the "Renewed Longgu Agreement"), Lanxi Cogeneration Plant (the "Renewed Lanxi Agreeement"), Jinshanqiao Cogeneration Plant (the "the Renewed Jinshanqiao Agreement"), and Xuzhou Incineration Power Plant (the "Renewed Xuzhou Agreement") for a term of three years commencing from 1 January 2011.

The scope of the Operation and Management Services consists of two major components, namely (i) operation services; and (ii) management services. The operation services provided by the Management Company to all plants except Xuzhou Incineration Power Plant are the same, which include, among others, coordinating competitive bidding strategy, heat and electricity pricing, coal supply, purchase of production accessories, equipment maintenance, capital management, technical training and transfer of technology, utilisation of professional services specific to the power industry and other general professional services. Operation services provided to Xuzhou Incineration Power Plant include, among others, coordinating purchase of production accessories, equipment maintenance and technical training. Management Services provided to Nanjing Cogeneration Plant, Lanxi Cogeneration Plant, Jinshanqiao Cogeneration Plant and Xuzhou Incineration Power Plant includes, among others, providing guidance in operational target management, establishment of performance assessment system, corporate planning and budgeting, corporate asset management, cost management and financial management, corporate safety target management, production technology management, human resources management, IT management and reporting system management. Management Services provided to Longgu Power Plant includes guidance in corporate safety target management and production technology management.

An announcement of the Company dated 7 January 2011 was disclosed with full details of the renewals of the above-mentioned agreements.

The fees and the annual caps of the Operation and Management Services for the year ended 31 December 2010 and the years ending 31 December 2011, 2012 and 2013 are as follows:

Agreement	Aggregate fee for the year ended 31 December 2010 (RMB)	Annual cap for the year ended 31 December 2010 (RMB)	Annual cap for the years ending 31 December 2011 (RMB)	2012 (RMB)	2013 (RMB)
Previous Nanjing Agreement	2,400,000	2,880,000	—	—	—
Previous Longgu Agreement	1,200,000	1,440,000	—	—	—
Previous Lanxi Agreement	1,000,000	1,200,000	—	—	—
Renewed Nanjing Agreement	—	—	2,880,000	2,880,000	2,880,000
Renewed Longgu Agreement	—	—	1,440,000	1,440,000	1,440,000
Renewed Lanxi Agreement	—	—	1,200,000	1,200,000	1,200,000
Renewed Jinshanqiao Agreement	—	—	2,260,000	2,400,000	2,400,000
Renewed Xuzhou Agreement	—	—	1,310,000	1,440,000	1,440,000

(b) The Management Company entered into an operation consultation agreement ("Operation Consultation Agreement") with Palace View International Limited ("Palace View") on 13 February 2009 to provide consultation services in relation to the operation of an incineration power plant indirectly owned by Palace View, a subsidiary of Asia Energy Logistics Group Limited, for a monthly fee of RMB200,000 for a term from 13 February 2009 to 12 February 2010.

Mr. Zhu Gong Shan, a Director and a deemed controlling shareholder of the Company, had disposed 70% and owned the remaining 30% issued share capital of Gofar Holdings Limited to a subsidiary of Asia Energy Logistics Group Limited on 31 July 2009. As Palace View is a fellow subsidiary of Gofar Holdings Limited, Palace View became an associate of Mr. Zhu Gong Shan and thus a connected person of the Company as at 31 July 2009. An announcement dated 31 July 2009 in relation to the operation consultation agreement has been published by the Company.

The services fee paid and the annual cap for the period from 1 January 2010 to 12 February 2010 are as follows:

	Services fee for the period rom 1 January 2010 to 12 February 2010 (RMB)	Annual Cap for the period rom 1 January 2010 to 12 February 2010 (RMB)
Operation Consultation Agreement	400,000	400,000

(3) **Lease of assets**

蘇州工業園區藍天燃氣熱電有限公司 *Suzhou Industrial Park Blue Sky Gas Co-generation Power Co., Ltd.* ("Suzhou Cogeneration Plant", an indirect non-wholly owned subsidiary of the Company, as lessee) entered into an assets lease agreement ("Previous Assets Lease Agreement") with 蘇州工業園區市政公用發展集團有限公司 *Suzhou Industrial Park Municipal Utilities Development Group Co., Ltd** ("Suzhou Industrial Park Utilities Development") for leasing the buildings and related facilities, equipment and machineries. Suzhou Cogeneration Plant also entered into a lease ("Previous Lease") with 蘇州工業園建屋發展集團有限公司 *Suzhou Industrial Park Construction Development Co., Ltd.** ("Suzhou Construction Development") for leasing the land and power generation plant for a term of one year from 15 September 2008 to 14 September 2009 on 17 September 2008.

Suzhou Industrial Park Utilities Development is interested in 30% of the equity interest in Suzhou Cogeneration Plant and is therefore, a connected person of the Company under the Listing Rules.

Suzhou Construction Development is a fellow subsidiary of Suzhou Industrial Park Utilities Development, and therefore, a connected person of the Company in accordance with the Listing Rules.

As the Previous Assets Lease Agreement and the Previous Lease expired on 14 September 2009, Suzhou Cogeneration Plant entered into a (i) new assets lease agreement ("Assets Lease Agreement") with Suzhou Industrial Park Utilities Development for leasing the buildings and related facilities as well as equipment and machineries for a fee of RMB3,500,000; and (ii) a new lease (the "Lease") with Suzhou Construction Development for leasing of the land and power generation plant for a rent of RMB500,000, both for a term of one year from 15 September 2009 to 14 September 2010 with the following annual caps, an announcement dated 10 September 2009 was published by the Company setting out all the terms of the said Assets Lease Agreement and the Lease.

The aggregate fee paid for the period from 1 January 2010 to 14 September 2010 and the annual cap for the period ended 14 September 2010 are as follows:

	Aggregate fee for the period from 1 January 2010 to 14 September 2010 (RMB)	Annual Cap for the period from 1 January 2010 to 14 September 2010 (RMB)
Assets Lease Agreement	2,479,000	2,479,000
Lease	354,000	354,000

(4) **Procurement of coal**

(a) 鄭州煤電股份有限公司 Zhengzhou Coal Industry & Electric Power Co., Ltd. & 鄭州煤炭工業(集團)有限責任公司 Zhengzhou Coal Industry (Group) Co., Ltd.**

It was announced on 29 July 2008 that the Company, through 保利協鑫電力燃料有限公司 GCL-Poly Power Fuel Co., Ltd. ("GCL-Poly Fuel Company"), entered into a coal supply agreement with 鄭州煤電股份有限公司 (Zhengzhou Coal Industry & Electric Power Co., Ltd ("ZCIE") and 鄭州煤炭工業(集團)有限責任公司 (Zhengzhou Coal Industry (Group) Co., Ltd.*) ("ZCIG") on 9 December 2007, which was supplemented by two supplemental agreements dated 14 April 2008 and 10 June 2008 respectively (the agreements collectively referred as "Coal Supply Agreements"). Under the Coal Supply Agreements, blended coal was supplied to GCL-Poly Fuel Company for a term of three years from 10 June 2008 to 10 June 2011 by ZCIE and ZCIG at the market price of eastern China. A circular setting out information of the Coal Supply Agreements was issued by the Company to the shareholders on 19 August 2008.

ZCIE is the holding company of a joint venture company of which Mr. Zhu Gong Shan controls more than 30% equity interests. The joint venture company was established with a business licence dated 24 March 2008. ZCIE became the associate of Mr. Zhu Gong Shan on 24 March 2008 pursuant to the then provisions of the Listing Rules. As ZCIE is a subsidiary of ZCIG, ZCIG has also become an associate of Mr. Zhu Gong Shan on the same date.

The aggregate amount of coal purchased for the year ended 31 December 2010, the annual caps for the year ended 31 December 2010 and the year ending 31 December 2011 were as follows:

	Transaction amount for the year ended 31 December 2010 (RMB)	**Annual Cap for the year ended 31 December 2010** (RMB)	**Annual Cap for the year ending 31 December 2011+** (RMB)
Coal Supply Agreements	—	899,000,000	403,000,000

Note: + for the period between 1 January to 10 June 2011 only.

(b) *內蒙古多倫協鑫礦業有限責任公司 Inner Mongolia Duolun Golden Concord Mining Limited**

The Company, through its wholly-owned subsidiary, 保利協鑫電力燃料有限公司 *GCL-Poly Power Fuel Co., Ltd.* ("GCL-Poly Fuel Company") entered into a coal supply agreement on 14 August 2009 ("Previous Coal Supply Agreement") with Inner Mongolia Duolun Golden Concord Mining Limited ("Duolun Golden Concord") to purchase coal from Duolun Golden Concord for the period from 11 August 2009 to 28 February 2010. On 10 February 2010, both parties entered into a coal supply framework agreement to renew the coal supply for the period from 1 March 2010 to 31 December 2012. A discretionary trust (of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries) owns a 55% interest in Duolun Golden Concord, which is thus an associate of Mr. Zhu Gong Shan and Mr. Zhu Yu Feng, and therefore, a connected person of the Company. An announcement dated 10 February 2010 in relation to the coal supply framework agreement was published by the Company. The aggregate amount of coal purchased for the year ended 31 December 2010 and the annual caps for the year ended 31 December 2010 and the years ending 31 December 2011 and 2012 were as follows:

	Transaction amount for the year ended 31 December 2010 (RMB)	Annual Cap for the year ended 31 December 2010 (RMB)	Annual Caps for the years ending 31 December 2011 (RMB)	2012 (RMB)
Previous Coal Supply Agreement	—	77,280,000+	—	—
Coal Supply Framework Agreement	—	81,700,000++	87,400,000	91,200,000

Note: + for the period between 1 January 2010 to 28 February 2010 only.
++ for the period between 1 March 2010 to 31 December 2010 only.

(5) **Supply of coal**

In addition to act as a central procurement arm of coal for the Group companies, GCL-Poly Fuel Company, a wholly-owned subsidiary of the Company, also trades coal to increase income for the Group.

Pursuant to the prospectus of the Company dated 31 October 2007, GCL-Poly Fuel Company entered into a coal supply agreement with Nanjing Cogeneration Plant dated 31 January 2007 to supply coal to Nanjing Cogeneration Plant for a period from 1 February 2007 to 31 December 2007, which is supplemented by a supplemental agreement dated 15 August 2007 to extend the effective period of coal supply to 31 December 2009. The agreement was further amended by a supplemental agreement dated 20 October 2008 ("Nanjing Supplemental Agreement") to extend the effective period from 31 December 2009 to 30 June 2011 and to increase the annual caps. The Nanjing Supplemental Agreement and the revision of annual caps were announced by the Company on 20 October 2008 and a circular dated 10 November 2008 was published by the Company. The original coal supply agreement and the two supplemental agreements are collectively referred to "Nanjing Coal Sale Agreement". As a discretionary trust (of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries) owns the entire equity interest of Nanjing Cogeneration Plant, it is an associate of Mr. Zhu Gong Shan and Mr. Zhu Yu Feng. Accordingly, Nanjing Cogeneration Plant is a connected person of the Company under the Listing Rules.

It was mentioned under the same announcement and circular that GCL-Poly Fuel Company, also entered into a coal sale agreement on 20 October 2008 with each of Lanxi Cogeneration Plant and 蘇州東吳熱電有限公司 *Suzhou Dongwu Cogeneration Co., Ltd.** ("Dongwu Cogeneration Plant") respectively (the "Lanxi Coal Sale Agreement" and the "Dongwu Coal Sale Agreement") to supply coal by GCL-Poly Fuel Company for a period between 1 November 2008 to 30 June 2011 at the market price of Eastern China and Tianjin Port. As Lanxi Cogeneration Plant is also wholly-owned by the above-mentioned discretionary trust of which Mr. Zhu Gong Shan and his family are beneficiaries, it is an associate of Mr. Zhu Gong Shan and Mr. Zhu Yu Feng, and thus a connected person of the Company. 蘇州蘇鑫資產投

資有限公司 *Suzhou Suxin Asset Investments Co., Ltd.**, the controlling shareholder of Dongwu Cogeneration Plant, is also a substantial shareholder of a subsidiary of the Company. Thus Dongwu Cogeneration Plant is an associate of 蘇州蘇鑫資產投資有限公司 *Suzhou Suxin Asset Investments Co., Ltd.** and a connected person of the Company under the then provisions of the Listing Rules.

The amount of coal sale for the year ended 31 December 2010, and the annual caps for the year ended 31 December 2010 and the year ending 31 December 2011 in respect of the Nanjing Coal Sale Agreement, the Lanxi Coal Sale Agreement and the Dongwu Coal Sale Agreement are as follows:

	Aggregate amount for the year ended 31 December 2010 (RMB)	**Annual Cap for the year ended 31 December 2010** (RMB)	**Annual Cap for the period from 1 January 2011 to 30 June 2011** (RMB)
Nanjing Coal Sale Agreement	149,694,000	363,600,000	198,900,000
Lanxi Coal Sale Agreement	42,174,000	138,240,000	76,020,000
Dongwu Coal Sale Agreement	—	138,240,000	76,020,000

(6) Steam supply

(a) Steam supply to Hande

On 22 January 2009, the Company, through a non-wholly owned subsidiary of the Company, Funing Cogeneration Plant, entered into a steam supply agreement ("Funing Steam Supply Agreement) with 漢德風電設備(阜寧)有限公司 *Hande Wind Power Equipment (Funing) Co., Ltd.** ("Hande", now known as 協鑫風電(江蘇)有限公司) for a period from 22 January 2009 to 30 September 2011 to provide technology service and steam supply to Hande at the then approved steam price of RMB199 per ton, which is adjustable by application and approval of Funing Price Bureau (阜寧縣物價局). As Mr. Zhu Gong Shan owned more than a 30% equity interest of Hande, it is an associate of Mr. Zhu Gong Shan and thus, a connected person of the Company. An announcement dated 23 January 2009 set out the details of the Funing Steam Supply Agreement.

Mr. Zhu Gong Shan had disposed his entire interest in Hande in December 2010 to a third party which is independent from the Company.

The transaction amount under the Funing Steam Supply Agreement and the annual caps for the year ended 31 December 2010 are set out below:

	Transaction Amount for the year ended 31 December 2010 (RMB)	Annual Cap for the year ended 31 December 2010 (RMB)
Funing Steam Supply Agreement	1,366,000	6,647,000

(b) *Steam supply to Huarun Tianneng*

On 17 February 2009, the Company, through a non-wholly owned subsidiary of the Company, 沛縣坑口環保熱電有限公司 *Peixian Mine-site Environmental Cogen-Power Co., Ltd.* ("Peixian Cogeneration Plant"), entered into a steam supply agreement ("Peixian Steam Supply Agreement) with 華潤天能集團公司 *Huarun Tianneng Group Co. Ltd.**) ("Huarun Tianneng") for a period from 17 February 2009 to 31 December 2011 to provide steam supply to Huarun Tianneng at the then approved steam price of RMB190 per ton, which is adjustable by application and approval of Peixian Price Bureau (沛縣物價局). Huarun Tianneng is a substantial shareholder of a wholly-owned subsidiary of the Company. Accordingly Huarun Tianneng is a connected person of the Company under the Listing Rules. An announcement dated 17 February 2009 setting out the details of the Peixian Steam Supply Agreement was published by the Company.

The transaction amount under the Peixian Steam Supply Agreement and the annual caps for the year ended 31 December 2010 and the year ending 31 December 2011 are set out below:

	Transaction Amount for the year ended 31 December 2010 (RMB)	Annual Cap for the year ended 31 December 2010 (RMB)	Annual Cap for the year ending 31 December 2011 (RMB)
Pexian Steam Supply Agreement	576,000	2,400,000	2,650,000

(c) *Steam Supply to 江蘇中能硅業科技發展有限公司 Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. ("Jiangsu Zhongneng")*

On 30 December 2009, Jiangsu Zhongneng entered into a steam supply agreement with each of (i) 徐州金山橋熱電有限公司 *Xuzhou Jinshanqiao Cogeneration Co., Ltd.** ("Jinshanqiao Cogeneration Plant", the "Previous Jinshanqiao Steam Supply Agreement") at a unit price of RMB180/tonne; and (ii) 保利協鑫(徐州)再生能源有限公司 *Xuzhou GCL-Poly Renewable Energy Company, Limited** ("Xuzhou Incineration Power Plant", the "Previous Xuzhou Steam Supply Agreement") at a unit price of RMB200/tonne. The term of both agreements was for one year from 1 January 2010 to 31 December 2010 and any price change in future is subject to the application and approval by the Xuzhou Price Bureau. On 26 November 2010, Jiangsu

Zhongneng entered into an agreement with each of Jinshanqiao Cogeneration Plant ("Jinshanqiao Steam Supply Agreement") and Xuzhou Energy Plant ("Xuzhou Steam Supply Agreement") to renew the terms of the above-mentioned agreements for a period from 1 January 2011 to 31 October 2013. Under the Jinshanqiao Steam Supply Agreement, the current agreed steam price for steam with pressure of 0.8 Mpa at about 200ºC is RMB180 per tonne, which is adjustable and cannot exceed the price approved by the Xuzhou Price Bureau. The steam supply price under the Xuzhou Steam Supply Agreement is RMB185 per tonne, which is adjustable and cannot exceed the price approved by the Xuzhou Price Bureau. Mr. Zhu Yu Feng, a Director of the Company, indirectly owns the entire equity interest of Jinshanqiao Cogeneration Plant. Mr. Zhu Yu Feng then indirectly owned 75% of Xuzhou Incineration Power Plant with the remaining 25% held by a trust of which both Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries. Mr. Zhu Yu Feng is a connected person of the Company and both Jinshanqiao Cogeneration Plant and Xuzhou Incineration Power Plant were associates of Mr. Zhu Yu Feng and therefore connected persons of the Company.

A circular dated 15 December 2010 contained information of the two renewed agreements had been dispatched to the shareholders of the Company and the independent shareholders had approved the transactions contemplated under the two renewed agreements at a meeting held on 5 January 2011.

The transaction amount and the annual caps for the year ended 31 December 2010 under the Previous Jinshanqiao Steam Supply Agreement and the Previous Xuzhou Steam Supply Agreement are as follows:

Agreement	**Aggregate amount for the year ended 31 December 2010** (RMB)	**Annual cap for the year ended 31 December 2010** (RMB)
Previous Jinshanqiao Steam Supply Agreement	322,943,000	504,900,000
Previous Xuzhou Steam Supply Agreement	49,380,000	49,500,000

(d) On 26 November 2010, 江蘇協鑫硅材料科技發展有限公司 Jiangsu GCL Silicon Material Technology Development Co., Ltd. ("Jiangsu GCL", a wholly-owned subsidiary of the Company) entered into a steam supply agreement with Xuzhou Incineration Power Plant, pursuant to which Xuzhou Incineration Power Plant agreed to supply steam to Jiangsu GCL for the period from 26 November 2010 to 31 October 2013 at a steam price of RMB190 per tonne. The steam price, which cannot exceed the price approved by the Xuzhou Price Bureau, was adjustable and subject to the application and approval by Xuzhou Price Bureau. As mentioned-above in the paragraph (6)(c) that Xuzhou Incineration Power Plant is a connected person of the Company, the transactions contemplated under the steam supply agreement will be continuing connected transactions. An announcement of the Company dated 26 November 2011 has set out, *inter alia*, details of the steam supply agreement.

The transaction amount, the annual caps for the year ended 31 December 2010 and years ending 31 December 2011, 2012 and 2013 under the steam supply agreement are as follows:

	Aggregate amount for the period from 26 November 2010 to 31 December 2010	Annual cap for the period from 26 November 2010 to 31 December 2010	Annual caps for the years ending 31 December		
			2011	2012	2013
	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)
Steam supply agreement	1,435,000	2,827,000	27,314,000	35,848,000	27,984,000+

Note: + for the period from 1 January 2013 to 31 October 2013

(7) Transactions entered before acquisition of 江蘇中能硅業科技發展有限公司 Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. ("Jiangsu Zhongneng)

Prior to the completion of the acquisition of the entire equity interest of Jiangsu Zhongneng on 31 July 2009, Jiangsu Zhongneng had been carrying out the following transactions (which was still subsisting as at 31 July 2009) with companies, of which Mr. Zhu Gong Shan (a Director and a deemed controlling shareholder), or Mr. Zhu Gong Shan through his associates, owns more than 30% equity interest and thus are connected persons of the Company under Rule 14A.11 of the Listing Rules. Following completion of the acquisition, Jiangsu Zhongneng became a wholly-owned subsidiary of the Company, hence, the following transactions/contemplated transactions constitute continuing connected transactions of the Company, which has been announced by the Company under the announcement dated 3 August 2009.

(i) Construction Management Agreement with Golden Concord Construction Management

Jiangsu Zhongneng entered into a construction management agreement dated 28 October 2008 with Jiangsu Golden Concord Construction Management Co., Ltd.* ("Golden Concord Construction Management"), pursuant to which Golden Concord Construction Management agreed to provide management services in relation to the construction of phase III and the expansion project of Jiangsu Zhongneng at a fee of 8.5% of the total estimated construction cost of RMB5,800,000,000, ie. RMB493 million. The estimated total construction costs shall be adjusted at any time when the change exceeds 0.1% of the estimated total construction costs. A total fee of RMB420 million has been paid to Golden Concord Construction Management by Jiangsu Zhongneng as at 31 December 2009. The annual cap for the year ended 31 December 2010 is RMB73 million. No payment has been made to Golden Concord Construction Management during the year ended 31 December 2010.

(8) Emission reductions consultation and agency agreement with Golden Concord (Singapore) Energy Investment Holding Pte Ltd. ("Golden Concord")

On 3 June 2009, the Company announced that each of its subsidiaries, namely 寶應協鑫生物質發電有限公司 *Baoying Xiexin Biomass Electric-Power Co., Ltd.**, 錫林郭勒國泰風力發電有限公司 *Xilinggol Guotai Wind Power Generation Co., Ltd.** 連雲港協鑫生物質發電有限公司 *Lianyungang Xiexin Biomass Electric-Power Generation Co., Ltd.* and 太倉協鑫垃圾焚燒發電有限公司 *Taicang Xiexin Refuse Incineration Power Co. Ltd.** entered into a separate emission reductions consultation and agency agreement (the "Consultation Agreements") with Golden Concord, pursuant to which Golden Concord provided the consultation and agency services to each of the power plants for a period from 1 June 2009 to 31 May 2012 and for a service fee of 25% of net proceeds to be received by each of the power plants.

The Company also announced in the same announcement that Suzhou Cogeneration Plant, a non-wholly owned subsidiary of the Company, entered into a consultation agreement dated 3 December 2008 (as amended by a supplemental agreement dated 30 May 2009, the "Suzhou Agreement") with Golden Concord and an independent third party as broker for a period from 3 December 2008 to 30 November 2011, pursuant to which, amongst other things, Golden Concord is engaged as consultant by Suzhou Cogeneration Plant and the broker to provide consultation services regarding the preparation of the relevant documents for the verification and validation of the emission reductions. A service fee of 25% of net proceeds of the sale of verified emission reductions after deduction of the fees and/or costs payable to the broker shall be paid to Golden Concord.

As Golden Concord is indirectly owned by Mr. Zhu Gong Shan, a Director and a deemed controlling shareholder of the Company, Golden Concord is a connected person of the Company.

The Consultation Agreements and the Suzhou Agreement are collectively referred to as the "Aggregate Consultation Agreements".

The transaction amount under the Aggregate Consultation Agreements and the annual caps for the year ended 31 December 2010 and the years ending 31 December 2011 and 2012 are set out below:

	Aggregate fee for the year ended 31 December 2010 (RMB)	Annual cap for the year ended 31 December 2010 (RMB)	Annual cap for the year ending 31 December 2011 (RMB)	Annual cap for the period from 1 January 2012 to 31 May 2012 (RMB)
Aggregate Consultation Agreements	—	2,663,000	3,878,000	3,278,000

(9) Energy Supply Agreement

The acquisition of an effective 70.19% equity interest in Konca Solar Cells Co., Ltd. ("Konca Solar") was completed on 30 March 2010, when Konca Solar became a subsidiary of the Company. Prior to the acquisition, Konca Solar had entered into an energy supply agreement, pursuant to which Wuxi Huilian Cogeneration Company Limited ("Wuxi Huilian") agreed to supply energy to Konca Solar at RMB0.498 per kwh for the period from 1 August 2009 to 31 July 2010. Wuxi Huilian is a subsidiary of Wuxi Guolian

Development (Group) Co., Ltd., a substantial shareholder of Konca Solar. As Wuxi Huilian is an associate of Wuxi Guolian, and thus a connected person of the Company under the Listing Rules. An announcement dated 30 March 2010 of the Company with full details of the energy supply was published by the Company on the same date. The aggregate transaction amount and the cap for the period from 31 March 2010 to 31 July 2010 are RMB22,308,000 and RMB24,500,000, respectively.

Note: * English name for identification only

Loan Agreement with Covenants Relating to Specific Performance of the Controlling Shareholder

As at the date of this report, the following facility agreement contains a condition imposing specific performance obligations on the controlling shareholders and breach of such obligation will cause a default in respect of loan that are significant to the operations of the Company:

The Company (as borrower) entered into a facility agreement ("Facility Agreement") dated 19 August 2010 with China Development Bank Corporation Hong Kong Branch (the "Bank", as lender) in relation to the provision of a facility in an aggregate amount equal to US$300 million for a term of three years (the "Facility") to the Company. The Facility Agreement was amended by a supplemental agreement dated 29 December 2010, pursuant to which the Facility in the aggregate amount equal to US$300 million has been split into (i) US$220 million facility; and (ii) a RMB530 million facility. Save and except for the changes in the amount and denomination of the Facility and other consequential amendments, all the other terms of the Facility Agreement remain unchanged.

Under the Facility Agreement (as amended by the supplemental agreement dated 29 December 2010), it shall be a change of control event if at any time Mr. Zhu Gong Shan, Mr. Zhu Yu Feng and other members of their family and their associates (as defined in the Listing Rules) either (i) cease to collectively remain as the single largest shareholder of the Company or (ii) cease to control the Company. If any of the above change of control event occurs, the Bank may, by notice to the Company, immediately cancel the Facility and declare the outstanding principal together with accrued interest and all other amounts accrued under the Facility Agreement immediately due and payable. If the Bank chooses not to exercise its right as above-mentioned, the Company shall in any event repay such outstanding principal together with accrued interest on the next interest payment date as provided in the Facility Agreement.

Up to the date of this report, the above obligation is continue to exist.

Directors' Interests in Competing Business

The following Directors are considered to have interests in the businesses which compete or are likely compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules:

Names of the Company's Directors	Name of company in which the relevant Director has interest	Principal activities of the competing company	% interest in competing company
(i) Mr. Zhu Gong Shan	Taicang Harbour Power Plant	Operation of a power plant in Taicang, Jiangsu, the PRC	72% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Nanjing Cogeneration Plant	Operation of a cogeneration plant in Nanjing, the PRC	100% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Longgu Cogeneration Plant	Operation of a power plant in Longgu, Peixian, the PRC	59% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Guohua Taicang Power Plant	Operation of a power plant in Taicang, Jiangsu	an effective interest of 36% is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Lanxi Cogeneration Plant	Operation of the cogeneration plant in Lanxi, Jiangsu Province, the PRC	100% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Xuzhou Incineration Power Plant	Operation of an incineration power plant in Xuzhou, Jiangsu Province, the PRC	100% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are among the beneficiaries
	Guangzhou Yonghe Project	The cogeneration power plant is in the pre-construction stage	Mr. Zhu Gong Shan, beneficially owns 100% interest
	Lianyungang Baoxin Biomass Cogeneration Plant	The cogeneration power plant is in the pre-construction stage	Mr. Zhu Gong Shan, beneficially owns 100% interest
(ii) Mr. Zhu Yu Feng	Taicang Harbour Power Plant	Operation of a cogeneration plant in Taicang, Jiangsu, the PRC	72% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Nanjing Cogeneration Plant	Operation of a cogeneration plant in Nanjing, the PRC	100% interest is held by a trust, of which Mr. Zhu Gong Shan and Mr. Zhu Yu Feng are among the beneficiaries
	Longgu Cogeneration Plant	Operation of a power plant in Longgu, Peixian, the PRC	59% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Lanxi Cogeneration Plant	Operation of the cogeneration power plant in Lanxi, Jiangsu Province, the PRC	100% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Guohua Taicang Power Plant	Operation of a power plant in Taicang, Jiangsu, the PRC	An effective interest of 36% is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries

Names of the Company's Directors	Name of company in which the relevant Director has interest	Principal activities of the competing company	% interest in competing company
	Jinshanqiao Cogeneration Plant	Operation of the cogeneration plant in Jinshaqiao, Xuzhou, the PRC	Mr. Zhu Yu Feng, through companies controlled by him, holds 100% interest
	Xuzhou Incineration Power Plant	Operation of an incineration power plant in Xuzhou, Jiangsu Province, the PRC	100% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Dongwu Cogeneration Plant	Operation of the cogeneration plant in Dongwu, Jiangsu Province, the PRC	Mr. Zhu Yu Feng, through companies controlled by him, holds 9% interest
	Jiema Hydropower Station	Operation of the hydro-power station in Sichuan, the PRC	Mr. Zhu Yu Feng, through companies controlled by him, holds 75% interest
	Inner Mongolia Ingot Plant	Ingot Plant is in the pre-construction stage	Mr. Zhu Yu Feng, through companies controlled by him, holds 100% interest

The Board is independent from the boards of the above-mentioned entities and is accountable to the Shareholders. Coupled with the diligence of its independent non-executive Directors whose views carry significant weight in the Board's decisions, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of these entities.

Deed of Non-Competition

Highexcel Investments Limited, Mr. Zhu Gong Shan and Mr. Zhu Yu Feng, collectively the "Covenantors", entered into a deed of non-competition ("Non-Competition Deed") dated 27 October 2007 in favour of the Company, pursuant to which, subject to the terms and conditions of the deed, the Covenantors agreed not to compete with the businesses of the Company. Under the Non-Competition Deed, Mr. Zhu Gong Shan and Mr. Zhu Yu Feng, collectively "Mr. Zhus", have granted the Company options under which the Company has the right to acquire their interests in the Nanjing Cogeneration Plant, the Longgu Cogeneration Plant, the Taicang Harbour Power Plant, the Guohua Taicang Power Plant, the Lanxi Cogeneration Plant, Guangzhou Yonghe Project and Lianyungang Baoxin Biomass Cogeneration Project subject to the terms and at the consideration as set out in the Non-Competition Deed. In addition, each of Mr. Zhus undertakes, inter alia, offer to the Group (i) an option to acquire such interests at a fair market value to be agreed by the parties; and (ii) the first right of refusal for any business opportunity which he has acquired after the execution of the Non-Competition Deed. The independent non-executive Directors had reviewed from time to time offers provided by Mr. Zhus.

Two meetings were held in 2010, one meeting was attended by all the four independent non-executive Directors and another meeting by three independent non-executive Directors. Representative(s) from the Covenantors had also attended these two meetings. During these meetings, the independent non-executive Directors reviewed the business portfolios of the Covenantors which is deemed, have competition with the business of the Group (which is listed under the section headed "Directors' Interests in Competing Business" of this report) and noted that under the Non-Competition Deed, the Company is entitled to a subscription right to acquire such business portfolios. Full information on the status of operation or development, shareholders and financial position of each of the projects under the business portfolios was provided by the Covenantors to the independent non-executive Directors for their review and consideration.

The Covenantors have provided confirmations to the Company that they have complied with the Non-Competition Deed and provided all information necessary for the updating of the independent non-executive Directors in relation to the business portfolios and the independent non-executive Directors confirmed that the non-competition undertakings have been complied with.

Emolument Policy

The emolument policy of the Group to reward its employees is based on their performance, qualifications, competence and market comparables. Remuneration package generally comprises salary, housing allowance, contribution to pension schemes and bonuses relating to the profit of the relevant company and individual's performance. The remuneration package of the executive Directors and the senior management are also linked more to the performance of the Group and the return to its shareholders. The remuneration policy of the executive Directors is reviewed by the Remuneration Committee of the Company.

The Company has adopted a Pre-IPO Share Option Scheme and a Share Option Scheme as an incentive to Directors and eligible employees, details of the schemes are set out under the section headed "Pre-IPO Share Option Scheme" and "Share Option Scheme" in this report and in note 45 to the consolidated financial statements.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association or relevant laws of the Cayman Islands which would oblige the Company offer new Shares on a pro rata basis to the existing shareholders.

Major Customers and Suppliers

In 2010, the Group's largest supplier accounted for 17% of total purchases. The five largest suppliers accounted for 45% of the Group's total purchases, evidencing the purchasing department's commitment to ensuring that the Group is not dependent on any one supplier, and that our purchases are at fair market terms.

The Group's largest customer accounted for 14% of our revenue for the year 2010. In 2010, the Group's five largest customers accounted for 47% of our revenue. To the best knowledge of the Directors, there is no Directors or any of their associates or any shareholder who holds more than 5% of the ordinary shares of the Company has any interests in the suppliers or customers disclosed above.

Purchases, Sale or Redemption of the Company's Listed Securities

During the year, the Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company.

Related Party Transactions

Details of the related party transactions undertaken in normal course of business are set out in note 48 to the consolidated financial statements. In relation to those related party transactions that constituted connected transactions under the Listing Rules, they have complied with applicable requirements in accordance with the Listing Rules.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued Shares as required under the Listing Rules.

Auditor

The consolidated financial statements for the year ended 31 December 2010 have been audited by Messrs. Deloitte Touche Tohmatsu who will retire on conclusion of the forthcoming annual general meeting. A resolution for re-appointment of Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting.

Post Balance Sheet Events

Details of the post balance events of the Group are set out in the note 46 to the consolidated financial statements.

On behalf of the Board
Zhu Gong Shan
Chairman

Hong Kong, 17 March 2011

Deloitte.
德勤

TO THE MEMBERS OF 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)

We have audited the consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 69 to 159, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2010 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 March 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	Notes	2010 HK$000	2009 HK$000 (restated)
Revenue	8	**18,471,924**	4,943,622
Cost of sales		**(11,661,227)**	(3,453,008)
Gross profit		**6,810,697**	1,490,614
Other income	9	**575,194**	219,309
Distribution and selling expenses		**(46,346)**	(7,469)
Administrative expenses		**(996,317)**	(408,321)
Finance costs	10	**(606,427)**	(348,814)
Other expenses		**(187,455)**	(159,349)
Share of results of associates		**10,681**	9,875
Share-based payment expenses	45	**(12,658)**	(852,742)
Profit (loss) before tax		**5,547,369**	(56,897)
Income tax expense	11	**(1,159,320)**	(93,236)
Profit (loss) for the year	12	**4,388,049**	(150,133)
Other comprehensive income			
Exchange differences arising from translation to presentation currency		**536,231**	(13,344)
Total comprehensive income (expenses) for the year		**4,924,280**	(163,477)
Profit (loss) for the year attributable to:			
Owners of the Company		**4,023,577**	(199,736)
Non-controlling interests		**364,472**	49,603
		4,388,049	(150,133)
Total comprehensive income (expenses) for the year attributable to:			
Owners of the Company		**4,522,758**	(211,039)
Non-controlling interests		**401,522**	47,562
		4,924,280	(163,477)
		HK	HK
Earnings (loss) per share	15		
Basic		**26.01 cents**	(1.78 cents)
Diluted		**25.96 cents**	(1.78 cents)

Consolidated Statement of Financial Position

At 31 December 2010

	Notes	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
NON-CURRENT ASSETS				
Property, plant and equipment	16	**23,662,411**	15,573,737	5,729,472
Prepaid lease payments	17	**980,186**	740,987	208,465
Goodwill	18	**1,036,297**	545,485	—
Other intangible assets	19	**110,202**	40,786	5,715
Interests in a jointly controlled entity	20	**120,644**	—	—
Interests in associates	21	**223,958**	231,645	—
Available-for-sale investment	22	**—**	6,814	—
Deferred tax assets	23	**39,835**	9,077	7,999
Deposits for acquisitions of property, plant and equipment and prepaid lease payments		**1,444,584**	278,098	1,348,913
Pledged and restricted bank deposits	28	**90,211**	225,739	—
		27,708,328	17,652,368	7,300,564
CURRENT ASSETS				
Inventories	24	**1,646,734**	727,252	76,051
Trade and other receivables	25	**2,370,216**	1,569,473	115,643
Amounts due from related companies	26	**36,205**	14,858	35,560
Loans to related companies	27	**90,150**	79,116	300,491
Prepaid lease payments	17	**22,797**	18,924	4,236
Tax recoverable		**11,484**	1,767	—
Pledged and restricted bank deposits	28	**1,960,798**	803,712	313,733
Bank balances and cash	28	**6,505,089**	5,311,337	1,979,632
		12,643,473	8,526,439	2,825,346
CURRENT LIABILITIES				
Trade and other payables	29	**4,192,716**	2,395,549	739,651
Amounts due to related companies	30	**88,185**	139,386	3,552,528
Loan from a related company	31	**—**	56,787	—
Advances from customers	32	**988,786**	436,804	263,154
Deferred income		**41,418**	25,795	9,013
Tax payables		**567,678**	27,334	68,337
Bank borrowings — due within one year	34	**6,410,831**	5,032,745	1,112,270
Obligations under finance leases	35	**111,288**	—	—
Convertible loan notes	36	**—**	—	565,068
		12,400,902	8,114,400	6,310,021
NET CURRENT ASSETS (LIABILITIES)		**242,571**	412,039	(3,484,675)
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,950,899**	18,064,407	3,815,889

Consolidated Statement of Financial Position (continued)

At 31 December 2010

	Notes	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
NON-CURRENT LIABILITIES				
Advances from customers	32	**1,977,998**	1,906,632	1,986,321
Deferred income		**320,366**	168,855	121,446
Bank borrowings — due after one year	34	**7,379,352**	3,539,711	2,354,407
Obligations under finance leases	35	**441,475**	—	—
Convertible redeemable preferred shares	37	**—**	—	194,414
Derivative instruments		**—**	—	11,239
Deferred tax liabilities	23	**452,422**	230,964	105,933
		10,571,613	5,846,162	4,773,760
NET ASSETS (LIABILITIES)		**17,379,286**	12,218,245	(957,871)
CAPITAL AND RESERVES				
Share capital (1.1.2009: issued equity)	39	**1,547,396**	1,547,155	82
Reserves		**14,604,806**	10,068,095	(957,953)
Equity attributable to owners of the Company		**16,152,202**	11,615,250	(957,871)
Non-controlling interests		**1,227,084**	602,995	—
TOTAL EQUITY (NET DEFICIT)		**17,379,286**	12,218,245	(957,871)

The consolidated financial statements on pages 69 to 159 were approved and authorised for issue by the Board of Directors on 17 March 2011 and are signed on its behalf by:

DIRECTOR *DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to owners of the Company											
	Issued equity											
	Share capital	Other reserve	Share premium	Capital reserve	Statutory reserve fund	Special reserves	Share options reserve	Translation reserve	Accumulated profits	Sub-total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
`	(Note i)			(Note ii)	(Note iii)	(Note iv)						
At 1 January 2009 (restated)	957,280	(957,198)	–	62,470	299,431	(2,894,969)	–	(32,579)	1,607,694	(957,871)	–	(957,871)
Exchange differences arising from translation to presentation currency	–	–	–	–	–	–	–	(11,303)	–	(11,303)	(2,041)	(13,344)
(Loss) profit for the year	–	–	–	–	–	–	–	–	(199,736)	(199,736)	49,603	(150,133)
Total comprehensive (expenses) income for the year	–	–	–	–	–	–	–	(11,303)	(199,736)	(211,039)	47,562	(163,477)
Recognition of share-based payment expenses in respect of share options and restricted shares (note 45)	11,674	(11,674)	–	–	–	321,081	531,661	–	–	852,742	–	852,742
Adjustments arising from the reverse acquisition												
– deemed consideration (note 40)	102,297	3,437,191	–	–	–	–	–	–	–	3,539,488	–	3,539,488
– recognition of non-controlling interests (note 40)	–	–	–	–	–	–	–	–	–	–	555,433	555,433
– issue of shares under GCL Solar's options (note 45)	35,024	(35,024)	–	–	–	525,441	(525,441)	–	–	–	–	–
– non-share consideration paid	–	–	–	–	–	(4,262,534)	–	–	–	(4,262,534)	–	(4,262,534)
– assumption of liabilities	–	–	–	–	–	3,630,050	–	–	–	3,630,050	–	3,630,050
Transfer to reserves	–	–	–	–	104,695	–	–	–	(104,695)	–	–	–
Issue of new shares by placing	440,816	–	8,801,796	–	–	–	–	–	–	9,242,612	–	9,242,612
Exercise of share options	64	(117)	431	–	–	–	–	–	–	378	–	378
Transaction costs attributable to issue of shares	–	–	(218,576)	–	–	–	–	–	–	(218,576)	–	(218,576)
At 31 December 2009 and 1 January 2010 (restated)	1,547,155	2,433,178	8,583,651	62,470	404,126	(2,680,931)	6,220	(43,882)	1,303,263	11,615,250	602,995	12,218,245
Exchange differences arising from translation to presentation currency	–	–	–	–	–	–	–	499,181	–	499,181	37,050	536,231
Profit for the year	–	–	–	–	–	–	–	–	4,023,577	4,023,577	364,472	4,388,049
Total comprehensive income for the year	–	–	–	–	–	–	–	499,181	4,023,577	4,522,758	401,522	4,924,280
Recognition of share-based payment expenses in respect of share options (note 45)	–	–	–	–	–	–	12,658	–	–	12,658	–	12,658
Konca Solar Acquisition (note 40)	–	–	–	–	–	–	–	–	–	–	220,502	220,502
Contribution from non-controlling interest	–	–	–	–	–	–	–	–	–	–	104,625	104,625
Dividend declared to non-controlling interest	–	–	–	–	–	–	–	–	–	–	(102,560)	(102,560)
Transfer to reserves	–	–	–	–	494,410	–	–	–	(494,410)	–	–	–
Exercise of share options	241	(564)	1,859	–	–	–	–	–	–	1,536	–	1,536
At 31 December 2010	1,547,396	2,432,614	8,585,510	62,470	898,536	(2,680,931)	18,878	455,299	4,832,430	16,152,202	1,227,084	17,379,286

Notes:

(i) Issued equity represents the issued equity instruments of the Solar Group before the Acquisition and, in the case of after the Acquisition, plus the deemed consideration for the Acquisition, represented by the fair value of the Company's shares immediately prior to the Acquisition. The share capital before the completion of the Acquisition reflects the issued share capital of the Solar Group adjusted for the exchange ratio set out in the acquisition agreements.

(ii) Capital reserve represents the aggregate amounts of contribution from immediately holding company of GCL Solar of RMB116,337,000 (equivalent to HK$117,070,000) and the 500,000 ordinary shares of GCL Solar repurchased for a consideration of US$7,000,000 (equivalent to HK$54,600,000) and cancelled.

(iii) Pursuant to the relevant laws in the PRC, each of the subsidiaries established in the PRC is required to transfer 5%–10% (2009: 5%–10%) of its profit after tax as per statutory financial statements (as determined by the management of the subsidiary) to the reserve fund (including the general reserve fund and enterprise development fund where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the subsidiary. The enterprise development fund can only be used for development and is not available for distribution to shareholder.

(iv) Special reserves relate to the reverse acquisition and the balance as at 1 January 2009 represents the difference between the consideration amounting to RMB3,088,827,000 (equivalent to HK$3,447,896,000) to acquire 30% of Jiangsu Zhongneng and 30% of Taixing Zhongneng and the carrying amounts of net assets acquired amounting to RMB495,344,000 (equivalent to HK$552,927,000).

Unless otherwise defined, capitalised terms used herein shall have the same meanings when used in the notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	2010 HK$000	2009 HK$000 (restated)
OPERATING ACTIVITIES		
Profit (loss) before tax	**5,547,369**	(56,897)
Adjustments for:		
Finance costs	**606,427**	348,814
Interest income	**(45,466)**	(38,697)
Depreciation of property, plant and equipment	**1,264,778**	393,967
Amortisation of prepaid lease payments	**19,924**	9,647
Amortisation of deferred income	**(40,288)**	(116,833)
Amortisation of other intangible assets	**66,086**	351
Loss on disposal of property, plant and equipment	**5,354**	1,080
Waiver of other payables	**(30,878)**	(8,630)
Share-based payment expenses	**12,658**	852,742
Share of results of associates	**(10,681)**	(9,875)
Impairment loss on available-for-sale investment	**6,886**	2,305
Gain on disposal of prepaid lease payments	**(1,310)**	—
Allowance for trade and other receivables	**759**	12,391
Exchange gain related to convertible loan notes	**—**	347
Exchange gain related to retranslation of monetary liabilities	**—**	(1,707)
Change in fair value of convertible loan notes	**—**	36,718
Change in fair value of convertible redeemable preferred shares	**—**	8,320
Change in fair value of derivative instruments	**—**	(11,250)
Impairment loss on goodwill	**—**	108,894
Operating cash flows before movements in working capital	**7,401,618**	1,531,687
Increase in inventories	**(760,724)**	(364,885)
Increase in trade and other receivables	**(367,310)**	(779,315)
Increase (decrease) in trade and other payables	**1,469,774**	(237,352)
(Decrease) increase in amounts due to related companies	**(115,875)**	74,021
Increase in advances from customers	**522,141**	90,298
Increase in deferred income	**196,910**	180,775
(Increase) decrease in amounts due from related companies	**(22)**	3,578
Cash generated from operations	**8,346,512**	498,807
Income taxes paid	**(512,371)**	(146,869)
NET CASH FROM OPERATING ACTIVITIES	**7,834,141**	351,938

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2010

	Note	2010 HK$'000	2009 HK$'000 (restated)
INVESTING ACTIVITIES			
Advances to related companies		**(95,391)**	(17,197)
Purchase of property, plant and equipment		**(7,662,615)**	(2,411,530)
Deposits paid for acquisitions of property, plant and equipment and prepaid lease payments		**(1,410,795)**	—
Acquisition of subsidiaries	40	**(703,364)**	921,961
Interest received		**45,117**	33,756
Increase in pledged and restricted bank deposits		**(807,337)**	(207,484)
Addition of prepaid lease payments		**(213,720)**	(83,272)
Capital contribution in jointly controlled entity		**(120,644)**	—
Repayment from related companies		**79,949**	306,026
Decrease (increase) in entrusted loan receivables		**88,373**	(102,150)
Proceeds from disposal of property, plant and equipment		**13,989**	2,306
Proceeds from disposal of prepaid lease payments		**2,025**	—
Purchase of other intangible assets		**(6,274)**	—
Dividend received from associates		**13,071**	—
NET CASH USED IN INVESTING ACTIVITIES		**(10,777,616)**	(1,557,584)
FINANCING ACTIVITIES			
Interest paid		**(600,785)**	(234,364)
New bank loans raised		**14,214,479**	6,233,758
Repayment of bank borrowings		**(10,069,672)**	(5,600,609)
Dividend paid to non-controlling interests		**(93,436)**	(29,794)
Advances from related companies		**3,437**	56,750
Contribution from non-controlling interests		**104,625**	—
Proceeds from obligations under finance leases		**511,141**	—
Repayment to related companies		**(137,724)**	(110,491)
Exercise of share options		**1,536**	378
Interest paid on convertible loan notes		**—**	(20,535)
Redemption of secured notes		**—**	(2,712,522)
Repayment of convertible loan notes		**—**	(581,598)
Proceeds from issue of shares		**—**	9,242,612
Non-share consideration paid to shareholders		**—**	(1,550,012)
Share issue expenses paid		**—**	(156,622)
NET CASH FROM FINANCING ACTIVITIES		**3,933,601**	4,536,951
NET INCREASE IN CASH AND CASH EQUIVALENTS		**990,126**	3,331,305
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**5,311,337**	1,979,632
Effect of foreign exchange rate change		**203,626**	400
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**6,505,089**	5,311,337

1. General Information

GCL-Poly Energy Holdings Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands on 12 July 2006 under the Companies Law, Cap 22 of the Cayman Islands. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 November 2007. The address of the registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is at Unit 1703–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company collectively the "Group"), associates and a jointly controlled entity are manufacture of polysilicon and related products to companies operating in the solar industry as well as the development, management and operation of power generation plant and trading of coal in the People's Republic of China (the "PRC").

Change of presentation currency

The functional currency of the Company is Renminbi ("RMB") as the principal operations of the Group are carried out in the PRC in which those transactions are predominantly denominated in RMB. In prior years, the consolidated financial statements of the Group were prepared using RMB as the presentation currency. During the year, the directors of the Company considered it is more appropriate to use Hong Kong dollars ("HK$") as the presentation currency of the consolidated financial statements because the Company is listed on the Stock Exchange in Hong Kong. The assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. As a result, the comparative figures have been restated to HK$ and resulted in accumulated translation loss of HK$32,579,000, recognised in equity (translation reserve) as at 1 January 2009 and translation gain of HK$499,181,000 recognised in the other comprehensive income for the year ended 31 December 2010 (2009: translation loss of HK$11,303,000).

2. Basis of Preparation of Consolidated Financial Statements

On 31 July 2009, the Company completed the acquisition of 100% of the equity interest in 江蘇中能硅業科技發展有限公司 Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. ("Jiangsu Zhongneng") through the acquisitions of 100% of the issued share capital and entire preference shares of GCL Solar Energy Technology Holdings Inc. ("GCL Solar") and 100% of the issued share capital of Sun Wave Group Limited ("Sun Wave") and Greatest Joy International Limited ("Greatest Joy") (collectively, the "Solar Group") (the "Acquisition"). Under International Financial Reporting Standard ("IFRS") 3, Business Combinations, as the Acquisition resulted in the selling shareholders of the Solar Group becoming, as a group, the controlling shareholders of the Company, the Acquisition was accounted for as a reverse acquisition. For accounting purpose, the Solar Group was the accounting acquirer and the Company (the accounting acquiree) was deemed to have been acquired by the Solar Group.

2. Basis of Preparation of Consolidated Financial Statements *(continued)*

As described in the Company's annual consolidated financial statements for the year ended 31 December 2009, the consolidated financial statements had been prepared as a continuation of the Solar Group, with adjustments to the equity structure of the Company using the exchange ratio established in the acquisition agreements to reflect the number of shares of the Company issued under the acquisition agreements.

Details of the deemed cost of the reverse acquisition and the fair values of assets, liabilities and contingent liabilities of the Company and its subsidiaries immediately prior to the Acquisition (the "Power Group") under the reverse acquisition are set out in note 40.

3. Application of New and Revised International Financial Reporting Standards

New and revised Standards and Interpretations applied in the current year

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised IFRSs") issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

IFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
IFRS 3 (as revised in 2008)	Business Combinations
IAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
IAS 39 (Amendments)	Eligible Hedged Items
IFRSs (Amendments)	Improvements to IFRSs issued in 2009
IFRSs (Amendments)	Amendments to IFRS 5 as part of Improvements to IFRSs issued in 2008
IFRIC-Int 17	Distributions of Non-cash Assets to Owners

Except as described below, the application of the new and revised IFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and disclosures set out in these consolidated financial statements.

IFRS 3 (as revised in 2008) "Business Combinations"

IFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for the acquisition of 70.19% of the equity interest in Konca Solar Cell Co., Ltd. ("Konca Solar"), a joint stock limited liability company incorporated in the PRC during the current year.

3. Application of New and Revised International Financial Reporting Standards *(continued)*

IFRS 3 (as revised in 2008) "Business Combinations" *(continued)*

The impact of adoption of IFRS 3 (as revised in 2008) has been:

- IFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as "minority interests") either at fair value or at the non-controlling interest's share of recognised identifiable net assets of the acquiree. In the current year, in accounting for the acquisition of 70.19% of the equity interest in Konca Solar (the "Konca Solar Acquisition"), the Group has elected to measure the non-controlling interests at the proportionate share of net identifiable assets of the acquiree. Consequently, the goodwill recognised in respect of that acquisition reflects the impact of the excess of the consideration over the Group's share of the fair value of the identifiable net assets of the acquiree acquired;

  - IFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

  - IFRS 3 (as revised in 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

  - IFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination. As a result, the Group has recognised approximately HK$2,853,000 of such costs as an expense in profit or loss included in administrative expenses for current year and approximately HK$6,000,000 for the year ended 31 December 2009 respectively, whereas previously they were accounted for as part of the cost of the acquisition.

  - The effect of the change in this accounting policy on the Group's basic and diluted earnings per share for the current and prior years is insignificant.

3. Application of New and Revised International Financial Reporting Standards *(continued)*

IAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of IAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss. In prior years, in the absence of specific requirements in IFRSs, on the disposal of a controlling interest of a subsidiary, any difference between the consideration received and the proportion of the carrying amount of the Group's interest in that subsidiary being disposed of is recognised in profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

The revised standard is expected to affect the accounting for changes in ownership interests in future accounting periods.

Amendments to IAS 17 Leases

As part of Improvements to IFRSs issued in 2009, IAS 17 *Leases* has been amended in relation to the classification of leasehold land. Before the amendments to IAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to IAS 17 have removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in IAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to IAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. The application of the amendments to IAS 17 has had no impact on the consolidated financial statements of the Group.

3. Application of New and Revised International Financial Reporting Standards *(continued)*

New and revised standards and interpretations issued but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRSs (Amendments)	Improvements to IFRSs issued in 2010[1]
IFRS 7 (Amendments)	Disclosures: Transfers of Financial Assets[3]
IFRS 9	Financial Instruments[4]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
IAS 24 (as revised in 2009)	Related Party Disclosures[6]
IAS 32 (Amendments)	Classification of Rights Issues[7]
IFRIC-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
IFRIC-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 July 2011.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 February 2010.

IFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under IFRS 9, all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

3. Application of New and Revised International Financial Reporting Standards *(continued)*

New and revised standards and interpretations issued but not yet effective *(continued)*

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 and that the application of the new standard may not have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2010.

The directors of the Company anticipate that the application of other new and revised IFRSs will have no material impact on the results and the financial position of the Group.

4. Significant Accounting Policies

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation (other than the reverse acquisition set out in note 2)

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

4. Significant Accounting Policies *(continued)*

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

Business combinations that took place on or after 1 January 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits,* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another standard.

4. Significant Accounting Policies *(continued)*

Business combinations *(continued)*

Business combinations that took place prior to 1 January 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the non-controlling interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently and whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

4. Significant Accounting Policies *(continued)*

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

4. Significant Accounting Policies *(continued)*

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sales of electricity is recognised when electricity has been delivered on grid and is measured based on the tariff rates determined by the relevant local government authority.

Revenue from the sales of steam is recognised when steam has been delivered and is measured at prices specified under the terms of the relevant contracts.

Sales of goods and scrap materials are recognised when the goods are delivered and title has passed. Sales agreements typically do not contain product warranties except for return and replacement of defective products within 30 days from delivery. Sales agreements do not contain any post-shipment obligations or any other return or credit provisions.

Consultancy fee, management fee and waste processing management fee income are recognised when the services are provided.

4. Significant Accounting Policies *(continued)*

Revenue recognition *(continued)*

Connection fee income in relation to transmission of steam is recognised on a straight-line basis over the period of expected lives of steam transmission services with reference to the terms of the operating licence of the relevant entities.

Dividend income from investments is recognised when the shareholders' rights to receive payments have been established.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administration purposes (other than properties under construction as described below) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4. Significant Accounting Policies *(continued)*

Property, plant and equipment *(continued)*

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Prepaid lease payments

Payments for obtaining land use rights are accounted for as prepaid lease payments and are charged to profit or loss on a straight-line basis over the lease terms as stated in the relevant land use right certificates granted for usage by the Group in the PRC and the remaining terms of the operating licence of the PRC entities, whichever is the shorter. Prepaid lease payments which are to be charged to profit or loss in the next twelve months are classified as current assets.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group’s general policy on borrowing costs.

Operating lease payments are recognised as expense on a straight-line basis over the lease term.

4. Significant Accounting Policies *(continued)*

Leasing *(continued)*

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Sale and leaseback resulting in a finance lease

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is not immediately recognised as income by the Group. Instead, it is deferred and amortised over the lease term. If the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, no adjustment is necessary unless there has been an impairment in value, in which case the carrying amount is reduced to recoverable amount.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Translation of functional currency to presentation currency

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

4. Significant Accounting Policies *(continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered services entitling them to the contributions.

Intangible assets

Intangible assets acquired separately
Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

An internally-generated intangible asset arising from development activities is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

4. Significant Accounting Policies *(continued)*

Intangible assets *(continued)*

Research and development expenditure *(continued)*
The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. Significant Accounting Policies *(continued)*

Taxation *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related companies, loans to related companies, pledged and restricted bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the categories of financial assets set out above.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit and loss ("FVTPL") and other financial liabilities.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis other than financial liability classified as FVTPL, of which the interest expense is included in change in fair value of financial liabilities classified as FVTPL.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL comprise convertible loan notes, convertible redeemable preferred shares and derivative instruments.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise.

Other financial liabilities

Financial liabilities including trade and other payables, loan from a related company, amounts due to related companies, obligations under finance leases and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Convertible loan notes

The convertible loan notes consist of liability component, conversion option and other embedded derivatives (including early redemption option and strike price adjustment derivatives (see note 36 for details) which are not closely related to the host liability contract. Conversion options that will not be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the issuer's own equity instruments are not equity instruments and are considered as embedded derivatives not closely related to the host contract (the liability component).

The Group has elected to designate its convertible loan notes with embedded derivatives as financial liabilities at FVTPL on initial recognition as the convertible loan notes contain one or more embedded derivatives. Subsequent to initial recognition, the convertible loan notes are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The change in fair value recognised in profit or loss includes any interest paid for the convertible loan notes.

Transaction costs that are directly attributable to the issue of the convertible loan notes designated as financial liabilities at FVTPL are recognised immediately in profit or loss.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Convertible redeemable preferred shares

Convertible redeemable preferred shares that are redeemable and convertible to ordinary shares of the issuer at the option of the holder are accounted for in the same manner as convertible loan notes. The conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the issuer's own equity instruments are considered as embedded derivatives not closely related to the host contract.

The Group has elected to designate its convertible redeemable preferred shares with embedded derivatives as financial liabilities at FVTPL on initial recognition as the convertible redeemable preferred shares contain one or more embedded derivatives. Subsequent to initial recognition, the entire convertible loan notes are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Derivative instruments

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Equity instrument

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Transaction costs of equity transaction

The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 *Revenue*.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

The settlement of the share options is accounted for as an acceleration of vesting. The amount that would otherwise have been recognised for service received over the remainder of the vesting period is therefore recognised immediately.

Restricted Shares

Share-based compensation expense related to restricted shares issued pursuant to the issuer's restricted share compensation plan is generally determined based on the closing price of the shares issued on the business day immediately prior to the date of grant. Subsequent to the date of grant, compensation expense is amortised to profit or loss over the corresponding vesting period, if any.

4. Significant Accounting Policies *(continued)*

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. In addition, intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

5. Key Sources of Estimation Uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than previously estimated, a material impairment loss may arise. As at 31 December 2010, the carrying amount of goodwill is HK$1,036,297,000 (31.12.2009: HK$545,485,000), net of accumulated impairment loss of HK$112,750,000 (31.12.2009: HK$108,966,000). Details of the recoverable amount calculation are disclosed in note 18.

Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are expected to be shorter than previously estimated, or it will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold. As at 31 December 2010, the carrying amount of property, plant and equipment is HK$23,662,411,000 (31.12.2009: HK$15,573,737,000).

5. Key Sources of Estimation Uncertainty *(continued)*

Estimated impairment of trade and other receivables

Where there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2010, the carrying amount of trade and other receivables is HK$2,370,216,000 (2009: HK$1,569,473,000), net of allowance for doubtful debts of HK$11,281,000 (2009: HK$12,399,000).

6. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which mainly includes loan from a related company, bank borrowings, obligations under finance leases, convertible loan notes and convertible redeemable preferred shares disclosed in notes 31, 34, 35, 36 and 37, respectively, and equity attributable to owners of the company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a periodical basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendation of the directors, the Group will balance its overall capital structure through the issues of new shares, new debts or the redemption of existing debt.

7. Financial Instruments

7a. Categories of financial instruments

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Financial assets			
Loans and receivables (including cash and cash equivalents)	**10,282,629**	7,857,293	2,729,458
Available-for-sale investment, at cost	**—**	6,814	—
Financial liabilities			
Amortised cost	**18,339,618**	11,017,431	9,717,215
FVTPL			
Convertible loan notes	**—**	—	565,068
Convertible redeemable preferred shares	**—**	—	194,414
Derivative instruments	**—**	—	11,239

7b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from related companies, loans to related companies, pledged and restricted bank deposits, bank balances, available-for-sale investment, trade and other payables, loan from a related company, amounts due to related companies, bank borrowings, obligations under finance leases, convertible loan notes, convertible redeemable preferred shares and derivative instruments. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group's exposure to foreign currency risk arose from certain bank balances, amounts due to related companies, trade receivables, convertible loan notes, convertible redeemable preferred shares and derivative instruments of the Group that are denominated in foreign currencies. The Group currently does not have a currency risk hedging policy. However, the management monitors foreign currency risk exposure by closely monitoring the movement of foreign currency rate and considers hedging against it should the need arises.

7. Financial Instruments *(continued)*

7b. Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Currency risk *(continued)*

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2010	2009	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000
		(restated)		(restated)
Euro ("EUR")	**49,147**	57,879	**26,294**	—
Hong Kong dollar ("HK$")	**419,614**	3,098,862	**7,552**	35,414
United States dollar ("US$")	**1,348,596**	727,283	**2,760,346**	232,653
Japanese Yen ("JPY")	**11,494**	8,748	**1,423**	—
Swiss Franc ("CHF")	**78,447**	—	**13,966**	—

The foreign currency assets in 2010 mainly relates to the US$ trade and other receivables and bank deposits as set out in notes 25 and 28. For 2009, foreign currency assets mainly relates to the HK$ bank deposits arising from the placing of new shares.

The foreign currency liabilities in 2010 mainly relates to the US$ bank borrowings as set out in note 34. For 2009, foreign currency liabilities mainly relates to the US$ and HK$ amounts due to shareholders.

Sensitivity analysis

The sensitivity analysis details the Group's sensitivity to a 5% (2009: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2009: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2009: 5%) change in foreign currency rates. A positive number below indicates an increase in profit (2009: a decrease in loss) for the year where RMB had strengthened 5% against the relevant currency. A negative number below indicates a decrease in profit (2009: an increase in loss) for the year when RMB strengthen 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit for the year (2009: loss for the year).

	EUR	HK$	US$	JPY	CHF
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2010					
(Decrease) increase in profit for the year	**(857)**	**(15,452)**	**52,941**	**(378)**	**(2,418)**
2009					
Increase in loss for the year	(2,315)	(122,538)	(19,785)	(350)	—

7. Financial Instruments *(continued)*

7b. Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Currency risk *(continued)*

Sensitivity analysis (continued)

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate and interest-bearing loans to (from) related companies, pledged and restricted bank deposits, bank borrowings and obligations under finance leases (see notes 27, 28, 31, 34 and 35 for details of loans to related companies, pledged and restricted bank deposits, loan from a related company, bank borrowings and obligations under finance leases, respectively). The Group currently has not entered into interest rate swaps to hedge against its exposure to changes in fair values of the loans to (from) related companies, pledged and restricted bank deposits, bank borrowings and obligations under finance leases.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate pledged and restricted bank deposits, bank balances and bank borrowings (see notes 28 and 34 for details of pledged and restricted bank deposits, bank balances and bank borrowings, respectively). It is the Group's policy to keep its borrowing at floating rate of interests so as to minimise the fair value interest rate risk.

It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk. The Group's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The following sensitivity analysis is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Variable-rate borrowing

If interest rates had been 50 basis points higher/lower on London Interbank Offer Rate ("LIBOR") and lending benchmark interest rate stipulated by the People's Bank of China ("Benchmark Rate") and all other variables were held constant, the Group's loss for the year ended 31 December 2009 would increase/decrease by approximately HK$931,000 and HK$25,714,000 respectively; and the Group's profit for the year ended 31 December 2010 would decrease/increase by approximately HK$7,495,000 and HK$31,684,000 respectively. This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

7. Financial Instruments *(continued)*

7b. Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Interest rate risk *(continued)*

Variable-rate bank balance

If interest rate had been 20 basis point higher/lower and all other variable were held constant, the Group's loss for the year ended 31 December 2009 would decrease/increase by approximately HK$4,669,000; and the Group's profit for the year ended 31 December 2010 would increase/decrease by approximately HK$8,779,000.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable-rate borrowings.

Credit risk

As at 31 December 2010, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 43.

In order to minimise 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. 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 terms are mainly granted to customers in the PRC which were secured by letters of credit issued by banks and with good credit quality customers. The management of the Group also has monitoring procedures to ensure the follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of its financial assets including trade and other receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Credit risk on sales of electricity is concentrated on a limited number of the local electric power bureaus. However, the management considers that the local electric power bureaus are state-owned and have strong financial ability and good creditability and accordingly, there is no significant credit risk on respective sales.

Credit risk on sales of steam and coal is dispersed since the customers are large in number and spread across different industries. Accordingly, the Group has no significant concentration of such credit risk.

7. Financial Instruments *(continued)*

7b. Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

Credit risk on sales of polysilcon and wafer products is not significant as the Group generally requires deposits received from customers before delivery of goods and the major customers are large-scale listed entities with good repayment history.

Credit risk on pledged and restricted bank deposits and bank balances is limited because the counterparties are reputable banks in the PRC and Hong Kong.

The Group has concentration of credit risk on loan to an associate amounting to HK$90,150,000 (2009: loan to a related company amounting to HK$79,116,000). Credit risk is considered as limited because the associates are with positive operating results/cash flows.

Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings to ensure unutilised banking facilities are adequate.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest risk tables

	Weighted average interest rate %	On demand and less than 3 months HK$'000	3 months to 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2010								
Trade and other payables	–	3,585,502	322,985	–	–	–	3,908,487	3,908,487
Amounts due to related companies	–	88,185	–	–	–	–	88,185	88,185
Borrowings								
– fixed-rate	5.20	1,538,107	1,792,771	41,351	54,274	–	3,426,503	3,342,391
– variable-rate	5.19	819,878	2,767,441	2,200,132	5,196,101	713,942	11,697,494	10,447,792
Financial guarantee contracts	–	17,628	–	–	–	–	17,628	–
Obligations under finance leases	6.55	33,800	104,419	131,070	361,324	–	630,613	552,763
		6,083,100	4,987,616	2,372,553	5,611,699	713,942	19,768,910	18,339,618

7. Financial Instruments *(continued)*

7b. Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

Liquidity and interest risk tables *(continued)*

	Weighted average interest rate %	On demand and less than 3 months HK$'000	3 months to 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2009 (restated)								
Trade and other payables	–	2,191,922	56,880	–	–	–	2,248,802	2,248,802
Amounts due to related companies	–	139,386	–	–	–	–	139,386	139,386
Loan from a related company	5.84	57,063	–	–	–	–	57,063	56,787
Borrowings								
– fixed-rate	4.90	458,428	1,036,251	141,008	222,075	223,566	2,081,328	1,911,265
– variable-rate	5.98	303,453	3,572,705	1,846,713	1,020,099	499,764	7,242,734	6,661,191
Financial guarantee contracts	–	36,344	–	–	–	–	36,344	–
		3,186,596	4,665,836	1,987,721	1,242,174	723,330	11,805,657	11,017,431

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable-rate borrowings is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

7. Financial Instruments *(continued)*

7c. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of derivative instruments was calculated using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contract;

- the fair values of convertible loan notes and convertible redeemable preferred shares were calculated using discounted cash flow analysis using the applicable yield curve for the duration of the instruments for debt instruments, and using option pricing models for other optional derivatives; and

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

8. Segment Information

The Group is organised on the basis of the type of goods or services delivered or provided. Information reported to the Board of Directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group has internal reports about the solar business and power business that are regularly reviewed by the Board of Directors of the Company and accordingly, they are considered as two separate operating segments.

Specifically, the Group's operating segments under IFRS 8 are as follows:

(a) Solar business — manufacture and sale of polysilicon and wafer to companies operating in the solar industry.

(b) Power business — development, construction, management and operation of power plants and sales of coals. Power plants include coal fuelled cogeneration plants, resources comprehensive utilisation cogeneration plants, gas fuelled cogeneration plants, biomass fuelled cogeneration plants, an incineration plant, a wind power plant and a solar farm.

8. Segment Information *(continued)*

Segment revenue and results

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

For the year ended 31 December 2010

	Solar business HK$'000	Power business HK$'000	Total HK$'000
Revenue			
— external customer	14,043,285	4,428,639	18,471,924
Segment profit	4,213,502	276,344	4,489,846
Unallocated income			5,009
Unallocated expense			(25,572)
Fair value adjustment arising from acquisition (Note)			(68,576)
Share-based payment expenses			(12,658)
Profit for the year			4,388,049

For the year ended 31 December 2009 (restated)

	Solar business HK$'000	Power business HK$'000	Total HK$'000
Revenue			
— external customer	3,177,327	1,766,295	4,943,622
Segment profit	671,498	204,380	875,878
Unallocated income			1,251
Unallocated expense			(58,063)
Fair value adjustment arising from acquisition (Note)			(7,563)
Impairment loss on goodwill			(108,894)
Share-based payment expenses			(852,742)
Loss for the year			(150,133)

Note: The effect arising from the fair value adjustment arising from acquisition is related to the assets of the Power Group and Konca Solar acquired in 2009 and 2010 which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets. The Acquisition and Konca Solar Acquisition set out in note 40.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4.

8. Segment Information *(continued)*

Segment revenue and results *(continued)*

Segment profit represents the profit earned by each segment excluding the effect arising from the fair value adjustments in relation to the assets of the Power Group and Konca Solar, impairment of goodwill and share option expenses incurred by the Group. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment starting from 1 January 2010.

The measurement basis for segment profit is consistent with 2009, except that during the current year, the management has allocated the corporate expenses incurred and management fee income and consultancy fee income earned by the Group's management companies and investment holding companies to the two operating segments provided that such expenses and income are specifically incurred and earned by the respective operating segments.

Segment assets and liabilities

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

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)
Segment assets		
Solar business	**29,958,527**	13,896,203
Power business	**8,346,608**	8,099,568
Total segment assets (Note)	**38,305,135**	21,995,771
Fair value adjustments	**489,457**	412,400
Goodwill	**1,036,297**	545,485
Unallocated bank balances and cash	**509,628**	3,221,302
Unallocated corporate assets	**11,284**	3,849
Consolidated total assets	**40,351,801**	26,178,807

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)
Segment liabilities		
Solar business	**18,467,758**	9,007,528
Power business	**4,365,873**	4,729,111
Total segment liabilities (Note)	**22,833,631**	13,736,639
Fair value adjustments	**120,478**	101,965
Unallocated corporate liabilities	**18,406**	121,958
Consolidated total liabilities	**22,972,515**	13,960,562

Note: Segment assets and segment liabilities are based on the carrying amounts reported in the group entities' financial statements before the fair value adjustments identified upon the Acquisition of Power Group and the Konca Solar Acquisition set out in note 40.

8. Segment Information *(continued)*

Segment assets and liabilities *(continued)*

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

- All assets are allocated to operating segments other than goodwill and corporate assets of the management companies and investment holdings companies; and
- All liabilities are allocated to operating segments other than corporate liabilities of the management companies and investment holdings companies.

Other segment information

2010

	Solar business HK$'000	Power business HK$'000	Adjustment HK$'000 (Note)	Total HK$'000
Amount included in the measure of segment profit or loss or segment assets:				
Addition to property, plant and equipment, prepaid lease payments and other intangible assets				
— arising from acquisition of subsidiaries	788,775	—	145,962	934,737
— other additions	7,829,140	141,404	—	7,970,544
Depreciation of property, plant and equipment	(920,417)	(342,386)	(1,975)	(1,264,778)
Amortisation of prepaid lease payments	(8,285)	(11,639)	—	(19,924)
Amortisation of other intangible assets	(1,368)	(852)	(63,866)	(66,086)
Loss on disposal of property, plant and equipment	(509)	(4,845)	—	(5,354)
Allowance for trade and other receivables	—	(759)	—	(759)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets and liabilities:				
Impairment loss on available-for-sale investment	—	6,886	—	6,886

8. Segment Information *(continued)*

Other segment information *(continued)*

2009

	Solar business HK$'000	Power business HK$'000	Adjustment HK$'000 (Note)	Total HK$'000 (restated)
Amount included in the measure of segment profit or loss or segment assets:				
Addition to property, plant and equipment, prepaid lease payments and other intangible assets				
— arising from acquisition of subsidiaries	—	5,861,777	413,945	6,275,722
— other additions	4,453,914	175,785	—	4,629,699
Depreciation of property, plant and equipment	(275,907)	(114,935)	(3,125)	(393,967)
Amortisation of prepaid lease payments	(4,349)	(2,064)	(3,234)	(9,647)
Amortisation of other intangible assets	—	(351)	—	(351)
Loss on disposal of property, plant and equipment	—	(1,080)	—	(1,080)
Allowance for trade and other receivables	(11,280)	(1,111)	—	(12,391)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets and liabilities:				
Impairment loss on goodwill	—	108,894	—	108,894
Impairment loss on available-for-sale investment	—	2,305	—	2,305

Note: The adjustment represents the fair value adjustments on assets and liabilities identified upon the Konca Solar Acquisition and Acquisition set out in note 40.

Revenue from major products

An analysis of the Group's revenue for the year is as follows:

	2010 HK$'000	2009 HK$'000 (restated)
Sales of wafer	**9,181,692**	297,679
Sales of polysilicon	**4,293,233**	2,879,648
Sales of electricity	**2,673,061**	1,113,789
Sales of steam	**1,397,254**	476,495
Sales of coal	**358,324**	176,011
Others	**568,360**	—
	18,471,924	4,943,622

8. Segment Information *(continued)*

Geographical information

The Group's operations are located in the PRC and the United States of America.

The Group's revenue from external customers by location of the operation and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets		
	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
The PRC	**18,471,924**	4,943,622	**27,442,218**	17,401,818	7,292,565
United States of America	**—**	—	**133,084**	999	—
Hong Kong	**—**	—	**2,980**	7,921	—
	18,471,924	4,943,622	**27,578,282**	17,410,738	7,292,565

Note: Non-current assets excluded deferred tax assets and financial instruments.

Information about major customers

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

	2010 HK$'000	2009 HK$'000 (restated)
Customer A[1]	**2,673,061**	1,113,789
Customer B[2]	**2,092,443**	878,848
Customer C[2]	**1,889,534**	537,329

1 Revenue from power business.
2 Revenue from solar business.

9. Other Income

	2010 HK$'000	2009 HK$'000 (restated)
Government grants (note 33)	**288,668**	106,202
Consultancy fee income	**65,012**	12,411
Sales of scrap materials	**61,390**	11,498
Bank interest income	**43,346**	22,885
Waiver of other payables	**30,878**	8,630
Waste processing management fee	**27,835**	10,631
Management fee income	**15,425**	3,435
Interest income from related companies	**2,120**	15,812
Amortisation of connection fee income	**1,881**	7,343
Exchange gain, net	**—**	6,108
Others	**38,639**	14,354
	575,194	219,309

10. Finance Costs

	2010 HK$'000	2009 HK$'000 (restated)
Interest on:		
Bank loans		
— wholly repayable within five years	**610,201**	353,457
— not wholly repayable within five years	**43,258**	17,776
Loans from related companies	**11,412**	1,328
Secured notes and discounted bills	**16,044**	21,917
Upfront fees (Note a)	**22,307**	136,962
Total borrowing costs	**703,222**	531,440
Less: Interest capitalised (Note b)	**(96,795)**	(182,626)
	606,427	348,814

Notes:

(a) For the year ended 31 December 2009, the upfront fees included US$17,100,000 (approximately HK$132,707,000) paid in respect of the three-year term loan of US$300,000,000 issued in July 2009. After the completion of the subscription of new shares, the Group early repaid the said bank loan on 30 December 2009 and all related deferred finance costs were fully expensed.

(b) Borrowing cost capitalised during the year arose on the general borrowings pool and are calculated by applying a capitalisation rate of 5.56% (2009: 5.82%) per annum to expenditure on qualifying assets.

11. Income Tax Expense

	2010 HK$'000	2009 HK$'000 (restated)
PRC Enterprise Income Tax ("EIT")		
Current tax	**990,664**	24,957
Overprovision in prior years	**(16,715)**	—
	973,949	24,957
PRC dividend withholding tax	**40,998**	65,684
Deferred tax (note 23)	**144,373**	2,595
	1,159,320	93,236

The income tax expense 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 People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% from 1 January 2008 onwards, except for those subsidiaries described below.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries are exempted from PRC EIT for two years starting from their first profit making year, followed by a 50% reduction for the next three years ended. The 50% exemption period will end on 31 December 2012.

According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa [2007] No.39), certain Group entities that previously enjoyed tax incentive rate of 15% would have their applicable tax rate progressively increased to 25% over a five-year transitional period. The tax exemption and deduction from EIT for these entities are still applicable until the end of the five-year transitional period under the EIT Law based on the revised income tax rate.

In addition, certain PRC subsidiaries were granted income tax deduction for procuring domestic plant and machinery manufactured in the PRC.

The subsidiaries in jurisdictions other than the PRC and Hong Kong have no assessable profits for the year. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2010. No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profit arising in Hong Kong for the year ended 31 December 2009.

The Group's subsidiaries that are tax resident in the PRC are subject to the PRC dividend withholding tax of 5% or 10% for those non-PRC resident immediate holding company 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. Accordingly, a provision for deferred taxation in respect of withholding tax on undistributed earnings of HK$185,210,000 has been recognised for the year ended 31 December 2010 (2009: HK$4,900,000).

11. Income Tax Expense *(continued)*

The income tax expense for the year can be reconciled to the profit (loss) before tax as follows:

	2010 HK$'000	2009 HK$'000 (restated)
Profit (loss) before tax	**5,547,369**	(56,897)
Tax at PRC EIT rate of 25%	**1,386,842**	(14,224)
Tax effect of non-deductible share-based payment expenses	**3,165**	213,185
Tax effect of other expenses not deductible for tax purpose	**89,037**	51,584
Tax effect of income not taxable for tax purpose	**(12,448)**	(4,050)
Tax effect of impairment loss on goodwill	**—**	27,223
Tax effect of share of results of associates	**(2,670)**	(2,469)
Additional tax deduction for procuring domestic plant and machinery in PRC	**(15,891)**	(6,369)
Effect of tax exemption and tax concessions	**(496,079)**	(238,167)
Effect of different tax rates of group companies	**(3,266)**	—
Utilisation of deductible temporary difference previously not recognised	**(16,683)**	—
Utilisation of tax losses previously not recognised	**—**	(4,061)
Tax effect of tax losses not recognised	**17,820**	—
Withholding tax	**226,208**	70,584
Overprovision in prior years	**(16,715)**	—
Income tax expense for the year	**1,159,320**	93,236

12. Profit (Loss) for the Year

	2010 HK$'000	2009 HK$'000 (restated)
Profit (loss) for the year has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**929,874**	279,786
Retirement benefit scheme contributions	**36,999**	22,950
Share-based payment expenses	**12,658**	852,742
Total staff costs	**979,531**	1,155,478
Depreciation of property, plant and equipment	**1,158,371**	454,335
Amortisation of prepaid lease payments	**19,924**	9,647
Amortisation of other intangible assets (included in administrative expenses)	**66,086**	351
Total depreciation and amortisation	**1,244,381**	464,333
Add/(less): Amounts included in inventories	**106,407**	(60,368)
Amounts charged to profit or loss	**1,350,788**	403,965
Auditor's remuneration	**12,328**	12,978
Cost of inventories recognised as expenses	**11,087,637**	3,225,651
Allowance for trade and other receivables	**759**	12,391
Loss on disposal of property, plant and equipment	**5,354**	1,080
Gain on disposal of prepaid lease payments	**1,310**	—
Amounts included in other expenses (income):		
Exchange loss (gain), net	**96,094**	(6,108)
Research and development cost recognised as expenses	**12,186**	14,362
Impairment loss on available-for-sale investment	**6,886**	2,305
Impairment loss on goodwill	**—**	108,894
Change in fair value of convertible loan notes (note 36)	**—**	36,718
Change in fair value of convertible redeemable preferred shares (note 37)	**—**	8,320
Change in fair value of derivative instruments	**—**	(11,250)

13. Directors' and Employees' Emoluments

Particulars of the emoluments of directors and the five highest paid employees are as follows:

(a) Directors' emoluments

The emoluments of each of the directors of the Company are set out below:

For the year ended 31 December 2010

Name of director	Directors' fee HK$'000	Bonuses HK$'000	Salaries and other benefit HK$'000	Retirement benefits scheme contributions HK$'000	Share-based payment HK$'000	Total HK$'000
Mr. ZHU Gong Shan ("Mr. Zhu")	–	912	5,000	–	–	5,912
Mr. SHA Hong Qiu	–	5,184	2,301	106	767	8,358
Mr. JI Jun	–	474	1,495	69	685	2,723
Mr. SHU Hua	–	3,156	2,002	93	685	5,936
Mr. YU Bao Dong	–	3,485	1,500	58	685	5,728
Ms. SUN Wei	–	2,484	2,000	100	685	5,269
Mr. TONG Yee Ming	–	3,071	2,340	108	79	5,598
Mr. ZHU Yu Feng	–	2,256	1,001	46	53	3,356
Mr. QIAN Zhi Xin	108	–	–	–	–	108
Ir. Dr. HO Raymond Chung Tai	304	–	–	–	–	304
Mr. XUE Zhong Su	108	–	–	–	–	108
Mr. YIP Tai Him	204	–	–	–	–	204
Mr. CHAU Kwok Man, Cliff	–	–	–	–	–	–
Ms. BAI Xiao Qing	–	–	–	–	–	–
	724	21,022	17,639	580	3,639	43,604

13. Directors' and Employees' Emoluments *(continued)*

(a) Directors' emoluments *(continued)*

For the year ended 31 December 2009 (restated)

Name of director	Directors' fee HK$'000	Bonuses HK$'000	Salaries and other benefit HK$'000	Retirement benefits scheme contributions HK$'000	Share-based payment HK$'000	Total HK$'000
Mr. ZHU Gong Shan	–	250	1,000	–	–	1,250
Mr. SHA Hong Qiu	–	150	1,898	81	898	3,027
Mr. JI Jun	–	–	1,603	69	802	2,474
Mr. SHU Hua	–	100	1,200	55	802	2,157
Mr. YU Bao Dong	–	186	1,378	48	802	2,414
Ms. SUN Wei	–	501	666	33	802	2,002
Mr. TONG Yee Ming	–	410	2,340	108	168	3,026
Mr. TAM Chor Kiu (Note iii)	–	–	–	–	–	–
Mr. HENG Kwoo Seng (Note i)	50	–	–	–	–	50
Mr. ZHU Yu Feng (Note ii)	–	–	275	13	24	312
Mr. QIAN Zhi Xin	100	–	–	–	–	100
Ir. Dr. HO Raymond Chung Tai	300	–	–	–	–	300
Mr. XUE Zhong Su	100	–	–	–	–	100
Mr. YIP Tai Him (Note i)	151	–	–	–	–	151
Mr. CHAU Kwok Man, Cliff (Note iii)	–	–	–	–	–	–
Ms. BAI Xiao Qing (Note iii)	–	–	–	–	–	–
	701	1,597	10,360	407	4,298	17,363

Notes:

(i) Mr. Heng Kwoo Seng resigned and Mr. Yip Tai Him was appointed as independent non-executive director on 31 March 2009, respectively.

(ii) Mr. Zhu Yu Feng was appointed as executive director on 21 September 2009.

(iii) Mr. Tam Chor Kiu resigned as non-executive director on 1 August 2009 and Mr. Chau Kwok Man, Cliff and Ms. Bai Xiao Qing were appointed as non-executive directors on 23 December 2009.

(iv) The emoluments paid or payable to the directors prior to the Acquisition are not included in loss for the year ended 31 December 2009.

Bonuses are discretionary and are based on the group's performance for the year.

No directors waived any emoluments and no incentive paid on joining and no compensation for the loss of office for both years.

13. Directors' and Employees' Emoluments *(continued)*

(b) Employees' emoluments

The five highest paid individuals of the Company and its subsidiaries during the years ended 31 December 2010, included four (2009: five) directors of the Company, whose emoluments are included in (a) above.

The emoluments of the remaining one individual with the highest emoluments of the Group during the year ended 31 December 2010 are as follows:

	2010 HK$'000
Salaries and other allowances	**5,638**
Retirement benefits scheme contributions	**182**
Share-based payment expenses	**—**
	5,820

The emoluments of the five highest paid individuals of the Solar Group prior to the Acquisition, which are not included in the loss for the year ended 31 December 2009 are as follows:

	2009 HK$'000 (restated)
Salaries and other allowances	15,353
Retirement benefits scheme contributions	283
Share-based payment expenses	252,838
	268,474

The emoluments of each of the above five individuals of the Solar Group are within the following bands:

	2009 Number of employees
Nil to HK$1,000,000	—
HK$1,000,001 — HK$1,500,000	—
HK$1,500,001 — HK$2,000,000	1
HK$2,000,001 — HK$2,500,000	1
HK$2,500,001 — HK$3,000,000	3
	5

14. Dividends

The Board proposed the payment of a final dividend of HK5.1 cents per share for the year ended 31 December 2010 based on the register of members of the Company on 13 May 2011.

No dividend was paid or proposed for the year ended 31 December 2009.

15. Earnings (Loss) Per Share

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

	2010 HK$'000	2009 HK$'000 (restated)
Profit (loss) for the year attributable to owners of the Company	**4,023,577**	(199,736)

	Number of shares	
	2010 '000	2009 '000
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**15,472,199**	11,244,071
Effect of dilutive potential ordinary shares:		
Share options	**28,364**	—
Weighted average number of ordinary shares for the purpose of dilutive earnings (loss) per share	**15,500,563**	11,244,071

The weighted average number of shares used for the purpose of calculating loss per share for the financial year ended 31 December 2009 reflected the Solar Group's weighted average number of ordinary shares pre-combination multiplied by the exchange ratio established in the Acquisition, and the weighted average total actual shares of the Company in issue after date of Acquisition.

	2010 HK	2009 HK (restated)
Basic earnings (loss) per share	**26.01 cents**	(1.78 cents)
Diluted earnings (loss) per share	**25.96 cents**	(1.78 cents)

The computation of the diluted loss per share for the year ended 31 December 2009 does not assume the conversion of the convertible redeemable preferred shares and convertible loan notes and the exercise of the share options since the assumed issuance and exercise would decrease the loss per share for that year.

16. Property, Plant and Equipment

	Buildings HK$'000	Plant and machinery HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST						
At 1 January 2009 (restated)	525,647	1,829,647	43,687	17,481	3,441,326	5,857,788
Acquisition of subsidiaries (note 40)	1,423,413	3,869,979	18,019	10,299	477,133	5,798,843
Additions	25,715	35,695	12,303	14,016	4,425,229	4,512,958
Transfer	596,613	7,053,055	595	—	(7,650,263)	—
Disposals	(802)	(1,521)	(90)	(1,522)	—	(3,935)
Exchange realignment	(4,065)	(6,871)	12	(3)	1,615	(9,312)
At 31 December 2009 and 1 January 2010 (restated)	2,566,521	12,779,984	74,526	40,271	695,040	16,156,342
Acquisition of subsidiaries (note 40)	63,958	600,007	4,844	1,522	120,954	791,285
Additions	52,817	40,569	54,115	44,495	7,558,554	7,750,550
Transfer	566,109	6,920,688	16,948	—	(7,503,745)	—
Disposals	(7,886)	(10,834)	(1,776)	(2,903)	—	(23,399)
Exchange realignment	105,889	630,219	4,409	2,445	29,470	772,432
At 31 December 2010	**3,347,408**	**20,960,633**	**153,066**	**85,830**	**900,273**	**25,447,210**
DEPRECIATION						
At 1 January 2009 (restated)	18,225	101,824	5,869	2,398	—	128,316
Provided for the year	97,589	340,249	10,168	6,329	—	454,335
Eliminated on disposals	—	—	—	(549)	—	(549)
Exchange realignment	93	386	16	8	—	503
At 31 December 2009 and 1 January 2010 (restated)	115,907	442,459	16,053	8,186	—	582,605
Provided for the year	174,385	951,598	20,810	11,578	—	1,158,371
Eliminated on disposals	(837)	(757)	(963)	(1,499)	—	(4,056)
Exchange realignment	8,182	38,138	1,033	526	—	47,879
At 31 December 2010	**297,637**	**1,431,438**	**36,933**	**18,791**	**—**	**1,784,799**
CARRYING VALUES						
At 31 December 2010	**3,049,771**	**19,529,195**	**116,133**	**67,039**	**900,273**	**23,662,411**
At 31 December 2009 (restated)	2,450,614	12,337,525	58,473	32,085	695,040	15,573,737
At 1 January 2009 (restated)	507,422	1,727,823	37,818	15,083	3,441,326	5,729,472

16. Property, Plant And Equipment *(continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of lease terms or 3%–5%
Plant and machinery	5%–20%
Office equipment	14%–33%
Motor vehicles	20%

The carrying value of plant and machinery includes an amount of HK$620,753,000 (2009: Nil) in respect of assets held under finance leases.

17. Prepaid Lease Payments

The prepaid lease payments comprise leasehold land in the PRC under medium term lease.

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Analysed for reporting purposes as:			
Current asset	**22,797**	18,924	4,236
Non-current asset	**980,186**	740,987	208,465
	1,002,983	759,911	212,701

18. Goodwill

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000
COST			
At 1 January	**654,451**	—	—
Acquisition of subsidiaries (note 40)	**456,686**	656,903	—
Exchange realignment	**37,910**	(2,452)	—
At 31 December	**1,149,047**	654,451	—
IMPAIRMENT			
At 1 January	**108,966**	—	—
Impairment loss recognised	**—**	108,894	—
Exchange realignment	**3,784**	72	—
At 31 December	**112,750**	108,966	—
CARRYING AMOUNTS			
At 31 December	**1,036,297**	545,485	—

18. Goodwill *(continued)*

For the purpose of impairment testing, goodwill has been allocated to two groups of cash generating units ("CGU"), comprising the Power Group and Konca Solar. The carrying amounts of goodwill (net of accumulated impairment losses) as at 31 December 2010 allocated to these groups of units are as follows:

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000
Power Group	**564,428**	545,485	—
Konca Solar	**471,869**	—	—
	1,036,297	545,485	—

As at 31 December 2010, the Group carried out the annual goodwill impairment testing in relation to goodwill arising from the Acquisition and the Konca Solar Acquisition.

During the year ended 31 December 2009, due to the change in the PRC government policy, resulting in lower electricity tariff since November 2009, operating profits and cash flows were lower than expected in the fourth quarter of 2009 for power business. Based on the trend, the earnings forecast for the next five years was revised. Accordingly, the management of the Group recognised an impairment loss in respect of Power Group of HK$108,894,000.

The management determines that there are no impairment in respect of the Power Group and Konca Solar for the year ended 31 December 2010 as the recoverable amounts exceed their carrying value of the Power Group and Konca Solar. The basis of the recoverable amounts of the above CGU and their major underlying assumptions are summarised below:

The recoverable amounts of the subsidiaries in power business and Konca Solar are determined by the directors of the Company by reference to the business valuation reports prepared by Jones Lang LaSalle Sallmanns Limited ("Sallmanns"), an independent and recognised international business valuer, on the subsidiaries in power business and Konca Solar as at 31 December 2010. The recoverable amounts of these CGUs have been determined based on value in use calculations. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period at a discount rate of 13.59% (2009: 13.78%) and 16.41% for Power Group and Konca Solar, respectively. Cash flows beyond the five-year period are extrapolated using zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows include budgeted sales and gross margin. Such estimation is based on past performance of the subsidiaries in power business and Konca Solar and management's expectations for the market development. Management of the Group believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of subsidiaries in power business and Konca Solar to exceed the aggregate recoverable amount of subsidiaries in power business and Konca Solar.

19. Other Intangible Assets

	Licences HK$'000	Customer lists HK$'000	Total HK$'000
COST			
At 1 January 2009 (restated)	5,715	—	5,715
Additions	22,655	—	22,655
Acquisition of subsidiaries (note 40)	—	12,790	12,790
Exchange realignment	24	(47)	(23)
At 31 December 2009 and 1 January 2010 (restated)	28,394	12,743	41,137
Additions	6,274	—	6,274
Acquisition of subsidiaries (note 40)	—	125,085	125,085
Exchange realignment	1,137	4,601	5,738
At 31 December 2010	**35,805**	**142,429**	**178,234**
AMORTISATION			
Balance at 31 December 2009 and 1 January 2010 (restated)	—	351	351
Provided for the year	1,368	64,718	66,086
Exchange realignment	33	1,562	1,595
At 31 December 2010	**1,401**	**66,631**	**68,032**
CARRYING VALUES			
At 31 December 2010	**34,404**	**75,798**	**110,202**
At 31 December 2009 (restated)	28,394	12,392	40,786
At 1 January 2009 (restated)	5,715	—	5,715

Licences are acquired by Solar Group from third parties in relation to licenced technical know-how of hydrochlorination production techniques and hydrochlorination recycling system.

19. Other Intangible Assets *(continued)*

Customer lists are acquired through the reverse acquisition of the Power Group and acquisition of Konca Solar (note 40). The value of the customer lists has been determined by the directors of the Company with reference to valuation set out in the valuation report prepared by Sallmanns, using the multi period excess earnings method based on the estimated excess profits that can be derived from these customers. The discount rate of 18.51% and 17.1% and 16.8% for Konca Solar and Power Group, respectively. Such estimation is based on past performance of these customers and management expectations for the market development.

The intangible assets have definite useful lives and are amortised using the following basis:

Licences	straight-line basis over 10 years
Customer lists	straight-line basis over 4 to 20 years

20. Interests in a Jointly Controlled Entity

	31.12.2010 HK$'000
Cost of unlisted investment in a jointly controlled entity	**120,644**
Share of results	**–**
	120,644

As at 31 December 2010, the Group has interests in the jointly controlled entity established and operated in the North America as follows:

Equity interests Name of company	Proportion of issued capital held by the Group	Proportion of voting power held	Principal activity
GCL-SR Solar Energy, LLC	50%	50%	Development of photovoltaic power generation projects in North America

21. Interests in Associates

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Unlisted investments in associates, at cost	**204,977**	221,487	—
Share of post-acquisition profits, net of dividends received	**11,022**	9,875	—
Exchange realignment	**7,959**	283	—
Carrying amounts of interests in associates	**223,958**	231,645	—

As at 31 December 2010 and 2009, the Group had interests in associates established and operated in the PRC as follows:

Name of company	Equity interests held by the Group	Proportion of board composition held	Principal activity
阜寧協鑫環保熱電有限公司 Funing Golden Concord Environmental Protection Co-generation Co., Ltd ("Funing Cogeneration Plant") (Note)	60%	6/11	Operation of a power station and trading of coal
華潤協鑫(北京)熱電有限公司 China Resources Golden Concord (Beijing) Co-generation Power Co., Ltd ("Beijing Cogeneration Plant")	49%	3/7	Operation of a power station

Note: The Group holds 60% of the registered capital of Funing Cogeneration Plant. Under the articles of association of Funing Cogeneration Plant, the Group can appoint six out of eleven directors to the board of directors of Funing Cogeneration Plant, which is less than two-thirds majority which is required to pass resolutions on financing and operating policies of Funing Cogeneration Plant. The directors of the Company consider that the Group does exercise significant influence over Funing Cogeneration Plant and it is therefore classified as an associate of the Group.

21. Interests in Associates *(continued)*

The summarised financial information in respect of the Group's associates is set out below:

	2010 HK$'000	2009 HK$'000 (restated)
Total assets	**949,026**	903,219
Total liabilities	**(511,499)**	(454,429)
Net assets	**437,527**	448,790
Group's share of net assets of associates	**223,958**	231,645
Revenue	**454,297**	196,584
Profit for the year	**27,688**	19,986
Group's share of results of associates for the year	**10,681**	9,875

22. Available-for-sale Investment

The investment represents unlisted equity security issued by a private entity established in the PRC. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

During the year, the directors of the Company has assessed for the impairment of the investment based on objective evidence, to the extent that the carrying amount exceeded the estimated net recoverable amount and, accordingly, an impairment loss of HK$6,886,000 (2009: HK$2,305,000) has been recognised to fully write down the investment cost.

23. Deferred Taxation

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Deferred tax assets	**39,835**	9,077	7,999
Deferred tax liabilities	**(452,422)**	(230,964)	(105,933)
	(412,587)	(221,887)	(97,934)

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the year:

	Property, plant and equipment HK$'000	Prepaid lease payments HK$'000	Other intangible assets HK$'000	Withholding tax on undistributed profits HK$'000	Unrealised profits on inventories HK$'000	Total HK$'000
At 1 January 2009 (restated)	7,999	—	—	(105,933)	—	(97,934)
Acquisition of subsidiaries (note 40)	(33,907)	(68,439)	(2,980)	(16,328)	—	(121,654)
Credit (charge) to profit or loss	1,657	613	35	(4,900)	—	(2,595)
Exchange realignment	141	256	11	(112)	—	296
At 31 December 2009 and 1 January 2010 (restated)	(24,110)	(67,570)	(2,934)	(127,273)	—	(221,887)
Acquisition of subsidiaries (note 40)	(4,853)	—	(21,760)	(7,420)	—	(34,033)
(Charge) credit to profit or loss	(7,385)	1,243	8,076	(185,210)	38,903	(144,373)
Exchange realignment	(1,176)	(2,316)	(632)	(9,102)	932	(12,294)
At 31 December 2010	**(37,524)**	**(68,643)**	**(17,250)**	**(329,005)**	**39,835**	**(412,587)**

At the end of the reporting period, the Group has unused tax losses of HK$146,849,000 (2009: HK$75,570,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses of approximately HK$107,000, HK$30,600,000, HK$25,274,000 and HK$90,868,000 will expire in 2012, 2013, 2014 and 2015, respectively.

24. Inventories

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Raw materials	**536,389**	163,342	14,048
Work in progress	**352,578**	108,151	33,182
Finished goods	**269,568**	397,409	28,821
Spare parts	**96,435**	58,350	—
Solar farm projects	**391,764**	—	—
	1,646,734	727,252	76,051

25. Trade and Other Receivables

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Trade receivables (Note a)	**1,015,734**	985,217	90,714
Less: allowance for doubtful debts	**(11,257)**	(12,376)	—
	1,004,477	972,841	90,714
Other receivables	**254,915**	65,988	9,328
Less: allowance for doubtful debts	**(24)**	(23)	—
	254,891	65,965	9,328
Value-added tax receivables	**463,707**	49,191	—
Bills receivables (Note a)	**307,903**	264,472	—
Prepayments	**306,333**	97,751	15,601
Entrusted loan receivables (Note b)	**32,905**	119,253	—
	2,370,216	1,569,473	115,643

25. Trade and Other Receivables *(continued)*

Notes:

(a) The Group generally allows a credit period ranging from 0 to 90 days for trade receivables and 0 to 180 days for bills receivables. The following is an aged analysis of trade receivables and bills receivables (trade), net of allowances for doubtful debts, presented based on the invoice date at the end of the reporting period as follows:

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)
Trade receivables:		
0–90 days	**970,742**	802,430
91–180 days	**16,100**	169,982
Over 180 days	**17,635**	429
	1,004,477	972,841
Bills receivables (trade)		
0–90 days	**276,018**	105,006
91–180 days	**31,885**	159,466
	307,903	264,472

Management of the Group closely monitors the credit quality of trade, bills and other receivables and considers the trade, bills and other receivables that are neither past due nor impaired to be of a good credit quality.

Over 97.4% (31.12.2009: 86.2%) of the trade and bills receivables are neither past due nor impaired. Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK$33,735,000 (31.12.2009: HK$170,411,000) which are past due as at the reporting date for which the Group has not provided allowance for doubtful debts as such amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these receivables. The average age of these receivables is 169 days (2009: 136 days).

Full allowance has been made for certain trade and other receivables which have been past due and considered as doubtful debts or irrecoverable by the management of the Group. Movement of the allowance for doubtful debts for trade and other receivables is set out as follows:

	2010 HK$'000	2009 HK$'000 (restated)
Balance at beginning of the year	**12,399**	—
Impairment loss recognised on receivables	**759**	12,391
Amounts recovered during the year	**(2,272)**	—
Exchange realignment	**395**	8
Balance at end of the year	**11,281**	12,399

(b) The entrusted loan receivables are unsecured, interest bearing at 5.576% per annum and matured in 29 January 2011 and 24 June 2013 respectively (31.12.2009: interest bearing at 5.576% and 5.841% per annum and are matured in July 2010 and September 2010 respectively). The credit risk on the entrusted loan receivables is limited because the counterparties are reputable banks in the PRC.

26. Amounts due from Related Companies

	Balance at 31.12.2010 HK$'000	Balance at 31.12.2009 HK$'000 (restated)	Balance at 1.1.2009 HK$'000 (restated)	Maximum amount outstanding during 2010 HK$'000
Non-trade related:				
Companies controlled by Mr. Zhu and his family#:				
江蘇協鑫房地產有限公司 Jiangsu Golden Concord Property Co., Ltd.	6,691	—	—	6,691
中環(中國)工程有限公司 GCL Engineering Limited*	719	—	—	719
錫林郭勒中能硅業有限公司 Xilinguolei Zhongneng Polysilicon Co., Ltd.*	—	—	14,759	—
桐鄉濮院協鑫熱電有限公司 Tongxiang Puyuan Xiexin Environmental Protection Cogeneration Co., Ltd.*	—	—	5,707	—
徐州金山橋熱電有限公司 Xuzhou Jinshanqiao Co-gen Co., Ltd.* ("Xuzhou Jinshanqiao")	—	—	15,094	—
	7,410	—	35,560	
Associates:				
Funning Cogeneration Plant	12,007	11,918	—	
Beijing Cogeneration Plant	13,607	—	—	
	25,614	11,918	—	
Trade related:				
Companies controlled by Mr. Zhu and his family#	2,469	2,940	—	
Non-controlling shareholder	558	—	—	
Subsidiary of non-controlling shareholder	154	—	—	
	3,181	2,940	—	
	36,205	14,858	35,560	

Mr. Zhu is the director and substantial shareholder of the Company.

* English name for identification purpose only

26. Amounts due from Related Companies *(continued)*

For non-trade related amounts due from related companies, the amounts are unsecured, non-interest bearing and repayable on demand.

For trade related amounts due from related companies, the amounts are unsecured, non-interest bearing and with a credit term of 90 days.

27. Loans to Related Companies

Particulars of the loans to related companies disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

Name of related company	Terms of the loan	Balance at 31.12.2010 HK$'000	Balance at 31.12.2009 HK$'000 (restated)	Balance at 1.1.2009 HK$'000 (restated)	Maximum amount outstanding during 2010 HK$'000
Companies controlled by Mr. Zhu and his family#:					
協鑫置業有限公司 Golden Concord Real Estate Co., Ltd.*	Unsecured, interest-bearing at 5.841% per annum and repayable by 9 April 2010	**–**	79,116	73,705	**79,116**
蘇州協鑫置業有限公司 Suzhou Golden Concord Real Estate Co., Ltd*	Unsecured, interest-bearingat 5.58% per annum and repayable by 10 December 2009	**–**	–	113,393	**–**
Xuzhou Jinshanqiao	Unsecured, interest-bearing at 6.66% per annum and repayable by 7 November 2009	**–**	–	113,393	**–**
Associate:					
Funing Cogeneration Plant	Unsecured, interest-bearing at 5.31% per annum and payable on 23 November 2011	**90,150**	–	–	
		90,150	79,116	300,491	

* English name for identification purpose only

\# Mr. Zhu is the director and substantial shareholder of the Company.

28. Pledged and Restricted Bank Deposits and Bank Balances

Bank balances

Bank balances carry interest at floating rates which range from 0.001% to 0.36% (2009: 0.001% to 0.36%) per annum and fixed rates which range from 0.01% to 2.25% (2009: 0.03% to 2.25%).

Pledged bank deposits

These bank deposits carry fixed interest rates ranging from 2.5% to 5.49% (2009: 0.36% to 5.49%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$73,007,000 (2009: HK$327,385,000) have been pledged to secure short-term borrowings granted to the Group and are therefore classified as current assets. Deposits amounting to HK$90,211,000 (2009: HK$78,730,000) have been pledged to secure long-term borrowings granted to the Group and are therefore classified as non-current assets.

Restricted bank deposits

The deposits carry interest at prevailing market rates and will be released upon the settlement or discharge of the relevant letters of credit and guarantee.

Restricted bank deposits amounting to HK$1,887,791,000 (2009: HK$476,327,000) have been restricted to secure short-term letters of credit for purchase of property, plant and equipment and are therefore classified as current assets. Deposits amounting to HK$Nil (2009: HK$147,009,000) have been restricted to guarantee the long-term technical improvement contracts with contractors and are therefore classified as non-current assets. At 1 January 2009, deposits amounting to HK$313,733,000 have been restricted to secure short-term letters of credit for purchase of property, plant and equipment and are therefore classified as current assets.

29. Trade and Other Payables

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Trade payables	**994,656**	317,614	55,400
Bills and notes payables (trade)	**818,761**	22,715	—
Bills and notes payables (non-trade)	**267,574**	50,661	—
Construction payables	**1,266,998**	1,595,176	477,735
Other payables	**514,421**	234,668	48,363
Dividend payables to non-controlling shareholders of subsidiaries	**24,556**	14,704	—
Other tax payables	**194,350**	14,206	72,695
Interest payables	**21,521**	13,264	8,745
Accruals	**89,879**	132,541	76,713
	4,192,716	2,395,549	739,651

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

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)
Trade payables:		
0–90 days	**942,435**	283,449
91–180 days	**24,518**	13,049
Over 180 days	**27,703**	21,116
	994,656	317,614
Bills and notes payables (trade):		
0–90 days	**660,375**	—
91–180 days	**158,386**	22,715
	818,761	22,715

The credit period for trade purchases is ranging from 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

30. Amounts due to Related Companies

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Non-trade related:			
Companies controlled by Mr. Zhu and his family (Note a)	51,409	57,287	—
Shareholders of GCL Solar (Note a)	—	—	117,258
Shareholders of Sun Wave and Greatest Joy (Note b)	—	—	3,427,254
	51,409	57,287	3,544,512
Trade related:			
Companies controlled by Mr. Zhu and his family (Note c)	36,776	82,099	8,016
	88,185	139,386	3,552,528

Notes:

(a) The amounts are unsecured, non-interest bearing and repayable on demand. Mr. Zhu is the director and shareholder of the Company.

(b) The amounts were unsecured, non-interest bearing and subsequently transferred to the Company and were credited to equity (special reserves) upon the Acquisition.

(c) The amounts are unsecured, non-interest bearing and with a credit term of 90 days. Mr. Zhu is the director and shareholder of the Company.

31. Loan from a Related Company

	Terms	Balance at 31.12.2010 HK$'000	Balance at 31.12.2009 HK$'000 (restated)	Balance at 1.1.2009 HK$'000 (restated)
Company controlled by Mr. Zhu and his family	Unsecured, interest-bearing at 5.841% per annum and repayable on 22 January 2010	—	56,787	—

Mr. Zhu is the director and substantial shareholder of the Company.

32. Advances from Customers

The Group entered into goods supply contracts with customers and received advance payments from customers which are interest-free. As of 31 December 2010, the advances of HK$988,786,000 (31.12.2009: HK$436,804,000) and HK$1,977,998,000 (31.12.2009: HK$1,906,632,000) are included in current liabilities and non-current liabilities based on the estimated amounts of purchase of goods within one year and after one year, respectively.

33. Government Grants

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Amounts credited to profit or loss during the year			
Incentive subsidies (Note a)	**248,482**	84,510	
Subsidies related to property, plant and equipment (Note b)	**29,776**	21,692	
Value-added tax refund related to depreciable assets (Note c)	**10,410**	—	
	288,668	106,202	
Deferred income related to government grants:			
Subsidies related to property, plant and equipment (Note b)	**225,311**	170,098	130,459
Value-added tax refund related to depreciable assets (Note c)	**129,598**	24,552	—
Total deferred income	**354,909**	194,650	130,459
Less: current portion	**41,105**	25,795	9,013
Non-current portion	**313,804**	168,855	121,446

Notes:

(a) Incentive subsidies were received from the relevant PRC Government for improvement of working capital and financial assistance to the operating activities to enhance the competitiveness in the industry. The amount also includes grants for compensation of expenses already incurred such as research and development activities and interest subsidies. The subsidies were granted on a discretionary basis to the Group during the year.

(b) The Group received government subsidies for the compensation of capital expenditure incurred for the plant and machinery and land use rights. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

(c) The Group received value-added tax refunds on purchases of domestic manufactured plant and machinery. The amounts are deferred and amortised over the estimated useful lives of the respective plant and machinery.

34. Bank Borrowings

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Short-term bank borrowings	**4,475,541**	3,700,664	941,160
Long-term bank borrowings	**9,314,642**	4,871,792	2,525,517
	13,790,183	8,572,456	3,466,677
Less: current portion	**(6,410,831)**	(5,032,745)	(1,112,270)
Non-current portion	**7,379,352**	3,539,711	2,354,407

Details of the bank borrowings are as follows:

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Secured	**1,823,640**	4,684,445	2,790,856
Unsecured	**11,966,543**	3,888,011	675,821
	13,790,183	8,572,456	3,466,677
Carrying amount repayable:			
Within one year	**6,410,831**	5,032,745	
More than one year, but not exceeding two years	**1,876,189**	1,837,800	
More than two years, but not exceeding three years	**3,593,406**	550,268	
More than three years, but not exceeding four years	**653,990**	274,850	
More than four years, but not exceeding five years	**604,715**	224,877	
More than five years	**651,052**	651,916	
	13,790,183	8,572,456	
Less: Amounts due within one year shown under current liabilities	**(6,410,831)**	(5,032,745)	
	7,379,352	3,539,711	
Analysed as:			
Fixed-rate borrowings	**3,342,391**	1,911,265	
Variable-rate borrowings	**10,447,792**	6,661,191	
	13,790,183	8,572,456	

34. Bank Borrowings *(continued)*

The ranges of effective interest rate on the Group's borrowings are analysed as follows:

	31.12.2010	31.12.2009
Fixed-rate borrowings	**3.46% to 5.58%**	4.90% to 5.98%
Variable-rate borrowings		
US$ borrowings	**LIBOR + 1.9% to 3.5%**	LIBOR + 1.5%
RMB borrowings	**90% to 105% of Benchmark Rate**	90% to 110% of Benchmark Rate
	SIBOR + 2%	

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

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)
RMB	**11,568,362**	8,339,803
US$	**2,221,821**	232,653
	13,790,183	8,572,456

Certain borrowings are secured by property, plant and equipment, land use rights and bank deposits as set out in notes 28 and 44.

35. Obligations under Finance Leases

During the year, the Group entered into a sale and leaseback agreement denominated in RMB, with a lessor in respect of certain of its manufacturing equipment.

	As at 31.12.2010 HK$'000	As at 31.12.2009 HK$'000	As at 1.1.2009 HK$'000
Analysed for reporting purposes as:			
Current liabilities	**111,288**	—	—
Non-current liabilities	**441,475**	—	—
	552,763	—	—

35. Obligations under Finance Leases *(continued)*

	As at 31.12.2010	
	Minimum lease payments HK$'000	Present value of minimum lease payments HK$'000
Amounts payable under finance leases		
Within one year	138,219	111,288
In more than one year but not more than two years	131,070	109,513
In more than two years but not more than five years	361,324	331,962
	630,613	552,763
Less: Future finance charges	(77,850)	N/A
Present value of lease obligations	552,763	552,763
Less: Amount due for settlement within 12 months (shown under current liabilities)		(111,288)
Amount due for settlement after 12 months		441,475

The lease term is 5 years. Interest rates underlying the obligation under finance lease are 85% of the five-year Benchmark Rate. As at 31 December 2010, the average effective interest rate is 6.55% per annum after considering the effect of initial direct costs.

The Group's obligations under finance leases are secured by a charge over the leased assets and a deposit of HK$73.4 million made to lessor at the inception of the lease.

36. Convertible Loan Notes

The convertible loan notes were measured at fair value with changes in fair value recognised in profit or loss. The movement of the convertible loan notes for the year ended 31 December 2009 was set out below:

	Original currency US$'000	Shown as HK$'000
At 1 January 2009 (restated)	72,913	565,068
Interest payment	(2,648)	(20,535)
Change in fair value recognised in profit or loss	4,735	36,718
Redemption	(75,000)	(581,598)
Exchange loss	—	347
At 31 December 2009	—	—

On 30 July 2009, the Solar Group early redeemed the convertible loan notes at 125% of the outstanding principal amount. A loss of approximately HK$36,718,000 has been recognised in profit or loss for the year ended 31 December 2009. The change in fair value was mainly due to the change in market risk factors.

Details of the significant terms and conditions of the convertible loan notes were set out in the Company's annual consolidated financial statements for the year ended 31 December 2009.

37. Convertible Redeemable Preferred Shares

The convertible redeemable preferred shares ("the Preferred Shares") were measured at fair value with changes in fair value recognised in profit or loss. The movement of the Preferred Shares for the year ended 31 December 2009 was set out below:

	Original currency US$'000	Shown as HK$'000
At 1 January 2009 (restated)	25,086	194,414
Change in fair value recognised in profit or loss	1,081	8,320
Credit to special reserves upon completion of the reverse acquisition	(26,167)	(202,796)
Exchange loss	—	62
At 31 December 2009	—	—

The Preferred Shares were stated at fair value by the management of GCL Solar with reference to a valuation report carried out by Sallmanns, on 31 July 2009, at US$26,167,000 (approximately HK$202,796,000). The change in fair value of US$1,081,000 (approximately HK$8,320,000), has been recognised in the profit or loss for the year ended 31 December 2009. The change in fair value was mainly due to change in market risk factors. The Preferred Shares were acquired by the Company and the carrying amount of the Preferred Shares was credited to special reserves upon completion of the Acquisition.

Details of the significant terms and conditions were set out in the Company's annual consolidated financial statements for the year ended 31 December 2009.

38. Secured Notes

On 31 July 2009, the Company issued fixed-rate secured notes amounting to US$350 million (equivalent to RMB2,391,305,000) (the "Secured Notes") to the shareholders of Sun Wave and Greatest Joy upon the completion of the Acquisition. The Secured Notes were denominated in US$ and were secured by certain equity interests of the Company's subsidiaries.

The maturity date of the Secured Notes was 31 January 2011. The Secured Notes borne interest on outstanding amounts at 10% per annum and were payable semi-annually in arrears on the last business day of each calendar month.

The Secured Notes was redeemed on 17 August 2009 from the proceeds of the subscription of new shares set out in note 39(e).

39. Share Capital

GCL Solar, Sun Wave and Greatest Joy

	GCL Solar		Sun Wave		Greatest Joy		Total
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Amount
	'000	HK$'000	'000	HK$'000	'000	HK$'000	HK$'000
Ordinary shares of US$0.00001 cents each							
Issued and fully paid:							
At 1 January 2009	978,333	80	—	1	—	1	82
Issue of restricted shares (note 45)	15,000	1	—	—	—	—	1
Exercise of share options (Note a)	40,024	3	—	—	—	—	3
At 31 July 2009, immediately before the Acquisition	1,033,357	84	—	1	—	1	86

39. Share Capital *(continued)*

The Company

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
Balance at 1 January 2009	10,000,000	1,000,000
Increase on 16 July 2009 (Note c)	10,000,000	1,000,000
At 31 December 2009 and 2010	20,000,000	2,000,000

	Number of shares '000	Amount HK$'000
Issued and fully paid:		
At 1 January 2009	972,419	97,242
Placing of new shares (Note b)	50,000	5,000
Exercise of share options (Note f)	554	55
At 31 July 2009, immediately before the Acquisition	1,022,973	102,297
New shares issued in respect of the Acquisition (Note d)	10,039,773	1,003,978
Placing of new shares (Note e)	4,408,163	440,816
Exercise of share options (Note f)	640	64
At 31 December 2009	15,471,549	1,547,155
Exercise of share options (Note g)	2,414	241
At 31 December 2010	15,473,963	1,547,396

39. Share Capital *(continued)*

The Company *(continued)*

Under the reverse acquisition, the amount of equity in the consolidated statement of financial position prior to the completion of the Acquisition represents the amount of the issued capital of the Solar Group. The equity structure (i.e. the number and type of shares) reflects the equity structure of the Company.

Notes:

(a) On 30 July 2009, share options holders exercised their rights to subscribe for 40,023,685 ordinary shares in GCL Solar.

(b) Pursuant to a placing agreement entered on 14 May 2009, the Company allotted and issued 50,000,000 new shares of HK$0.1 each at the subscription price of HK$1.55 per share on 3 June 2009 with the proceeds of approximately HK$77,500,000.

(c) By an ordinary resolution passed on 16 July 2009, the authorised share capital of the Company was increased from HK$1,000,000,000 to HK$2,000,000,000 by the creation of an additional 10,000,000,000 shares of HK$0.1 each.

(d) On 31 July 2009 the Company issued 10,039,772,727 shares of HK$0.10 each at the subscription price of HK$2.47 per share as partial consideration in exchange of the entire equity interest of the Solar Group.

(e) Pursuant to a placing agreement entered on 4 August 2009, the Company allotted and issued 1,300,000,000 new shares of HK$0.1 each at the subscription price of HK$2.83 per share on 11 August 2009 with the proceeds of approximately HK$3,679,000,000.

Pursuant to a subscription agreement entered on 17 November 2009, the Company allotted and issued 3,108,163,054 new shares of HK$0.1 each at the subscription price of HK$1.79 per share on 23 December 2009 with the proceeds of approximately HK$5,563,612,000.

(f) During the year ended 31 December 2009, share options holders exercised their rights to subscribe for 1,194,000 ordinary shares in the Company at HK$0.59 per shares, with the net proceeds of HK$704,000.

(g) During the year ended 31 December 2010, share option holders exercised their rights to subscribe for 2,174,000 and 240,000 ordinary shares in the Company at HK$0.59 and HK$1.054 per share, respectively, with the net proceeds of HK$1,536,000.

All shares rank pari passu with other shares in issue in all respects.

40. Acquisition of Subsidiaries

(i) Acquisition of Konca Solar

On 8 January 2010, the Group entered into the acquisition agreements to acquire an aggregate effective interest of 70.19% of the equity interest in Konca Solar for consideration of RMB854,100,000 (equivalent to approximately HK$971,429,000) through the acquisitions of 91.97% of issued share capital of Konca Enterprises Limited and 100% of registered capital in each of 無錫德祥資產管理有限公司 Wuxi Dexiang Asset Management Co., Ltd.* and 無錫德潤投資有限公司 Wuxi Derun Investment Co., Ltd.* by the Company and its subsidiary. The Konca Solar Acquisition was completed on 30 March 2010. Details of the acquisition were set out in the announcements of the Company dated 8 January 2010 and 28 January 2010 and the circular dated 12 February 2010.

Konca Solar is principally engaged in the development, management and manufacturing of wafers in the solar industry. It was acquired with the objective of enhancing the Group's in-house wafer production capabilities and strengthens its vertical integral processes by making use of its self-produced polysilicon as raw materials resulting in better quality assurance.

The Konca Solar Acquisition has been accounted for using the purchase method.

* English name for identification only

Assets and liabilities recognised at the date of acquisition
The assets and liabilities of Konca Solar recognised at the date of acquisition, and the goodwill arising, are as follows:

	Fair value HK$'000
Non-current assets	
Property, plant and equipment	791,285
Other intangible asset	125,085
Prepaid lease payments	17,975
Deposits for acquisitions of property, plant and equipment	2,627
Current assets	
Inventories	217,024
Trade and other receivables	446,205
Prepaid lease payments	392
Amounts due from related companies	3,406
Pledged and restricted deposits	125,581
Cash and cash equivalents	268,065
Current liabilities	
Trade and other payables	(411,697)
Amounts due to related companies	(68,208)
Loans from related companies	(79,616)
Tax payables	(14,639)
Bank borrowings	(654,207)
Non-current liabilities	
Deferred tax liabilities	(34,033)
	735,245

40. Acquisition of Subsidiaries *(continued)*

(i) Acquisition of Konca Solar *(continued)*

Assets and liabilities recognised at the date of acquisition *(continued)*

The fair value of trade and other receivables amounted to HK$446,205,000, representing the gross contractual amounts at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected is Nil.

Acquisition related costs amounting to approximately HK$2,853,000 in current period (HK$6,000,000 in the year ended 31 December 2009) have been excluded from the consideration transferred and have been recognised as an expense, within the administrative expenses in the consolidated statement of comprehensive income.

Non-controlling interests

The non-controlling interests of 29.81% in Konca Solar recognised at the acquisition date amounted to approximately HK$220,502,000 and were measured at the non-controlling interest's proportionate share of Korea Solar's identifiable net assets.

Goodwill arising on acquisition

	HK$'000
Consideration transferred	971,429
Plus: non-controlling interests of 29.81% in Konca Solar	220,502
Less: fair value of identifiable net assets acquired	(735,245)
Goodwill arising on acquisition	456,686

The amount of goodwill arising as a result of the Konca Solar Acquisition was approximately HK$456,686,000. Goodwill arose on the acquisition of Konca Solar because the cost of the combination included a control premium and the assembled workforce of Konca Solar. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development of the Solar business. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition of Konca Solar

	HK$'000
Consideration paid in cash	971,429
Less: cash and cash equivalents	(268,065)
	703,364

40. Acquisition of Subsidiaries *(continued)*

(i) Acquisition of Konca Solar *(continued)*

Impact of acquisition on the results of the Group

Included in the net profit for the year is approximately HK$989.8 million attributable to Konca Solar. Revenue for the year includes approximately HK$5,094.6 million generated from Konca Solar.

Had the acquisition of Konca Solar been completed on 1 January 2010, the revenue of the Group for the year ended 31 December 2010 would have been approximately HK$18,963.4 million, and the net profit for the year would have been approximately HK$4,461.4 million. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2010, nor is intended to be a projection of future results.

(ii) Acquisition of Jiangsu Zhongneng

As set out in note 2 and the Company's annual consolidated financial statements for the year ended 31 December 2009, the Company acquired 100% of the equity interest in Jiangsu Zhongneng through the acquisition of the Solar Group, in which Mr. Zhu, a director and substantial shareholder of the Company, and his family have controlling interests, which was completed on 31 July 2009. As the Acquisition resulted in the selling shareholders of the Solar Group becoming, as a group, the controlling shareholders of the Company, the Acquisition was accounted for as a reverse acquisition, under which the Solar Group was treated as the acquirer and the Power Group immediately before the completion of the Acquisition was deemed to have been acquired by the Solar Group.

40. Acquisition of Subsidiaries *(continued)*

(ii) Acquisition of Jiangsu Zhongneng *(continued)*

The net assets of the Power Group acquired in the transaction and the goodwill arising as at the date of the Acquisition are as follows:

	Acquiree's carrying amounts before Acquisition HK$'000	Fair value adjustments HK$'000 (restated)	Fair value HK$'000 (restated)
Property, plant and equipment	5,661,053	137,790	5,798,843
Prepaid lease payments	187,934	276,155	464,089
Interests in associates	222,595	—	222,595
Deposits for acquisition of plant and equipment	5,426	—	5,426
Goodwill	150,486	—	N/A
Other intangible assets	12,790	—	12,790
Available-for-sale investment	9,156	—	9,156
Deferred tax assets	20,688	—	N/A
Pledged and restricted bank deposits	509,496	—	509,496
Inventories	226,390	—	226,390
Trade and other receivables	581,226	—	581,226
Amounts due from related companies	50,171	—	50,171
Tax recoverable	5,164	—	5,164
Bank balances and cash	921,961	—	921,961
Trade and other payables	(835,146)	—	(835,146)
Tax payables	(18,598)	—	(18,598)
Amounts due to related companies	(50,594)	—	(50,594)
Borrowings	(4,343,297)	—	(4,343,297)
Deferred income	(83,784)	—	N/A
Deferred tax liabilities	(19,308)	(102,346)	(121,654)
	3,213,809	311,599	3,438,018
Non-controlling interests			(555,433)
Goodwill			656,903
			3,539,488
Deemed consideration			3,539,488
Net cash inflow arising on the Acquisition:			
Bank balances and cash of Power Group acquired			921,961

There are no adjustments on the provisional fair value disclosed in the 2009's annual consolidated financial statements after the finalisation of those valuations during the year.

40. Acquisition of Subsidiaries *(continued)*

(ii) Acquisition of Jiangsu Zhongneng *(continued)*

The deemed consideration transferred for the Acquisition accounted for as a reverse acquisition amounted to HK$3,539,488,000, representing the fair value of 1,022,973,487 ordinary shares of the Company in issue immediately prior to the Acquisition. The fair value of the ordinary shares of the Company was determined by reference to the published closing market price of HK$3.46 per share at the date of Acquisition i.e. 31 July 2009.

The Power Group contributed RMB117,868,000 (equivalent to HK$133,780,000) to the consolidated result of the Group for the year ended 31 December 2009 between the date of the Acquisition and the end of that reporting period.

If the Acquisition had been completed on 1 January 2009, total Group's revenue and loss for the year ended 31 December 2009 would have been RMB6,610,979,000 (equivalent to HK$7,503,438,000) and RMB95,083,000 (equivalent to HK$107,919,000), respectively. The pro forma information was for illustrative purposes only and was not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the Acquisition been completed on 1 January 2009, nor was it intended to be a projection of future results.

41. Operating Leases

The Group as lessee

	2010 HK$'000	2009 HK$'000 (restated)
Minimum lease payments paid under operating leases during the year:		
Buildings	**19,120**	6,717
Natural gas transmission network	**9,387**	3,386
Staff quarters	**873**	145
Others	**1,104**	350
	30,484	10,598

At the end of the reporting period, the Group has commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2010 HK$'000	2009 HK$'000 (restated)
Within one year	**35,438**	18,767
In the second to fifth year inclusive	**81,496**	48,106
After five years	**6,939**	13,690
	123,873	80,563

Operating lease payments represent rentals payable by the Group for certain properties, natural gas transmission network and other assets. Leases are negotiated and rentals are fixed for terms ranging from one to three years.

41. Operating Leases *(continued)*

The Group as lessor

	2010 HK$'000	2009 HK$'000 (restated)
Rental income credited to profit or loss during the year:		
Land use rights	**1,714**	113
Building	**161**	85
Staff quarters	**194**	45
Others	**24**	6
	2,093	249

At the end of the reporting period, the Group had contracted with tenants for the future minimum lease payments:

	2010 HK$'000	2009 HK$'000 (restated)
Within one year	**1,504**	170
In the second to fifth year inclusive	**2,416**	775
After five years	**3,053**	2,124
	6,973	3,069

42. Capital Commitments

	2010 HK$'000	2009 HK$'000 (restated)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**3,036,285**	1,994,987
Capital expenditure in respect of acquisition of property, plant and equipment authorised but not contracted for	**566,398**	4,136,209

43. Contingent Liabilities

At 31 December 2010, the Group provided guarantees of HK$17,628,000 (2009: HK$36,344,000) to a bank in respect of banking facilities granted to an associate. The directors of the Company consider that the fair value of the financial guarantees at date of inception is immaterial.

44. Pledge of Assets

At 31 December 2010, the Group has pledged buildings with carrying values of approximately HK$754,369,000 (31.12.2009: HK$827,721,000) and plant and machinery with carrying values of approximately HK$2,249,671,000 (31.12.2009: HK$2,379,691,000) to secure banking facilities granted to the Group.

The Group has pledged land use rights with carrying values of approximately HK$264,121,000 (31.12.2009: HK$404,885,000) at 31 December 2010 to secure banking facilities granted to the Group.

The Group has pledged bank deposits with carrying value of approximately HK$163,218,000 (31.12.2009: HK$406,115,000) at 31 December 2010 to secure borrowings granted to the Group.

45. Share-based Payment Transactions

Equity settled share option scheme

The Company

On 22 October 2007, a Pre-IPO Share Option Scheme ("Pre-IPO Share Option Scheme") and a Share Option Scheme ("Share Option Scheme") were approved by the resolution of the sole shareholder and were adopted by the Company. Pursuant to the schemes, the Company may grant option to directors, employees of the Company and its subsidiaries and qualifying grantees to subscribe for shares of the Company.

At 31 December 2010, the number of shares in respect of which options had been granted and remained outstanding under the schemes is 65,512,000 (31.12.2009: 68,946,000) shares, representing 0.4% of the issued share capital of the Company at that date.

Options granted are exercisable during the period after respective vesting date to the last day of the ten-year period after grant date.

The options granted on 13 November 2007 under the pre-IPO Share Option Scheme has vesting period in three tranches of 20%, 30% and 50% of its options granted from the grant date to 13 November 2010, 13 November 2011 and 13 November 2012, respectively.

The Options granted on 16 February 2009 under the Share Option Scheme are subject to a vesting scale in tranches of one-fifth of the shares on 1 April 2009 and the first, second, third and fourth anniversary dates of the date of grant respectively.

The Options granted on 24 April 2009 under the Share Option Scheme are subject to a vesting scale in tranches of one-fifth of the shares on 1 May 2009 and the first, second, third and fourth anniversary dates of the date of grant, respectively.

45. Share-based Payment Transactions *(continued)*

Equity settled share option scheme *(continued)*

The Company *(continued)*

Movements of share options granted during the year are as follows:

	Exercise price	Date of grant	Number of share options: Outstanding at 1 January 2010	During the year: Granted	During the year: Exercised	During the year: Forfeited	During the year: Transferred	Outstanding at 31 December 2010
Directors	HK$4.1	13.11.2007	7,680,000	–	–	–	–	7,680,000
	HK$0.59	16.02.2009	9,880,000	–	–	–	–	9,880,000
Employees and others	HK$4.1	13.11.2007	19,280,000	–	–	(400,000)	–	18,880,000
	HK$0.59	16.02.2009	29,066,000	–	(2,174,000)	(500,000)	–	26,392,000
	HK$1.054	24.04.2009	3,040,000	–	(240,000)	(120,000)	–	2,680,000
			68,946,000	–	(2,414,000)	(1,020,000)	–	65,512,000

	Exercise price	Date of grant	Number of share options: Outstanding at date of the Acquisition	During the year: Granted	During the year: Exercised	During the year: Forfeited	During the year: Transferred	Outstanding at 31 December 2009
Directors	HK$4.1	13.11.2007	7,680,000	–	–	–	–	7,680,000
	HK$0.59	16.02.2009	9,180,000	–	(300,000)	–	1,000,000	9,880,000
Employees and others	HK$4.1	13.11.2007	19,480,000	–	–	(200,000)	–	19,280,000
	HK$0.59	16.02.2009	30,726,000	–	(340,000)	(320,000)	(1,000,000)	29,066,000
	HK$1.054	24.04.2009	3,040,000	–	–	–	–	3,040,000
			70,106,000	–	(640,000)	(520,000)	–	68,946,000

The closing price of the Company's shares immediately before 16 February 2009 and 24 April 2009, the dates of the options were granted, were HK$0.59 per share and HK$1.03 per share, respectively.

45. Share-based Payment Transactions *(continued)*

Equity settled share option scheme *(continued)*

The Company *(continued)*

The fair value of the options measured at the date of grant on 13 November 2007, 16 February 2009 and 24 April 2009 were approximately HK$1.7626 per option, HK$0.206 per option and HK$0.361 per option, respectively. The following inputs were used to derive the fair value of the share options, using the Binomial model:

	13 November 2007	16 February 2009	24 April 2009
Spot price (closing price of grant date)	HK$4.10	HK$0.59	HK$1.03
Exercise price	HK$4.10	HK$0.59	HK$1.054
Expected volatility	44.68%	52.7%	53.2%
Dividend yield	1.5%	0%	0%
Risk-free interest rate	3.47%	1.65%	2.122%
Suboptimal Exercise Factor	1.5	1.5	1.5

Expected volatility was determined by using the volatility of the stock return of the Company and comparables listed companies as at the valuation date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Binominal model has been used to estimate the fair value of the options. The variables and assumptions used in estimating the fair value of the share options are based on the director's best estimate. Change in subjective input assumptions can materially affected the fair value.

During the year, an amount of relevant share-based payment expense of HK$12,658,000 (31.12.2009: HK$6,220,000) has been recognised in profit or loss.

The weighted average closing price of the Company's shares at dates on which the options were exercised during the year was HK$2.29 (31.12.2009: HK$2.49) per share.

At each reporting date, the Group revises its estimates of the number of options that are expected to ultimately rest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the share options reserve.

45. Share-based Payment Transactions *(continued)*

Equity settled share option scheme *(continued)*

GCL Solar

On 15 August 2007, GCL Solar adopted a share option plan to grant options to its employees and directors to purchase ordinary shares of GCL Solar ("2007 Share Option Plan"). The total number of ordinary shares which may be issued upon exercise of all options shall not exceed 5% of the total number of issued ordinary shares of GCL Solar as of 15 August 2007. The options have an exercise price of US$0.5 per share. The options can only be exercised after either (i) upon public listing of GCL Solar with a vesting period of four years; or (ii) certain events constitute a change in control of GCL Solar prior to public listing of GCL Solar and the management has elected to accelerate the exercisability of the options. If either of the foregoing conditions were not satisfied, the options would lapse.

Movements of share options granted during the year were as follows:

			Number of share options				
				During the year			
	Exercise price	Date of grant	Outstanding at 1 January 2009	Granted	Exercised	Forfeited	Outstanding at 31 December 2009
Directors, employees and consultants	US$0.5	29.2.2008	5,000,000	–	(5,000,000)	–	–

Each option when exercised was entitled to 10 ordinary shares.

The fair value of the options measured at the date of grant on 29 February 2008 was approximately US$69,442,000 (equivalent to approximately HK$525,441,000).

Upon the completion of the Acquisition, the management of GCL Solar elected to accelerate the exercisability of the options. On 30 July 2009, all of the 5,000,000 options were exercised and fully vested. Accordingly, share-based payment expense of US$69,442,000 (approximately equal to HK$525,441,000) was recognised in the profit or loss during the year ended 31 December 2009.

2008 Restricted Share Compensation Plan

GCL Solar adopted the 2008 Restricted Share Compensation Plan ("2008 Plan") in July 2008 to grant at a maximum of 15,000,000 restricted shares of GCL Solar. During the year ended 31 December 2009, 15,000,000 shares of GCL Solar, which vested immediately, were granted to the employees of GCL Solar under the 2008 Plan. The GCL Solar's shares were then converted to the Company's shares upon completion of the Acquisition. The fair value of the shares measured at the date of grant on 30 July 2009 was approximately HK$21.50 per share which was estimated with reference to the share price of the Company on date of grant, after taking into account the conversion of GCL Solar's shares to the Company, as adjusted for a discount of a 25.77% due to the restriction arising from lock-up arrangement. Accordingly, an amount of share-based payment expense of HK$321,081,000 was recognised in profit or loss for the year ended 31 December 2009.

46. Events after the end of Reporting Period

The Company granted 25,000,000 share options to the employees of the Group under the share option scheme adopted by the Company on 22 October 2007, at an exercise price of HK$3.32 per share. The share options are subject to a vesting scale in tranches of one-fifth of the shares on 1 March 2011 and the first, second, third and fourth anniversary dates of the date of grant, respectively. The share options shall be exercisable during the period of 10 years from the date of grant. The management of the Group is in the process of estimating the fair value assessment of these options at the grant date and has not yet finalised. Details of the grant of share options are set out in the Company's announcement dated 12 January 2011.

The board of directors of the Company has approved an investment of approximately HK$17.7 billion for construction of the polysilicon and wafer facilities in the PRC during 2011 and 2012. The new investment will be funded by the Group's internal resources and borrowings. Details of the new investment are set out in the Company's announcement dated 18 February 2011 and 20 February 2011.

47. Retirement Benefits Scheme

(a) The PRC

The Group's full-time employees in the PRC are covered by a government sponsored defined contribution pension scheme, and are entitled to a monthly pension from their retirement dates. The PRC Government is responsible for the pension liability to these retired employees. The Group is required to make annual contributions to the retirement plan at a rate of 14% to 22% of employees' salaries, which are charged to operations as an expense when the contributions are due.

During the year, the total amounts contributed by the Group to the scheme in PRC and charged to profit or loss represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme are as follows:

	2010 HK$'000	2009 HK$'000 (restated)
Amounts contributed and expensed	**34,851**	22,007

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Scheme Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

During the year, the total amounts contributed by the Group to the scheme in Hong Kong and charged to profit or loss represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme are as follows:

	2010 HK$'000	2009 HK$'000 (restated)
Amounts contributed and expensed	**2,024**	943

48. Related Party Disclosures

During the years, the Group has entered into the following transactions with related parties:

	2010 HK$'000	2009 HK$'000 (restated)
Transactions with companies controlled by Mr. Zhu and his family:		
Construction related services expense	**12,679**	428,211
Consultancy services	**—**	6,583
Office expense	**—**	1,039
Proceeds on disposal of property, plant and equipment	**—**	73
Purchase of coal	**1,580**	13,500
Purchase of property, plant and equipment	**4,412**	4,256
Purchase of steam	**379,611**	263,803
Purchase of electricity	**62,939**	—
Rental expense	**3,824**	1,673
Rental income	**103**	235
Sales of coal	**191,731**	41,313
Sales of steam	**2,119**	269
Service fee	**—**	239
Interest income	**1,186**	15,812
Interest expense	**11,329**	1,462
Management fee income	**13,026**	2,743
Management fee expense	**4,581**	22,977
Deposit paid for acquisition of property, plant and equipment	**284,629**	—
Transactions with associates under IAS 28:		
Management fee income	**746**	284
Sales of coal	**29,809**	11,454
Interest income	**3,271**	—
Interest expense	**83**	—
Transactions with non-controlling shareholders of a subsidiary:		
Construction related services expense	**9**	10,891
Rental expense	**4,017**	1,556
Sales of steam	**585**	293

Details of balances and other arrangements with related parties are disclosed in the consolidated statement of financial position on pages 4 and 5 and notes 2, 26, 27, 30, 31, 37, 38, 40 and 43.

Compensation of key management personnel, being directors' remuneration as set out in note 13 has been determined by reference to the performance of individuals and market trends.

49. Particulars of Subsidiaries

Name of subsidiary	Place of incorporation/ establishment registration	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2010 %	2009 %	Principal activity
The Power Group#					
Sino-foreign equity joint venture enterprise established in the PRC					
Huzhou Golden Concord Environmental Protection Cogen-Power Co., Ltd. 湖州協鑫環保熱電有限公司	PRC	US$10,710,000	94.77	94.77	Operation of a power station
Fengxian Xinyuan Biological Environmental Heat and Power Co., Ltd 豐縣鑫源生物質環保熱電有限公司	PRC	RMB100,000,000	51	51	Operation of a power station
Haimen Xinyuan Environmental Protection Co-generation Co., Ltd. 海門鑫源環保熱電有限公司	PRC	US$8,000,000	51	51	Operation of a power station
Kunshan Xinyuan Environmental Protection Cogen-Power Co., Ltd. 昆山鑫源環保熱電有限公司	PRC	RMB116,200,000	51	51	Operation of a power station
Yangzhou Harbour Sludge Power Co., Ltd. 揚州港口污泥發電有限公司	PRC	US$14,068,000	51	51	Operation of a power station
Suzhou Industrial Park Blue Sky Gas Cogen-Power Co., Ltd. 蘇州工業園區藍天燃氣熱電有限公司	PRC	RMB300,000,000	51	51	Operation of a power station
JiaXing Golden Concord Environmental Cogeneration Co., Ltd. 嘉興協鑫環保熱電有限公司	PRC	RMB98,400,000	95	95	Operation of a power station
Xuzhou Western Environmental Protection Co-generation Power Co., Ltd. 徐州西區環保熱電有限公司	PRC	RMB99,200,000	75	75	Operation of a power station

49. Particulars of Subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ establishment registration	Issued and fully paid share/ registered capital	Attributable equity interest of the Group		Principal activity
			2010 %	2009 %	
The Power Group# *(continued)*					
Foreign invested enterprise established in the PRC					
Taicang Poly Xiexin Thermal Power Co., Ltd. 太倉保利協鑫熱電有限公司	PRC	US$15,200,000	**100**	100	Operation of a power station
Xilingol Guotai Wind Power Generation Co., Ltd* 錫林郭勒國泰風力發電有限公司	PRC	RMB100,000,000	**100**	100	Operation of a wind power station
Taicang Xiexin Refuse Incineration Power Co., Ltd.* 太倉協鑫垃圾焚燒發電有限公司	PRC	RMB88,000,000	**100**	100	Operation of a power station
Lianyungang Xinneng Sludge Power Co., Ltd.* 連雲港鑫能污泥發電有限公司	PRC	US$9,550,000	**100**	100	Operation of a power station
Dongtai Suzhong Environmental Protection Co-generation Co., Ltd. 東台蘇中環保熱電有限公司	PRC	US$8,000,000	**100**	100	Operation of a power station
Tongxiang Puyuan Xiexin Environmental Protection Cogeneration Co., Ltd.* 桐鄉濮院協鑫環保熱電有限公司	PRC	US$14,800,000	**100**	100	Operation of a power station
GCL-Poly Power Fuel Co., Ltd. 保利協鑫電力燃料有限公司	PRC	US$7,000,000	**100**	100	Coal trading
Baoying Xiexin Biomass Electric-Power Co., Ltd.* 寶應協鑫生物質發電有限公司	PRC	US$17,700,000	**100**	100	Operation of a power station
Lianyungang Xiexin Biomass Electric-Power Generation Co., Ltd. 連雲港協鑫生物質發電有限公司	PRC	RMB$105,500,000	**100**	100	Operation of a power station
Rudong Golden Concord Environmental Protection Cogen-Power Co., Ltd.* 如東協鑫環保熱電有限公司	PRC	RMB81,960,000	**100**	100	Operation of a power station

49. Particulars of Subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ establishment registration	Issued and fully paid share/ registered capital	Attributable equity interest of the Group		Principal activity
			2010 %	2009 %	
The Power Group# *(continued)*					
Foreign invested enterprise established in the PRC					
Tongxiang City Wu Town Xiexin Thermal Power Company Limited* 桐鄉市烏鎮協鑫熱力有限公司	PRC	RMB3,000,000	**94.77**	94.77	Operation of boilers and trading of steam
Peixian Mine-site Environmental Cogen-Power Co., Ltd. 沛縣坑口環保熱電有限公司	PRC	US$8,000,000	**100**	100	Operation of a power station
Shanghai GCL-Poly Electricity Operating Management Co., Ltd.* 上海保利協鑫電力運行管理有限公司	PRC	RMB1,000,000	**100**	100	Provision of management services
Domestic enterprise established in the PRC					
Fengxian Xincheng Environmental Cogeneration Co. Ltd.* 豐縣鑫成環保熱電有限公司	PRC	RMB46,000,000	**80**	–	Operation of power station
Wholly foreign-owned enterprise established in the PRC					
GCL-Poly Limited 保利協鑫有限公司	PRC	RMB1,083,000,000	**100**	100	Investment holding
Incorporated in the British Virgin Islands					
Macro Pace Limited 鴻迅有限公司	British Virgin Islands	US$1	**100**	–	Investment holding
Hugesuccess Investments Limited 宏成投資有限公司	British Virgin Islands	US$1	**100**	100	Investment holding
Wise Able Investments Limited 智能投資有限公司	British Virgin Islands	US$1	**100**	100	Investment holding

49. Particulars of Subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ establishment registration	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2010 %	2009 %	Principal activity
The Solar Group					
Sino-foreign equity joint venture enterprise established in the PRC					
Taixing Zhongneng Far East Polysilicon Technology Development Co., Ltd* ("Taixing Zhongneng") 泰興中能遠東硅業有限公司	PRC	US$11,600,000	100	100	Manufacture of raw material of polysilicon
Changzhou GCL Photovoltaic Technology Co., Ltd.* 常州協鑫光伏科技有限公司	PRC	US$31,000,000	100	–	Manufacture and sale of wafer
Konca Solar Cell Co., Ltd. 高佳太陽能股份有限公司	PRC	RMB614,000,000	70.19	–	Manufacture and sale of wafer
Jiangsu GCL Silicon Material Technology Development Co., Ltd. 江蘇協鑫硅材料科技發展有限公司	PRC	RMB1,412,800,000	100	100	Manufacture and sale of wafer
GCL-Poly (Suzhou) New Energy Limited* 保利協鑫(蘇州)新能源有限公司	PRC	RMB2,000,000,000	100	–	Investment Holding
Wholly foreign-owned enterprise established in the PRC					
Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. 江蘇中能硅業科技發展有限公司	PRC	RMB2,842,640,000	100	100	Manufacture and sale of polysilicon
Suzhou GCL Photovoltaic Technology Co., Ltd. 蘇州協鑫光伏科技有限公司	PRC	US$32,000,000	100	–	Manufacture and sale of wafer
Domestic enterprise established in the PRC					
GCL (Nanjing) Solar Energy Technology Company Limited 南京協鑫光伏電力科技有限公司	PRC	RMB3,000,000	100	100	Sale of polysilicon and wafer
Xuzhou GCL Solar Energy Co., Ltd 徐州協鑫光伏電力有限公司	PRC	RMB84,000,000	100	100	Operation of a solar farm

49. Particulars of Subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ establishment registration	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2010 %	2009 %	Principal activity
The Solar Group *(continued)*					
Incorporated in Hong Kong					
GCL Solar Energy Technology Holdings Limited 協鑫光伏電力科技控股有限公司	Hong Kong	HK$1	**100**	100	Investment holding
Konca Solar Cell (H.K.) Co., Ltd. 高佳太陽能(香港)有限公司	Hong Kong	HK$20,000,000	**70.19**	–	Sale of wafer
Incorporated in the Cayman Islands					
GCL Solar Energy Technology Holdings Inc. 協鑫光伏電力科技控股有限公司	Cayman Islands	US$10,500	**100**	100	Investment holding
Incorporated in the United States					
GCL Solar Energy, Inc.	U.S.	US$200	**100**	100	Construction and sales of solar farm projects
GCL Technology Research Center, LLC	U.S.	US$350,000	**100**	100	Research and development center

* English name for identification only
\# The Power Group was considered as part of the Group under reverse acquisition in 2009.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

50. Summary Financial Information of the Company

	2010 HK$'000	2009 HK$'000 (restated)
NON-CURRENT ASSETS		
Equipment	—	113
Investment in a subsidiary	**29,426,530**	26,998,074
Loans to subsidiaries	**305,991**	529,046
	29,732,521	27,527,233
CURRENT ASSETS		
Prepayment and deposits	**11,283**	5,705
Amounts due from subsidiaries	**8,138,153**	5,595,697
Bank balances and cash	**509,628**	3,201,859
	8,659,064	8,803,261
CURRENT LIABILITIES		
Other payables	**18,406**	83,109
Amounts due to subsidiaries	—	2,915
Amount due to immediate holding company	—	5,560
	18,406	91,584
NET CURRENT ASSETS	**8,640,658**	8,711,677
TOTAL ASSETS LESS CURRENT LIABILITIES	**38,373,179**	36,238,910
NON-CURRENT LIABILITIES		
Bank borrowings	**1,810,043**	—
NET ASSETS	**36,563,136**	36,238,910
CAPITAL AND RESERVES		
Share capital (Note 39)	**1,547,396**	1,547,155
Reserves	**35,015,740**	34,691,755
TOTAL EQUITY	**36,563,136**	36,238,910

Corporate Information

Chairman & Chief Executive Officer

Zhu Gong Shan

Executive Directors

Zhu Gong Shan
Shu Hua
Sha Hong Qiu
Ji Jun
Yu Bao Dong
Sun Wei
Tong Yee Ming
Zhu Yu Feng

Non-Executive Directors

Chau Kwok Man, Cliff
Bai Xiao Qing

Independent Non-Executive Directors

Qian Zhi Xin
Raymond Ho Chung Tai
Xue Zhong Su
Yip Tai Him

Composition of Board Committees

Audit Committee

Yip Tai Him *(Chairman)*
Qian Zhi Xin
Raymond Ho Chung Tai

Remuneration Committee

Raymond Ho Chung Tai *(Chairman)*
Yip Tai Him
Qian Zhi Xin

Strategic Planning Committee

Raymond Ho Chung Tai *(Chairman)*
Zhu Gong Shan
Sha Hong Qiu
Ji Jun
Xue Zhong Su
Qian Zhi Xin

Company Secretary

Chan Yuk Chun

Authorized Representatives

Yu Bao Dong
Tong Yee Ming

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Registered Office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Unit 1703B–1706, Level 17
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman, KY1-1107
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Legal Advisers to the Company

As to Hong Kong law

Freshfields Bruckhaus Deringer
11th Floor, Two Exchange Square
Hong Kong

As to Cayman Islands law

Conyers Dill & Pearman
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

As to PRC law

Grandall Legal Group (Beijing)
9th Floor, Taikang Financial Tower
No. 38 North Road East Third Ring
Chaoyang District
Beijing, 100026
PRC

Company's Website

www.gcl-poly.com.hk

Information for Investors

Listing Information

Listing: Main Board of the Hong Kong Stock Exchange
Stock Code: 3800

Share Information

Board Lot Size: 1,000 shares
Shares Outstanding as at 31 December 2010: 15,473,963,268 shares

Financial Calendar

17 March 2011:
Announcement of 2010 Final Results
14 April 2011:
Publication of Annual Report
16 May 2011:
Annual General Meeting

Enquiries Contact

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Glossary of Terms

"Baoying Cogeneration Plant"	寶應協鑫生物質發電有限公司 (Baoying Xiexin Biomass Electric-Power Co., Ltd.*)
"Board" or "Board of Directors"	our board of Directors
"Changzhou Wafer"	常州協鑫光伏科技有限公司 (Changzhou GCL Photovoltaic Technology Co., Ltd.*)
"China" or "PRC"	the People's Republic of China, but for the purposes of this report, excludes Hong Kong and Macau Special Administrative Region
"China Resources Beijing Cogeneration Plant"	華潤協鑫（北京）熱電有限公司 (China Resources Golden Concord (Beijing) Co-generation Power Co., Ltd.*)
"Company" or "GCL-Poly"	GCL-Poly Energy Holdings Limited
"Director(s)"	director(s) of the Company or any one of them
"Dongtai Cogeneration Plant"	東台蘇中環保熱電有限公司 (Dongtai Suzhong Environmental Protection Co-generation Co., Ltd.)
"Fengxian Cogeneration Plant"	豐縣鑫源生物質環保熱電有限公司 (Fengxian Xinyuan Biological Environmental Heat and Power Co., Ltd.)
"Funing Cogeneration Plant"	阜寧協鑫環保熱電有限公司 (Funing Golden Concord Environmental Cogeneration Co., Ltd.)
"GCL Solar"	GCL Solar Energy Technology Holdings Inc.
"Group"	the Company and its subsidiaries
"Guotai Wind Power Plant"	錫林郭勒國泰風力發電有限公司 (Xilingol Guotai Wind Power Generation Co., Ltd.*)
"GW"	gigawatts
"Haimen Cogeneration Plant"	海門鑫源環保熱電有限公司 (Haimen Xinyuan Environmental Protection Co-generation Co., Ltd.)
"Huzhou Cogeneration Plant"	湖州協鑫環保熱電有限公司 (Huzhou Golden Concord Environmental Protection Cogen-Power Co., Ltd.)
"Jiangsu Zhongneng"	江蘇中能硅業科技發展有限公司 (Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.)
"Jiaxing Cogeneration Plant"	嘉興協鑫環保熱電有限公司 (JiaXing Golden Concord Environmental Cogeneration Co., Ltd.)

"Konca Solar"	高佳太陽能股份有限公司 (Konca Solar Cell Co., Ltd.)
"Kunshan Cogeneration Plant"	昆山鑫源環保熱電有限公司 (Kunshan Xinyuan Environmental Protection Cogen-Power Co., Ltd.)
"kWh"	Kilowatt hour
"Lianyungang Xiexin Cogeneration Plant"	連雲港協鑫生物質發電有限公司 (Lianyungang Xiexin Biomass Electric-Power Generation Co., Ltd.)
"Lianyungang Xinneng Cogeneration Plant"	連雲港鑫能污泥發電有限公司 (Lianyungang Xinneng Sludge Power Co., Ltd.*)
"MT"	metric tonnes
"MW"	megawatts
"Peixian Cogeneration Plant"	沛縣坑口環保熱電有限公司 (Peixian Mine-site Environmental Cogen- Power Co., Ltd.)
"Puyuan Cogeneration Plant"	桐鄉濮院協鑫環保熱電有限公司 (Tongxiang Puyuan Xiexin Environmental Protection Cogeneration Co., Ltd.*)
"Rudong Cogeneration Plant"	如東協鑫環保熱電有限公司 (Rudong Golden Concord Environmental Protection Cogen-Power Co. Ltd.*)
"Suzhou Cogeneration Plant"	蘇州工業園區藍天燃氣熱電有限公司 (Suzhou Industrial Park Blue Sky Gas Cogen-Power Co., Ltd.)
"Suzhou Wafer"	蘇州協鑫光伏科技有限公司 Suzhou GCL Photovoltaic Technology Co., Ltd.
"Taicang Incineration Plant"	太倉協鑫垃圾焚燒發電有限公司 (Taicang Xiexin Refuse Incineration Power Co. Ltd.*)
"Taicang Poly Cogeneration Plant"	太倉保利協鑫熱電有限公司 (Taicang Poly Xiexin Thermal Power Co., Ltd.)
"TCS"	trichlorosilane
"W"	watts
"Xuzhou Cogeneration Plant"	徐州西區環保熱電有限公司 (Xuzhou Western Environmental Protection Co-generation Power Co., Ltd.)
"Xuzhou Solar Farm"	徐州協鑫光伏電力有限公司 (Xuzhou GCL Solar Energy Co., Ltd.*)
"Xuzhou Wafer"	江蘇協鑫硅材料科技發展有限公司 Jiangsu GCL Silicon Material Technology Development Co., Ltd
"Yangzhou Cogeneration Plant"	揚州港口污泥發電有限公司 (Yangzhou Harbour Sludge Power Co., Ltd.)