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)

Bringing Green Power to Life
創享綠色能源

2009 Annual Report

Contents

GCL-Poly Energy Holdings Limited

Annual Report 2009

Five-Year Financial Summary

RESULTS

	For the year ended 31 December				
	2005 RMB'000 (restated) *(note 1)*	2006 RMB'000 (restated)	2007 RMB'000 (restated)	2008 RMB'000 (restated)	**2009 RMB'000**
Revenue	–	–	301,766	3,521,444	**4,355,628**
Profit (loss) before taxation	–	(2,576)	(24,302)	2,307,268	**(50,131)**
Income tax expense	–	–	(24,353)	(142,809)	**(82,146)**
Profit (loss) for the year	–	(2,576)	(48,655)	2,164,459	**(132,277)**
Attributable to:					
Owners of the Company	–	(1,653)	(89,579)	1,922,862	**(175,980)**
Non-controlling interests	–	(923)	40,924	241,597	**43,703**
	–	(2,576)	(48,655)	2,164,459	**(132,277)**

ASSETS AND LIABILITIES

	At 31 December				
	2005 RMB'000 (restated)	2006 RMB'000 (restated)	2007 RMB'000 (restated)	2008 RMB'000 (restated)	**2009 RMB'000**
Total assets	–	721,821	1,725,740	8,929,940	**23,049,916**
Total liabilities	–	631,052	1,597,027	9,774,677	**12,291,996**
	–	90,769	128,713	(844,737)	**10,757,920**
Equity attributable to owners of the Company	–	13,982	(125,034)	(844,737)	**10,226,995**
Non-controlling interests	–	76,787	253,747	–	**530,925**
	–	90,769	128,713	(844,737)	**10,757,920**

Notes:

1. GCL Solar Energy Technology Holdings Inc., Sun Wave Group Limited and Greatest Joy International Limited have not been set up as at 31 December 2005.

Performance Highlights

	2009 RMB'000	2008 RMB'000 (restated)	Change	% of change
Revenue				
Sales of polysilicon	**2,537,143**	2,892,715	(355,572)	-12.3%
Sales of electricity	**981,315**	–	981,315	N/A
Sales of steam	**419,821**	–	419,821	N/A
Sales of wafer	**262,273**	628,729	(366,456)	-58.3%
Sales of coal	**155,076**	–	155,076	N/A
	4,355,628	3,521,444	834,184	23.7%
(Loss) profit and total comprehensive (expenses) income for the year attributable to owners of the Company				
Profit before impairment loss on goodwill and one-off share-based payment expenses	**665,795**	1,922,862	(1,257,067)	-65.4%
Impairment loss on goodwill	**(95,942)**	–	(95,942)	N/A
One-off share-based payment expenses	**(745,833)**	–	(745,833)	N/A
	(175,980)	1,922,862	(2,098,842)	-109.2%

	2009 RMB Cents	2008 RMB Cents (restated)	Change	% of change
Basic (loss) earnings per share				
Profit before impairment loss on goodwill and one-off share-based payment expenses	**5.92**	40.60	(34.68)	-85.4%
Impairment loss on goodwill	**(0.85)**	–	(0.85)	N/A
One-off share-based payment expenses	**(6.64)**	–	(6.64)	N/A
	(1.57)	40.60	(42.17)	-103.9%

	2009 RMB'000	2008 RMB'000 (restated)	Change	% of change
Extracts of consolidated statement of financial position				
Equity attributable to owners of the Company	**10,226,995**	(844,737)	11,071,732	-1310.7%
Total assets	**23,049,916**	8,929,940	14,119,976	158.1%
Bank balances, cash, pledged bank and restricted bank deposits	**5,582,937**	2,022,496	3,560,441	176.0%
Bank borrowings	**7,547,876**	3,057,228	4,490,648	146.9%
Key financial ratios				
Current ratio	**1.05**	0.45	0.60	133.3%
Quick ratio	**0.96**	0.44	0.52	118.2%
Net debt to equity	**19.2%**	N/A	N/A	N/A

Major Events 2009

March	Mr. Hua Jianmin, Vice-Chairman of the NPC Standing Committee, visited Jiangsu Zhongneng.
June	The allotment of 50,000,000 new shares to independent third parties at a placing price of HK$1.55 per share was completed by GCL-Poly to expand the shareholders base and strengthen the financial position of the Group. The expansion project of Taicang Incineration Plant, a subsidiary of GCL-Poly, was completed. The facilities, with the installed capacity increased from 6 MW to 12 MW, commenced operation. GCL-Poly announced the acquisition of 100% equity interest in Jiangsu Zhongneng at a consideration of HK$26.35 billion, making it the largest supplier of polysilicon in the PRC and a leading supplier of polysilicon in the world.
July	Mr. Gary Locke, the Secretary of Commerce of the US, visited GCL-Poly's China Resources Beijing Cogeneration Plant. The acquisition of 100% equity interest in Jiangsu Zhongneng was completed by GCL-Poly.
August	GCL-Poly successfully placed 1,300,000,000 new shares at a placing price of HK$2.83 per share and the shareholders' base of the Company was broaden. Xilingol Guotai Wind Power Plant, the first wind farm of GCL-Poly with an installed capacity of 49.5 MW, commenced operation.
September	The Board announced its investment plan of US$700 million to develop wafer production projects with a total capacity of 2GW in Jiangsu Province.


Polysilicon from reactor


Xilingol Guotai Wind Power Plant


Taicang Incineration Plant

Major Events 2009 (continued)

October	Mr. Liang Baohua, the Secretary of Jiangsu Provincial Committee of the Communist Party of China, emphasized the overarching importance of science and technology advancement to the industry during his visit to Jiangsu Zhongneng. Mr. Schroeder, former Chancellor of Germany, while visiting Jiangsu Zhongneng, welcomed Jiangsu Zhongneng to conduct more extensive exchange and cooperation with German enterprises and institutions. GCL-Poly was awarded the "Aspiring Listed Company Influencing China (影響中國之進取上市公司獎)" by Wen Wei Po of Hong Kong. GCL-Poly exclusively sponsored and participated in the China Fortune Foundation Inauguration Banquet and the "China's Road to Prosperity – Prospects and Challenges (中國富強之路－前景及挑戰)" Forum. Monthly polysilicon production capacity of GCL-Poly exceeded 1,000 MT.
November	GCL-Poly and China Investment Corporation ("CIC") entered into the New Share Subscription Agreement and the Joint Venture Agreement. Pursuant to the New Share Subscription Agreement, CIC will subscribe for approximately 3,108,000,000 new shares of the Company at a price of HK$1.79 per share. Pursuant to the Joint Venture Agreement, the Company will establish a joint venture with an aggregate initial capital contribution of US$500 million with CIC to invest and develop the photovoltaic power generation business. The full combustion of biomass upgrading projects in GCL-Poly's Baoying Cogeneration Plant and Lianyungang Xiexin Cogeneration Plant passed inspection, representing Jiangsu Province's first successful case in converting coal-fired fluidized bed boilers to full combustion of biomass boilers, which generate higher economic and social benefits.
December	GCL-Poly completed the issuance of new shares to CIC which became the second largest shareholder of the Company with a 20% interest in the Company. Mr. Chau Kwok Man, Cliff and Ms. Bai Xiao Qing, who represent CIC, were appointed as non-executive directors to join the Board of the Company. Xuzhou Solar Farm, the first solar farm of GCL-Poly and the largest one in China and Asia with an installed capacity of 20MW, was completed and successfully connected to the Grid.

Xuzhou Solar Farm

Bird's eye view of Jiangsu Zhongneng

Wafer production

Company Profile

GCL-Poly Energy Holdings Limited is China's largest polysilicon producer, one of the world's leading wafer suppliers and also a top green energy enterprise in China. Annual polysilicon production capacity reached 18,000 MT by the end of 2009 and is expected to reach 21,000 MT by the end of 2010. The Group has also started constructing wafer production facilities and targets to achieve 2GW of capacity by the end of 2010. 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 20MW 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 is in the process of setting up a joint venture with China Investment Corporation to invest in solar farms globally.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to report that GCL-Poly achieved remarkable operating results in 2009. For the financial year ended 31 December 2009, GCL-Poly recorded revenue of RMB4,355.6 million, an increase of 23.7% from RMB3,521.4 million as restated for 2008. Although we recorded a net loss for the year, the loss was partially attributable to one-time non-cash share-based payment expenses of RMB745.8 million, a non-cash goodwill impairment loss of RMB95.9 million and a one-time finance charge of RMB129.7 million as a result of the merging of the solar business into the Company. Excluding such exceptional items and other one-time costs, operating profit would have been more than RMB800 million in 2009.

In July 2009, our Company acquired 100% equity interest in Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. ("Jiangsu Zhongneng") at a consideration of HK$26.35 billion. Upon completion of the acquisition, the solar business became the core business while the Company's business structure and development plans changed significantly. This acquisition is accounted for as a "reverse acquisition" in accordance with the requirements of the International Financial Reporting Standards. As such, the Company is considered as the acquiree for accounting purposes. According to such accounting treatment, the 2009 full year results of our newly merged solar business were consolidated into the financial statements, while only the results from 1 August to 31 December 2009 of our existing power business were consolidated into the financial statements. This accounting treatment was concurred by the auditor of the Company.

2009 was an extraordinary year for GCL-Poly. In July, we successfully acquired Jiangsu Zhongneng, the largest polysilicon supplier in China and also one of the leading polysilicon suppliers in the world. Hence, we became a leading new energy operator in Hong Kong. In August, we successfully issued 1.3 billion new shares thus enlarging our investor base. In the same month, all units in our first wind power plant, Xilingol Guotai Wind Power Generation Co., Ltd., with installed capacity of 49.5MW, commenced operations. This event signified our first step in expanding into the wind power industry. In October, Wen Wei Po of Hong Kong gave us an award titled "Aspiring Listed Company Influencing China (影響中國之進取上市公司獎)". In December, we successfully issued 3.1 billion new shares to China Investment Corporation ("CIC"), further improving our share capital structure and reducing the Company's debt-to-equity ratio. At the end of December, we successfully completed construction of our first solar farm in China with an installed capacity of 20MW. This is the largest solar farm both in China and in Asia that has commenced operations and achieved grid connection. The completion of this solar farm set a strong foundation for GCL-Poly on which we can capitalize from and help us further capture business opportunities arising from the development of the global solar industry going forward.

GCL-Poly had a good start in 2010. In January, Jiangsu Zhongneng obtained approval to participate in the joint establishment of the Jiangsu Province Hydrochlorination Technology Engineering Center. In late January, we commenced production at the first phase of our wafer production facilities located in Xuzhou, Jiangsu province with a capacity of 500MW. This represents an important milestone for our wafer expansion plans. In February, we were selected as one of the constituents of the Hang Seng Composite Index Series.

Chairman's Statement (continued)

SOLAR BUSINESS

In 2009, the solar business faced severe headwinds. The polysilicon industry experienced rapid changes and the Company adopted various measures to increase production capacity, improve product quality and reduce production cost in order to further strengthen the Company's competitiveness.

With the 15,000 MT Xuzhou Phase III polysilicon production facilities commencing production, our Company's annual polysilicon production capacity increased from 3,000 MT at the beginning of the year to 18,000 MT by the end of the year. Monthly production volume also increased significantly and has been maintained at above 1,000 MT since October 2009. Annual production volume reached 7,454 MT, which is in-line with the production volume target of 7,500 MT which we disclosed to the investment community before. Polysilicon sales volume reached 5,675 MT for the full year of 2009. At the same time, our polysilicon production cost continued to decline, decreasing from US$66.0 per kg in 2008 to about US$39.4 per kg for 2009, thus allowing us to greatly narrow the gap between our Company and other leading global polysilicon players.

Driven by the increase in production capacity and reduction in production cost, the Company has emerged as one of the few domestic polysilicon suppliers that can sustain a profitable operation. In 2009, our solar business recorded a revenue of RMB2,799.4 million, a gross profit of RMB1,020.0 million and a gross profit margin of 36.4%.

In-house research and development ("R&D") capabilities are crucial for a solar company to weather challenges. In 2009, the Xuzhou government selected Jiangsu Zhongneng as one of the "Top Ten Enterprises with Technology Advancements." The Jiangsu government also named our polysilicon as "High-Tech Products." To date, Jiangsu Zhongneng has successfully obtained nine patents and there are more than 30 patent applications pending approval. At the same time, we set up a R&D center in the US so that we can attract the best talents to enhance our R&D capabilities.

In order to honor our obligations under the long-term contracts which we have signed with our customers, realize synergies from integrating polysilicon manufacturing with wafer manufacturing and further enhance our competitiveness in the production of solar raw materials, in the second half of 2009, the Board of Directors of the Company decided to invest in wafer production facilities with a target production capacity of 2 GW and started the construction of the first phase of the Xuzhou wafer production facilities. This project is progressing smoothly and production commenced at the end of January 2010.

At the same time, GCL-Poly leverages on years of experience in constructing, managing and operating power plants to enter into solar power generation. The 20MW solar farm in Xuzhou, Jiangsu province occupies nearly 700mu of barren land and utilizes approximately 9,800 solar panels. This solar farm represents a ground-breaking achievement for China in the research and development of large-scale solar power generation plants.

POWER BUSINESS

Facing the fluctuating demand for power and steam after the financial crisis in 2009, the Company took proactive and effective measures to ensure stable growth of our power and steam business. For the full year of 2009, the Company recorded power sales volume of 5,092 GWh, representing an increase of 10.9% as compared with 2008. Steam sales volume for the full year of 2009 was 5,758,759 tonnes, representing an increase of 7.4% relative to the previous year.

While successfully expanding revenue sources, the Company also took various measures to effectively control and manage the cost of coal and financial expenses. For the full year of 2009, the average cost of coal was RMB461 per tonne, representing a decrease of 7.2% as compared with the previous year. Finance expenses of the power business were reduced by 16.1% for the full year of 2009, which was attributable to lower interest rate.

The stable increase in power and steam sales and the decrease in average unit cost of coal and financial expenses have resulted in the increase in revenue and net profit of the power business. For the five months ended 31 December 2009, the power business recorded a revenue of RMB1,556.2 million, of which revenue from power and steam sales reached RMB1,401.1 million, and gross profit margin increased to 18.9%.

SOCIAL RESPONSIBILITIES

As an enterprise that has long been engaged in the development of renewable energies, we are greatly aware of our responsibilities to the environment. We are able to effectively recycle various by-products from the polysilicon production process and we ensure that our manufacturing facilities comply with various national standards. All of our cogeneration power plants have been equipped with desulphurization devices, which can significantly reduce the emission of sulfur dioxide. Our subsidiary cogeneration plants replaced the industry boilers to supply steam to customers and by doing so, we save approximately 710,000 tonnes of coal and reduce carbon dioxide emission by 1.91 million tonnes in 2009. The 20MW solar farm in Xuzhou that commenced operations at the end of 2009 would help to save about 10,000 tonnes of coal each year and reduce about 20,000 tonnes of carbon dioxide per year.

We are determined to contribute to the community and we endeavor to promote harmony in society. We have extended our sincerity, love and concern to rehabilitation centers, orphanages, and schools in mountainous areas via our charity activities under "Love and Care" Action" (陽光關愛行動). We are also the sole sponsor for the "Eco-Friendly Economy Forum" (環保經濟論壇) of "China Fortune Foundation Limited"(中國富強基金會) with the aim to encourage the adoption of renewable energies and to help make our country stronger and more prosperous.

OUTLOOK AND THE PLAN FOR 2010

The global trend is to proactively tackle problems arising from climate change as well as encourage emission reduction; therefore, the use of renewable energies is becoming increasingly important and governments all over the world have been increasingly supportive of the adoption of solar power generation as it is the most sustainable type of renewable energy. After becoming the President of the United States, Obama sees the development of renewable energies as a key driver for economic recovery and has announced various subsidy programs to encourage the use of solar power. The Chinese government has initiated a series of solar subsidy programs such as the Solar Roof Top Plan and the Golden Sun Project to encourage the adoption of solar power in China. The Chinese government has ambitious plans for the solar industry in the next decade with the hope of transforming China from a solar product manufacturer to one which widely adopts solar power generation. Such an initiative would help the Chinese government realize its commitment to reduce carbon emissions.

Chairman's Statement (continued)

The solar industry is a growing industry with huge potential and infinite business opportunities. In fact, the solar industry is one of the first few industries to rebound after the global financial crisis, and has resumed strong growth since the second half of 2009. Many research and investment institutions expect the solar industry to grow significantly in the future and predict that new global solar capacity in 2010 to increase by more than 60% from 2009. We will seize every opportunity to fully manifest our competitive edges and achieve new breakthroughs in the development of our solar business by implementing a vertical integration strategy.

In 2010, we will continue to enhance our competitiveness in human resources, technology and cost leadership. We are looking into building a new R&D center in Suzhou and Nanjing to further enhance our R&D capabilities. Jiangsu province in China is the largest solar manufacturing hub in the world and most of our downstream cell and module customers are located within this province. We will work very closely with our downstream cell and module customers and leverage on our competitive advantages in the manufacturing of solar raw materials to ensure that we can produce high-quality polysilicon and wafers at competitive prices, and at the same time, help enhance efficiency of our customers' products.

For polysilicon, we will continue to increase production volume and enhance product quality. We target to increase production capacity to 21,000 MT by end of 2010 with expected production volume of roughly 15,000 MT. With further ramp up of our hydrochlorination facilities, we are confident that we can further reduce polysilicon production cost to reach levels that are competitive with global players by the second half of 2010 so that we can continue to maintain a relatively high gross margin.

In 2010, we will focus on ramping up our wafer business. Besides setting up wafer facilities in Xuzhou, we will also make acquisitions and form joint ventures to establish wafer production facilities in Wuxi, Changzhou and Suzhou and carry out a special operational model so that we can quickly build up competitiveness location-wise and achieve advantages in scale, cost and quality. We target to achieve 2 GW of capacity by end of 2010 and we expect to produce roughly 1.3 GW of wafers in 2010.

At the same time, we will work closely with CIC to develop our solar farm business. With a vertically integrated strategy, we should realize significant cost synergies by utilizing our in-house solar raw materials to support the solar farm investments. We are confident that in two to three years' time, we will become both a global leading manufacturer of solar raw materials as well as one of the world's leading operator of solar farms.

While developing the solar business, we will also ensure the healthy and stable development of our environmentally-friendly power business. On one hand, we will adopt active measures to cope with the fluctuation in fuel prices and ensure the effective development of the power business. On the other hand, we will try to balance the carbon emission of the Group by adjusting our organization investment policy in clean and renewable energies through the increase in capacities of incineration power plants 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 continuous support.

Biographical Details of Directors

EXECUTIVE DIRECTORS:

Mr. ZHU Gong Shan (朱共山), aged 52, 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 is the founder of the Group and together with his family, are the beneficial owners of a trust which owns about 32.4% issued share capital of the Company at 31 December 2009. He is currently the Chinese People's Political Consultative Conference member of Jiangsu Province, 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 Honorable Chairman of Jiangsu Chamber of Commerce in Guangdong, the Senior Consultant of Xilingol local government, the member of Chinese Entrepreneur Club on Renewable Energy and the member of American Council on Renewable Energy. 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 51, has been an Executive Director of the Company since November 2006. He is also the 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. JI Jun (姬軍), aged 62, 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. SHU Hua (舒樺), aged 47, has been an Executive Director of the Company since October 2007. Mr. Shu is responsible for the operational management of the Group. He has over 10 years' experience in the power industry and has joined the Group since June 2004. Mr. Shu has a Master's degree in Business Administration for Senior Management from the Tongji University in the PRC.

Mr. YU Bao Dong (于寶東), aged 46, 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 38, 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.

Biographical Details of Directors (continued)

Mr. TONG Yee Ming (湯以銘), aged 57, 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 28, has been an Executive Director of the Company since September 2009. He graduated from George Brown College (Business Adminstration Faculty) in 2005. Mr. Zhu is a member of the beneficial owners of a trust which owns about 32.4% issued share capital of the Company at 31 December 2009. Mr. Zhu joined a subsidiary of the Company in 2006 and was promoted to assistant vice president of the Company in January 2009. Mr. Zhu is responsible for the 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 43, 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 42, 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 64, 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 71, 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.

Biographical Details of Directors (continued)

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 70, 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 39, 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 about 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 Cyber Port (International) Company Limited, Vinco Financial Group Limited, China Star Film Group Limited and iOne Financial Press Limited.

Management Discussion and Analysis

OVERVIEW

In 2009, the Company experienced exceptional growth. Besides achieving strong profit growth in our power business, the acquisition of 100% equity interest of Jiangsu Zhongneng and its subsidiaries significantly increased the revenue and operating profit of the Group. From June to December 2009, the Company successfully raised funds for approximately HK$9,320.1 million through the issuance of 4,458.2 million new shares. The funds strengthened the financial position of the Group.

RESULTS OF THE GROUP

For the year ended 31 December 2009, the Group recorded significant growth with revenue amounted to RMB4,355.6 million, representing an increase of 23.7% compared with the revenue of RMB3,521.4 million for the year ended 31 December 2008. The increase was mainly due to consolidation of the revenue from power business since 1 August 2009.

The Group's net loss attributable to owners of the Company for 2009 was RMB176.0 million compared with a profit of RMB1,922.9 million in 2008. The loss in 2009 was mainly due to an one-off share-based payment expenses of RMB745.8 million, one-off finance costs of RMB129.7 million and impairment loss on goodwill of RMB95.9 million arising from the acquisition of power business. Excluding the above-mentioned expenses and other one-off expenses, the Group's operating profit would have been more than RMB800 million.

FUND RAISING ACTIVITIES

On 14 May 2009, the Company entered into a placing agreement with a placing agent to subscribe for 50,000,000 new shares at a price of HK$1.55 per share. The placing was completed on 3 June 2009 and the gross proceeds amounted to approximately HK$77.5 million.

On 4 August 2009, the Company entered into an agreement with several placing agents to subscribe for 1,300,000,000 new shares at a price of HK$2.83 per share. The placing was completed on 11 August 2009 and the Company successfully raised gross proceeds of approximately HK$3,679.0 million.

On 17 November 2009, the Company entered into an agreement with CIC to issue 3,108,163,054 new shares at a subscription price of HK$1.79 per share. The gross proceeds from the subscription was approximately HK$5,563.6 million and will be used for general working capital, repayment of borrowings and investment in photovoltaic or solar energy projects. The subscription was completed on 23 December 2009.

USE OF PROCEEDS

The Company raised approximately HK$9,320.1 million in gross proceeds during the year and as at 31 December 2009, the proceeds were mainly utilised as follows:

1. approximately HK$2,732 million was used for the redemption of the outstanding secured notes;
2. approximately HK$2,340 million was used for the repayment of bank borrowings;
3. approximately HK$286 million was used for transaction costs relating to the placements and the acquisition of the solar business (including commission, legal and other professional fees);
4. approximately HK$113 million was used for the capital expenditure of Jiangsu Zhongneng and the solar farm in Xuzhou; and
5. approximately HK$139 million was used for the repayment of loans and general working capital purposes.

VERY SUBSTANTIAL ACQUISITION

On 3 June 2009, the Company entered into the acquisition agreements to acquire 100% equity interest of Jiangsu Zhongneng via the acquisition of GCL Solar. Jiangsu Zhongneng is one of the world's leading suppliers of polysilicon to companies operating in the solar industry with production facilities located in Xuzhou, Jiangsu province, China. This acquisition provides a golden opportunity for the Group to gain access to technologies for large scale renewable energy-related projects, and also enable the Group to further develop operations in the renewable energy industry. The total consideration included US$200 million cash, US$350 million secured notes and the issuance of 10,039,772,727 new ordinary shares. The acquisition was completed on 31 July 2009.

Under IFRS, including reference made to IFRS 3 (2008) which came into effect for the Group on 1 January 2010 that contained relevant supplementary guidance in accounting treatment for acquisition and other facts and circumstances arising after the completion of the acquisition, the above-mentioned acquisition has been accounted for as a reverse acquisition (with the Company as the acquiree and GCL Solar as the acquirer). As a result, 5 months (1 August 2009 to 31 December 2009) of the financial results of the acquiree (power business) was consolidated into the financial statements of the acquirer for the year ended 31 December 2009. All comparative figures have been restated (using GCL Solar's 2008's figures as comparative figures) to conform with the above accounting treatment.

BUSINESS REVIEW

Solar 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 the electronics industries. Jiangsu Zhongneng was founded in March 2006 and production capacity is expected to reach 21,000 MT by December 2010. During the years ended 31 December 2009 and 2008, Jiangsu Zhongneng produced 7,454 MT and 1,850 MT of polysilicon respectively.

Jiangsu Zhongneng ramped up its Xuzhou Phase I and Phase II production facilities to its designed annual capacity of 1,500 MT each in March 2008 and December 2008, respectively. Jiangsu Zhongneng's Xuzhou Phase III production facility commenced commercial production in December 2008, and was fully ramped up to its designed annual capacity of 15,000 MT in December 2009. With further technical improvements, Jiangsu Zhongneng's total annual polysilicon production capacity should reach 21,000 MT by December 2010. Jiangsu Zhongneng has implemented proven technologies in its polysilicon production facilities. It utilises a modified Siemens process to produce polysilicon and, starting from Xuzhou Phase II onwards, its production facilities were designed to produce both solar and electronic grade polysilicon.

GCL Solar sold wafer through tolling arrangements with third party manufacturers and expects wafer sales to contribute a majority of its revenue starting in 2010. GCL Solar is constructing its own in-house wafer and ingot manufacturing facilities and targets to ramp up wafer production capacity to 2 GW by end of 2010. We are also exploring opportunities to further expand our wafer production capacity through strategic acquisitions and partnerships.

Management Discussion and Analysis (continued)

Production Costs
GCL Solar's production costs in respect of polysilicon and wafer are affected primarily by its ability to control raw material costs, to achieve economies of scale in its operations and to efficiently manage its supply chain.

Production costs in GCL Solar's operations primarily consist of:

TCS: Jiangsu Zhongneng uses TCS to produce polysilicon. To reduce its reliance on TCS from third party suppliers, Jiangsu Zhongneng is increasingly incorporating TCS production into its own production process. For the years ended 31 December 2009 and 2008, approximately 62.7% and 20.9% of the TCS that Jiangsu Zhongneng consumed, respectively, was produced in-house. Management expects that its process integration initiatives will substantially reduce the Company's reliance on third parties for its TCS requirements as well as its TCS costs in the future.

Electricity: The cost of electricity is a substantial component of Jiangsu Zhongneng's total cost of sales. It sources electricity from the Xuzhou Electricity Company at market prices.

Tolling fees: GCL Solar pays tolling fees in connection with the wafer it sells to its customers. Before GCL Solar commences in-house production of wafer by mid of 2010, it will pay a wafer tolling fee on all its sales of wafer.

Other materials and inputs: The production of polysilicon requires water, steam, metallurgical silicon (MG-Si), hydrochloric acid and sodium hydroxide as the most significant inputs. In respect of such inputs, Jiangsu Zhongneng has signed water and steam long-term contracts and the other materials are purchased from the spot market.

As a result of the improvement in our in-house TCS sufficiency rate and increase in scale of operation, Jiangsu Zhongneng's polysilicon average production cost decrease significantly, from RMB458.6 (US$66.0) per kilogram for the year ended 31 December 2008 to RMB269.3 (US$39.4) per kilogram for the year ended 31 December 2009.

Revenue
For the year ended 31 December 2009, GCL Solar sold 5,675 MT of polysilicon and 46.4 MW of wafer, with revenue amounted to RMB2,799.4 million. For the year ended 31 December 2008, GCL Solar sold 1,530 MT of polysilicon and 39.2 MW of wafer, with revenues amounted to approximately RMB3,521.4 million.

Realised average selling price for the year ended 31 December 2009 was RMB446.6 (US$65.4) per kilogram for polysilicon sales and RMB5.64 (US$0.83) per W for wafer sales. Realised average selling price for the year ended 31 December 2008 was RMB1,890.4 (US$272.4) per kilogram for polysilicon sales and RMB16.0 (US$2.33) per W for wafer sales.

Environmental Matters
GCL Solar has adopted the modified Siemens process for its polysilicon production to reduce waste discharge. We process all our waste water and waste gas by various treatments so that we satisfy the respective national discharge standards. In addition, most of our solid waste can be reused and do not contain poisonous materials. We have established a pollution control system and installed various types of anti-pollution equipments in our facilities to reduce, treat, and where feasible, recycle the wastes generated in our manufacturing process. We have obtained the pollutant discharge permit, the work safety permit for storage and use of hazardous chemicals and permit for the registration of use of high pressure containers for the pressure containers we have installed.

We have passed the environmental protection examination and work safety examination for our production facilities.

We believe that the environmental protection systems and installed facilities of our production facilities are adequate to comply with both the national and local environmental protection regulations.

Management Discussion and Analysis (continued)

Recent Development

GCL Solar will allocate more resources to solar farm investment opportunities going forward and has recently completed construction and connection of a 20 MW solar farm located in Xuzhou, Jiangsu province. This is the largest solar farm project in China so far. In addition, the Company and CIC is in the process of setting up a joint venture to invest in solar farm opportunities globally.

Outlook

We intend to ramp up annual polysilicon production to 21,000 MT by December 2010 via a technical improvement program. Our cost-down initiatives are progressing well and our production cost should reach levels that are very competitive against that of polysilicon producers outside of China that have been producing polysilicon for more than a decade. Despite declining polysilicon prices, we are confident in our ability to further reduce production cost so that we can maintain healthy operating margins. The polysilicon industry is highly competitive but we expect some smaller polysilicon suppliers with relatively short operating history and smaller production scale to encounter difficulties in raising funds to finance their expansion plans. In particular, the Chinese government has stepped up efforts to clean up the polysilicon industry and has stated that any producer with less than 3,000 MT of capacity with electricity consumption rate of more than 200 kWh per kilogram of polysilicon will have to be shut down by 2011. On the other hand, we are the largest polysilicon producer in China with the most competitive cost structure and we have proven to be able to ramp up our production facilities in a timely manner and to effectively reduce production cost. We have already achieved significant operating scale to be able to compete against polysilicon suppliers outside of China with longer operating history than ours and we are confident that we are well-positioned to capitalise on the increasing demand for high-quality and cost-efficient polysilicon from the solar industry.

Our mission is to bring green power to life and we believe that solar power is one of the fastest growing sources of alternative energy. Governments all over the world such as the United States, Italy, France, Germany, Spain, China, Japan and Korea have issued or are about to issue initiatives or subsidies to support the use of solar power. We intend to capitalise on the significant business opportunities that such government policies may bring about and build a world-class, vertically-integrated solar company. As such, we have started constructing in-house wafer manufacturing capabilities with the aim to achieve 2 GW of capacity by end of 2010. We have announced the intention to acquire a controlling stake of 70.19% in Konca Solar which will accelerate the ramping up of our wafer manufacturing capacity. We are also in the process of setting up a joint venture with CIC which will invest in solar farm projects globally including US, Europe and China. We believe that our experienced management team and skilled research and development professionals possess the technical expertise and operational know-how to help the Company move further downstream along the photovoltaic chain.

Power Business

The Group's power business is one of the largest foreign-owned independent power cogeneration plant operators in the PRC and is principally engaged in the development, management and operation of power cogeneration plants in the PRC. In addition, the Group's power plants fall into one of the categories of environmentally friendly power plants that are encouraged by the PRC government.

As at 31 December 2009, the Group (including its subsidiaries and associated power plants) operated 21 power plants. These comprised 14 coal-fired cogeneration plants and comprehensive resource utilisation plants, 2 gas-fired cogeneration plants, 2 biomass cogeneration plants, 1 solid waste incineration plant, 1 wind power plant and 1 solar farm with an attributable installed capacity of 773.3MW and attributable steam extraction capacity of 1,756.4 tonne/h, representing an increase of 10.8% compared to an attributable installed capacity of 697.8MW as at 31 December 2008. This increase was mainly due to the operation of the wind power plant and a solar farm, and also the increase in capacity of an incineration plant with an attributable installed capacity of 49.5MW, 20MW and 6MW respectively of which all these power plants began operation in 2009. The attributable steam extraction capacity of 1,756.4 tonne/h is the same as at 31 December 2008.

Management Discussion and Analysis (continued)

Sales Volume of Electricity and Steam

For the Group's subsidiary power plants, the total sales volume of electricity increased by 10.9% to 5,091,722 MWh in 2009 as compared with 4,590,726 MWh in 2008. The total volume of steam sales increased by 7.4% to 5,758,759 tonnes in 2009 as compared with 5,363,708 tonnes in 2008. For the period from 1 August 2009 to 31 December 2009, the total sales volume of electricity and steam were 2,039,543 MWh and 2,679,108 tonnes respectively.

The following table indicates total electricity sales and steam sales of each power plant.

Electricity sales volume

Plant	**Electricity Sales MWh 1.8.2009 – 31.12.2009**	Electricity Sales MWh 31.12.2009	Electricity Sales MWh 31.12.2008
Kunshan Cogeneration Plant	**179,490**	406,356	362,150
Haimen Cogeneration Plant	**59,860**	146,670	136,350
Rudong Cogeneration Plant	**78,287**	185,717	145,780
Huzhou Cogeneration Plant	**66,057**	168,863	174,208
Taicang Poly Cogeneration Plant	**117,563**	250,123	265,425
Jiaxing Cogeneration Plant	**91,353**	227,812	208,640
Lianyungang Xinneng Cogeneration Plant	**49,437**	120,950	72,450
Puyuan Cogeneration Plant	**98,855**	231,617	154,781
Fengxian Cogeneration Plant	**80,075**	198,753	160,891
Yangzhou Cogeneration Plant	**116,460**	274,490	277,310
Dongtai Cogeneration Plant	**72,820**	175,680	150,450
Peixian Cogeneration Plant	**86,333**	199,800	138,623
Xuzhou Cogeneration Plant	**78,613**	193,438	155,238
Suzhou Cogeneration Plant	**662,006**	1,847,234	1,738,923
Baoying Cogeneration Plant	**75,880**	197,070	204,770
Lianyungang Xiexin Cogeneration Plant	**73,202**	187,334	202,327
Taicang Incineration Plant	**26,252**	52,815	42,410
Xilingol Guotai Wind Power Plant	**27,000**	27,000	–
Sub-total	**2,039,543**	5,091,722	4,590,726
Funing Cogeneration Plant	**80,530**	191,260	132,890
China Resources Beijing Cogeneration Plant	**283,298**	682,836	739,114
Total (including subsidiaries and associated power plants)	**2,403,371**	5,965,818	5,462,730

Management Discussion and Analysis (continued)

Steam sales volume

Plant	Steam Sales tonne 1.8.2009 – 31.12.2009	Steam Sales tonne 31.12.2009	Steam Sales tonne 31.12.2008
Kunshan Cogeneration Plant	**221,986**	480,962	483,221
Haimen Cogeneration Plant	**189,501**	385,211	317,597
Rudong Cogeneration Plant	**184,535**	435,545	433,498
Huzhou Cogeneration Plant	**153,658**	341,724	348,777
Taicang Poly Cogeneration Plant	**171,016**	398,110	420,365
Jiaxing Cogeneration Plant	**413,546**	816,044	749,232
Lianyungang Xinneng Cogeneration Plant	**74,418**	158,192	194,691
Puyuan Cogeneration Plant	**376,033**	740,260	579,192
Fengxian Cogeneration Plant	**164,065**	316,807	246,091
Yangzhou Cogeneration Plant	**82,338**	199,858	167,628
Dongtai Cogeneration Plant	**164,178**	364,859	370,072
Peixian Cogeneration Plant	**62,706**	160,164	170,747
Xuzhou Cogeneration Plant	**78,875**	188,308	176,395
Suzhou Cogeneration Plant	**220,683**	518,926	469,363
Baoying Cogeneration Plant	**66,916**	136,904	151,007
Lianyungang Xiexin Cogeneration Plant	**54,654**	116,885	85,832
Sub-total	**2,679,108**	5,758,759	5,363,708
Funing Cogeneration Plant	**34,326**	81,649	80,880
China Resources Beijing Cogeneration Plant	**120,869**	297,671	289,300
Total (including subsidiaries and associated power plants)	**2,834,303**	6,138,079	5,733,888

Average Utilisation Hours

The average utilisation hours of a power plant refers to 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). The average utilisation hours for the Group's subsidiary power plants was 6,291 hours in 2009, an increase of 7.2% compared with 5,866 hours in 2008. The increase was due to the increase in electricity generation during the year. For the period from 1 August 2009 to 31 December 2009, the average utilisation hours for the Group's subsidiary power plants was 2,532 hours.

Management Discussion and Analysis (continued)

Approved On-grid Tariff

For electricity output, the major customers of our power plants are their respective local provincial power grid companies. The price is based on the approved on-grid tariff determined by the provincial price bureaus. On-grid tariff depends on the fuel type of the relevant power plant and whether government encouraged desulphurization equipment has been installed. In 2009, the approved on-grid tariff of our subsidiaries and associated companies ranged from RMB498.0/MWh to RMB646.0/MWh (2008: RMB472.0/MWh to RMB646.0/MWh).

Approved Steam Price

As incentive projects encouraged by the PRC Government, we sell steam to customers exclusively within a certain radius of where our cogeneration plants are located. The steam prices are negotiated commercially between the customers and the cogeneration plants and are subject to the local government pricing guidelines. Prices may vary according to the market forces. In 2009, the approved steam price of our subsidiaries and associate power plants ranged from RMB144.0/tonne to RMB213.5/tonne (2008: RMB144.0/tonne to RMB226.0/tonne).

Revenue

For the full year ended 31 December 2009, revenue of power business was RMB3,811.6 million, representing an increase of 3.2% as compared with RMB3,693.3 million in the previous year. For the period from 1 August 2009 to 31 December 2009, revenue of power business was RMB1,556.2 million.

Production Cost

Major cost of sales in power plant business is the fuel cost which included coal, natural gas, coal sludge, sludge, gangue and biomass materials. For the Group's subsidiary power plants (including coal-fired cogeneration plants and comprehensive resource utilization plants and biomass cogeneration plants), the average unit fuel cost (equivalent to 5,000 kcal) in 2009 was RMB315/MWh and RMB95/tonne for electricity sales and steam sales respectively. For the period from 1 August 2009 to 31 December 2009, the average unit fuel cost (equivalent to 5,000 kcal) was RMB327/MWh for electricity sales and RMB89/tonne for steam sales.

For the year ended 31 December 2009, the average unit cost of electricity sales and steam sales for gas-fired cogeneration plant, Suzhou Cogeneration Plant was RMB353/MWh and RMB130/tonne respectively. For the period from 1 August 2009 to 31 December 2009, the average unit cost of electricity sales and steam sales was RMB347/MWh and RMB134/tonne respectively.

Health, Safety and Environmental Matters

All power plants within our Group have adopted various internal safety policies and are taking protective measures to prevent health and safety hazards. For health and safety issues, they are closely monitored by our Group.

All existing coal-fired cogeneration plants are either installed with circulating fluidized bed boilers or pulverized coal boilers with desulphurization equipment in order to reduce the emission of air pollutants. All power plants with our Group have obtained the required applicable approvals from and have satisfied the emission requirements set forth by local government.

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

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

Management Discussion and Analysis (continued)

Outlook

In 2009, amid the global economic downturn, our power plant business maintained a steady growth in sales of electricity and steam. As most of our power plants are located near the Yangtze River Delta region, which is the most important agricultural, industrial and economic centre in China, we believe this area will continue to lead the economy in China and consequently will benefit our Group. Our confidence in 2010 is also based on the low interest rate environment and the stable coal price which covers a significant portion of our production cost.

EMPLOYEES

The Group values quality employees as the most important resources. As at 31 December 2009, the Group had approximately 4,162 employees in Hong Kong, PRC and overseas and total staff costs for the year ended 31 December 2009, including directors' emoluments and share-based payment expenses, were RMB1,018.4 million. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and statutory retirement benefit scheme, employee benefits include discretionary bonus, share options and restricted shares are granted to the eligible employees.

FINANCIAL REVIEW

Segment Information

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

	Solar business RMB'000	Power business RMB'000	Consolidated RMB'000
Revenue	2,799,416	1,556,212	4,355,628
Segment profit	591,629	180,071	771,700

Revenue

Revenue for the year ended 31 December 2009 amounted to RMB4,355.6 million, representing an increase of 23.7% as compared with RMB3,521.4 million in the previous year. The significant increase was mainly due to consolidation of 5 months revenue of the power business.

Gross Profit Margin

Solar business's gross profit margin decreased from 72.5% for the year ended 31 December 2008 to 36.4% for the year ended 31 December 2009. The decrease in gross profit margin was mainly due to fall in polysilicon's average selling price, which was partly offset by the decrease in polysilicon's average production cost. For the power business, the gross profit margin for the period from 1 August 2009 to 31 December 2009 was 18.9%.

Other Income

Other income mainly comprised government grants amounted to RMB102.9 million, bank interest income and interest income from related companies amounted to RMB34.1 million, consultancy fee income amounted to RMB10.9 million and sales of scrap materials amounted to RMB10.1 million.

Management Discussion and Analysis (continued)

Administrative Expenses

Administrative expenses amounted to RMB359.4 million for the year ended 31 December 2009, representing an increase of 80.8% from RMB198.8 million for the year ended 31 December 2008. This increase was primarily due to increase in salaries and other staff costs as a result of headcount increase due to growth of solar business and consolidation of power business, and increase in depreciation and other office expenses due to the growth in operating structure.

Share of Results of Associates

The Group's share of profits of associates for the year ended 31 December 2009 was approximately RMB8.7 million, which was derived solely from the power business.

Finance Costs

Finance costs of the Group in 2009 was RMB307.3 million, increased by 325.6% compared with RMB72.2 million in 2008. The increase was mainly due to consolidation of the finance costs from power business of RMB84.1 million and an RMB129.7 million one-off handling charges and interest expenses related to a US$300 million term loan incurred by the GCL Solar for the Acquisition. The US$300 million term loan was fully repaid on 30 December 2009.

Change in Fair Value of Convertible Loan Notes

GCL Solar Inc issued the convertible loan note on 10 September 2007. The fair value of the convertible loan note is measured at the end of each reporting date. Any change in the fair value is recognised as profit or loss in the statement of comprehensive income. GCL Solar Inc fully redeemed the convertible loan note on 30 July 2009 and the change in fair value of convertible loan note for the year ended 31 December 2009 represented the increase in fair value from 1 January 2009 to the date of redemption.

Change in Fair Value of Convertible Redeemable Preferred Shares

GCL Solar Inc issued the convertible redeemable preferred shares on 29 August 2007. The fair value of the convertible redeemable preferred shares is measured at the end of each reporting date with any change in the fair value being recognised as profit or loss in the statement of comprehensive income. The change in fair value of convertible redeemable preferred shares for the year ended 31 December 2009 represented the increase in fair value from 1 January 2009 to 31 July 2009, the date of Acquisition by the Company. All convertible redeemable preferred shares were converted into ordinary shares of GCL Solar Inc on 14 September 2009.

Change in Fair Value of Embedded Derivative Instruments

On 27 June 2008, Jiangsu Zhongneng entered into a long-term wafer machinery supply contract, under which the purchase price of the machinery would be acquired, was denominated in currencies which are not the functional currency used by Jiangsu Zhongneng and accordingly, the contract contains embedded foreign currency forward contracts. The fair value of the embedded derivative instruments is measured at the end of each reporting date with any change in the fair value being recognised as profit or loss in the statement of comprehensive income. During the year, Jiangsu Zhongneng agreed with the counterparty for the termination of the contract and accordingly, the fair value of the derivative was released in the statement of comprehensive income.

Impairment Loss on Goodwill

As at 31 December 2009, the Group carried out the annual goodwill impairment testing in relation to goodwill arising from the acquisition of power business on 31 July 2009. Due to the change in the PRC government policy, resulting the 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. The management of the Group recognised an impairment loss of approximately RMB95.9 million.

Management Discussion and Analysis (continued)

Share-based Payment Expenses

The amount mainly represented an one-off share-based payment expenses of RMB745.8 million related to GCL Solar's equity settled share option scheme and restricted share compensation scheme which was previously adopted. These two schemes were terminated on 30 July 2009.

Income Tax Expenses

Income tax expenses for the year ended 31 December 2009 was RMB82.1 million, representing a decrease of 42.5% as compared with RMB 142.8 million in previous year. The reason for the decrease was mainly due to decrease in deferred tax provided for the undistributed profit of the solar business, which partly offset by consolidation of income tax incurred by power business.

Loss attributable to Owners of the Company

The Group recorded a loss of RMB176.0 million for the year ended 31 December 2009 as compared with a profit of RMB1,922.9 million for the year ended 31 December 2008.

Liquidity and Financial Resources

	2009 RMB million	2008 RMB million (restated)
Net cash from operating activities	**310.4**	4,480.1
Net cash used in investing activities	**(1,375.9)**	(5,351.3)
Net cash from financing activities	**3,996.2**	2,271.4

For the year ended 31 December 2009, 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 2009 were approximately RMB310.4 million and RMB3,996.2 million respectively. The net cash used in investing activities was mainly resulted from payments for the purchase of property, plant and equipment, offset by cash acquired from acquisition of power business. The main financing activities of the Group in 2009 included approximately RMB8,144.4 million generated from the issuance of new shares on 23 December 2009 and 11 August 2009, new bank loan raised RMB5,492.3 million, repayment of bank borrowings amounted to RMB4,934.5 million and redemption of secured notes of RMB2,391.3 million. For further details on the financing activities on the Group in 2009, please refer to the section headed "Fund Raising Activities" of this Management Discussion and Analysis.

The Group has a strong financial position. Aggregate restricted and unrestricted cash and bank balances amounting to approximately RMB5,582.9 million as at 31 December 2009 (2008: RMB2,022.5 million). The Group's total assets as at 31 December 2009 were RMB23,049.9 million (2008: RMB8,929.9 million).

Management Discussion and Analysis (continued)

Bank Borrowings

As at 31 December 2009, the Group's total bank borrowings amounted to approximately RMB7,547.9 million (2008: RMB3,057.2 million). Below is a table showing the borrowing structure and maturity profile of the Group's total bank borrowings:

	2009 RMB million	2008 RMB million (restated)
Secured borrowings	**4,124.6**	2,461.2
Unsecured borrowings	**3,423.3**	596.0
	7,547.9	3,057.2
Maturity profile of borrowings		
On demand or within one year	**4,431.2**	980.9
After one year but within two years	**1,618.2**	886.0
After two years but within five years	**924.5**	1,190.3
After five years	**574.0**	–
Group's total borrowings	**7,547.9**	3,057.2
The borrowings are denominated in the following currencies		
RMB	**7,343.0**	3,057.2
USD	**204.9**	–
	7,547.9	3,057.2

As at 31 December 2009, the RMB bank borrowings carry both fixed and floating interest rate at rates with reference to the Benchmark Borrowing Rate of The People's Bank of China. The US Dollars bank borrowings carry interest rate at rates with reference to the London Interbank Offer Rate (LIBOR).

Key Financial Ratios of the Group

	2009	2008
Current ratio	**1.05**	0.45
Quick ratio	**0.96**	0.44
Net debt to equity	**19.2%**	N/A

Management Discussion and Analysis (continued)

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 bank borrowings at the end of the year – balance of bank balances, cash and pledged 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 administrative expenses are denominated in RMB. Besides some of the bank deposits which 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 therefore is mostly confined to assets denominated in Hong Kong Dollars and US Dollars.

For the year ended 31 December 2009, the Group did not purchase any foreign currency and interest rate derivatives or relating hedging instruments.

Pledge of Assets

As at 31 December 2009, property, plant and equipment and prepaid lease payments with a carrying value of approximately RMB2,824.1 million and RMB356.5 million respectively, were pledged as security for certain banking facilities granted to the Group. Apart from these, bank deposits in an aggregate amount of RMB357.6 million were pledged to banks to secure bills and notes payable and borrowings granted to the Group.

Capital Commitments

As at 31 December 2009, the Group had capital commitments in respect of the acquisition of property, plant and equipment contracted for but not provided in the financial statements amounting to approximately RMB1,756.5 million (2008: RMB3,358.8 million) and authorised but not contracted for capital commitments amounting to RMB3,641.8 million (2008: Nil).

Contingent Liabilities

As at 31 December 2009, the Group provided guarantees of RMB32 million to bank in respect of banking facilities granted to an associate.

Events after the end of reporting year

On 8 January 2010, the Group entered into conditional acquisition agreements to acquire an aggregate of 70.19% of the equity interest in Konca Solar. Konca Solar principally engages in the development, processing and production of crystal silicon solar cells, semiconductor crystal silicon wafer, cell wafer, solar power generation equipment and components and the provision of technical services in the Wuxi City of Jiangsu Province. The total consideration will be RMB854,100,000. As at the reporting date, a deposit of RMB150,000,000 was paid by the Group. Details are set out in the Company's announcement dated 8 January 2010 and a circular dated 12 February 2010.

On 5 February 2010, the Group entered into a deed of termination with the vendor pursuant to which the parties mutually agreed to terminate the sale and purchase agreement in relation to the acquisition of 55% equity interest in Inner Mongolia Duolun Golden Concord Mining Ltd. (內蒙古多倫協鑫礦業有限責任公司). Details are set out in the Company's announcement dated 5 February 2010.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

The Board believes that a solid and sound framework of corporate governance is able to boost the integrity, accountability and transparency of the Group, which will ultimately maximize the Company's and the shareholders' value. Various checks and balances have been adopted by the Group. In 2009, an Enterprise Resource Planning accounting system has been adopted and applied to all business sectors of the Company, which allows the accounting and treasury functions of each business unit to be overseen by its central management office. We have engaged for the second year an independent consultant to conduct an evaluation of the Group's corporate governance to strengthen our corporate governance practices.

CORPORATE GOVERNANCE CODE COMPLIANCE

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2009 with the exception of the following areas:

(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. As Mr. Zhu has more than ten years' experience in power business and is the founder of our Xuzhou polysilicon production base, the Board considers that it is 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 25 May 2009, Mr. Tong Yee Ming (an executive Director and Chief Financial Officer of the Company) represented Mr. Zhu to chair the annual general meeting accordingly.

DIRECTORS' SECURITIES TRANSACTIONS

The Board has adopted the model code for securities transactions by Directors (the "Model Code") with terms no less exacting than the required standard as set out in Appendix 10 of the Listing Rules. 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 2009.

BOARD OF DIRECTORS

As at 31 December 2009, the Board comprised fourteen Directors, including 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 report on pages 13 to 15.

Corporate Governance Report (continued)

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 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 (i.e. Chengdong Investment Corporation), controls approximately 20% issued share capital of the Company at 31 December 2009.

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 2009, 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 66 and 67 of this annual report.

The Board delegates certain responsibilities to various committees including the Strategic Planning Committee, Audit Committee and Remuneration 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).

The Board confines itself to 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.

The independent non-executive Directors and non-executive Directors are appointed for a specific term of office for three years. All Directors, including the independent non-executive Directors and non-executive Directors 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 2009, Messrs. Zhu Gong Shan, Sha Hong Qiu, Ji Jun, Yu Bao Dong, Tong Yee Ming and Yip Tai Him have been retired and re-elected as Directors.

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 independent non-executive Directors play an important role in corporate governance. They contribute to the Group by sharing their valuable expertise, in-depth knowledge and impartial judgement on issues discussed at the board and committee meetings which has become more effective.

Corporate Governance Report (continued)

The Company has received an annual written confirmation from each of the independent non-executive Directors of his independence. The Board considers that all the independent non-executive Directors are independent in accordance with the guidelines set out under the Listing Rules. All Directors have full and timely access to all relevant information, including reports from the Board Committees and briefing on significant legal, regulatory or accounting issues affecting the Group. A procedure has been approved by the Board to enable Directors to seek independent professional advice at the Company's expense in appropriate circumstances.

All Directors have been provided a Directors' Handbook which sets out the Company's business and a summary of all applicable laws, rules and regulations and key governance issues. The Director's handbook will be updated from time to time. A training regarding the rules and regulations applicable to directors of listed companies to observe during their services on Board will be provided by an independent legal firm to all newly appointed Directors. In April and September 2009, a training has been arranged for both Mr. Yip Tai Him and Mr. Zhu Yu Feng upon their respective appointments. Mr. Chau Kwok Man, Cliff and Ms. Bai Xiao Qing have also received similar training.

Where vacancies arise at the Board or whenever any member of the Board considers any qualified 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 and approval.

DIRECTORSHIP CHANGES IN 2009:

Mr. Heng Kwoo Seng resigned as an independent non-executive director, chairman of the audit committee and a member of the remuneration committee of the Company due to his retirement with effect from 31 March 2009.

Mr. Yip Tai Him was appointed as an independent non-executive director, chairman of the audit committee and a member of the remuneration committee of the Company with effect from 31 March 2009.

Mr. Tam Chor Kiu, an employee of Morgan Stanley group, resigned as a non-executive director of the Company with effect from 1 August 2009 as Morgan Stanley considered that it no longer required board representation.

Mr. Zhu Gong Shan, an executive Director and the Chairman of the Company, has been appointed as the Chief Executive Officer of the Company with effect from 1 September 2009.

Mr. Zhu Yu Feng, the son of Mr. Zhu Gong Shan, was appointed as an executive Director and Vice President of the Company with effect from 21 September 2009.

Mr. Chau Kwok Man, **Cliff** and **Ms. Bai Xiao Qing** were appointed as non-executive directors of the Company pursuant and subject to the terms of the subscription agreement entered into between the Company and CIC with effect from 23 December 2009.

At least four regular Board meetings will be held each year, with additional meetings to be held as and when required. All Directors are informed of the tentative dates of the regular Board meetings in January of the year. In 2009, there were altogether fifteen board meetings being convened.

Corporate Governance Report (continued)

In respect of regular meetings, at least 14 days' notice was given to all Directors to allow them an opportunity to include matters in the agenda and the board papers were sent to all Directors at least 3 days before the meeting. For all other meetings, reasonable notice was given.

Fifteen (15) Board meetings were held during the year and the average attendance rate is 82.2%. The attendance of each Director is shown in the table below:

Members of the Board	Number of meetings attended
Executive Directors	
Mr. Zhu Gong Shan *(Chairman and CEO)*	12
Mr. Sha Hong Qiu	10
Mr. Ji Jun	10
Mr. Shu Hua	12
Mr. Yu Bao Dong	15
Ms. Sun Wei	13
Mr. Tong Yee Ming	15
Mr. Zhu Yu Feng *(appointed on 21September 2009)*	3
Non-Executive Directors	
Mr. Tam Chor Kiu *(resigned on 1 August 2009)*	5
Mr. Chau Kwok Man, Cliff *(appointed on 23 December 2009)*	0
Ms. Bai Xiao Qing *(appointed on 23 December 2009)*	1
Independent Non-executive Directors	
Mr. Heng Kwoo Seng *(resigned on 31 March 2009)*	3
Mr. Yip Tai Him *(appointed on 31 March 2009)*	11
Mr. Qian Zhi Xin	15
Ir. Dr. Raymond Ho Chung Tai	8
Mr. Xue Zhong Su	14

COMMITTEES UNDER THE BOARD

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 terms of reference for the Audit Committee has been updated and revised by the Board at the meeting held on 16 February 2009 to incorporate the latest changes made under the Listing Rules.

Corporate Governance Report (continued)

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.

Two Audit Committee meetings were held in 2009 and the attendance is set out in the following table:

Members of Audit Committee	Number of meetings Attended
Mr. Heng Kwoo Seng *(resigned on 31 March 2009)*	1
Mr. Yip Tai Him – Chairman *(appointed on 31 March 2009)*	1
Mr. Qian Zhi Xin	2
Ir. Dr. Raymond Ho Chung Tai	2

In addition to the aforesaid two meetings, the Audit Committee also held a meeting in March 2010. The following work was performed by the Audit Committee for and subsequent to the year ended 31 December 2009:

i. reviewed and approved the audit fees;

ii. reviewed the 2009 auditor's report from Deloitte Touche Tohmatsu;

iii. reviewed the 2009 audited financial statements and the results announcement (including the unaudited financial statements and the results announcement for 1st half of 2009);

iv. reviewed the report on the continuing connected transactions for the financial year ended 31 December 2009;

v. reviewed the corporate governance report 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

vi. reviewed various aspects of risk management.

For the year ended 31 December 2009, the total remuneration in respect of services provided by Deloitte Touche Tohmatsu is analysed as follows:

Nature of service	Fees (HK$'000)
Audit services	
– 2009 Annual audit	7,536
Non-audit services	
– 2009 Interim review	500
– Reporting accountant	2,150
	10,186

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;
- determining and recommending the remuneration package 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 2009 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)*	0
Mr. Heng Kwoo Seng *(resigned on 31 March 2009)*	1
Mr. Yip Tai Him *(appointed on 31 March 2009)*	1
Mr. Qian Zhi Xin	2

During the year, the Remuneration Committee had reviewed and considered the remuneration package and incentive scheme of the Directors, approved the amount of incentives paid to the Directors and approved share options granted to Directors and senior executives of the Group. During the review process, no individual Director is 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.

Corporate Governance Report (continued)

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 advising the regulations on electricity and power industry in the PRC;
- 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)*	1
Mr. Zhu Gong Shan	2
Mr. Sha Hong Qiu	2
Mr. Xue Zhong Su	2
Mr. Qian Zhi Xin	2
Mr. Ji Jun	2

During the two meetings, the Strategic Planning Committee had reviewed the market analysis, competitiveness of the Group and the five years' plan of the Group.

INTERNAL CONTROLS

The Directors are responsible for maintaining and reviewing the effectiveness of the Group's internal controls. Appropriate policies and control procedures have been designed and established 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. The Directors, through the Company's Audit Committee are kept regularly appraised of significant risks that may impact on the Group's performance.

In addition to the Internal Control Function established internally by the Group, an external independent audit firm, Baker Tilly Hong Kong Business Services Ltd. was appointed to appraise the internal control system of the Group. The internal control plan of the Group covers major activities and processes 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 operation cycles, reviewed information system, assessed the adequacy of resources, qualifications and experience of staff as the Company's accounting and financial reporting function and discussed directly with the executives of certain power plants and the polysilicon plant 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 September 2009 and March 2010. 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 areas of concern that would have significant adverse impact on the Company's financial position or results of operations and considered that the internal control systems are adequate and effective.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board values every opportunity to communicate with the shareholders, analysts and institutional shareholders.

The Directors together with the Investor Relations team from time to time held/ participated in meetings, presentations and conference with the analysts, fund managers, institutional shareholders and media. Details of investor relations activities were further described under the section headed "Major Investor Relations Activities" of this report. From time to time, the Company updates the shareholders and the public by means of announcement. 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. A total of two shareholders' meetings in addition to the annual general meeting were held during the year of 2009.

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 2009, we launched various roadshows in Hong Kong, Singapore, Europe and US upon the announcement of the acquisition of the solar business as well as 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 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 three reverse roadshows in the second half of 2009 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 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 channels such as the Bloomberg website and emails in a timely manner.

Report of the Directors

The Directors have pleasure in presenting their report and the audited financial statements of the Company and its subsidiaries for the year ended 31 December 2009.

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 and associates are set out in notes 49 and 20 of the consolidated financial statements respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2009 are set out in the consolidated statement of comprehensive income on page 68.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2009 (2008: HK2.3 cents).

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 38 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at 31 December 2009 amounted to RMB30,422.2 million (2008: RMB1,885.6 million).

Movements in the reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity.

Report of the Directors (continued)

BANK BORROWINGS

Particulars of the Group's bank borrowings are set out in note 33 to the consolidated financial statements.

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 (Power))*
Mr. Ji Jun
Mr. Shu Hua
Mr. Yu Bao Dong
Ms. Sun Wei
Mr. Tong Yee Ming
Mr. Zhu Yu Feng (appointed on 21 September 2009)

Non-Executive Director

Mr. Tam Chor Kiu (resigned on 1 August 2009)
Mr. Chau Kwok Man, Cliff (appointed on 23 December 2009)
Ms. Bai Xiao Qing (appointed on 23 December 2009)

Independent non-executive Directors

Mr. Heng Kwoo Seng (resigned on 31 March 2009)
Mr. Qian Zhi Xin
Mr. Xue Zhong Su
Ir. Dr. Raymond Ho Chung Tai
Mr. Yip Tai Him (appointed on 31 March 2009)

In accordance with Article 86(3) of the Articles of Association of the Company, Mr. Zhu Yu Feng, Mr. Chau Kwok Man, Cliff and Ms. Bai Xiao Qing will retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In accordance with Articles 87(1) and (2) of the Articles of Association of the Company, Mr. Shu Hua, Ms. Sun Wei, Mr. Qian Zhi Xin, Ir. Dr. Ho Chung Tai, Raymond and Mr. Xue Zhong Su 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 under 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 can be 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.

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 2009, 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	Number of ordinary shares: Corporate interests	Number of ordinary shares: Personal interests	Number of underlying shares	Total	Approximate percentage of issued share capital
Zhu Gong Shan	5,012,343,327 *(note 1)*	–	–	118,395,719 *(note 2)*	5,130,739,046	33.16%
Sha Hong Qiu	–	–	–	3,360,000 *(note 3)*	3,360,000	0.02%
Ji Jun	–	–	–	3,000,000 *(note 3)*	3,000,000	0.02%
Shu Hua	–	–	–	3,000,000 *(note 3)*	3,000,000	0.02%
Yu Bao Dong	–	19,832,032 *(note 4)*	–	3,000,000 *(note 3)*	22,832,032	0.15%
Sun Wei	–	–	2,843,000	3,000,000 *(note 3)*	5,843,000	0.04%
Tong Yee Ming	–	–	–	1,200,000 *(note 3)*	1,200,000	0.01%
Zhu Yu Feng	5,012,343,327 *(note 1)*	–	–	1,000,000 *(note 3)*	5,013,343,327	32.40%

Report of the Directors (continued)

Notes:

(1) The interests of Mr. Zhu Gong Shan are held by Highexcel Investments Limited and Happy Genius Holdings Limited ("Happy Genius") respectively, 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, a Director and the son of Mr. Zhu Gong Shan.

(2) Mr. Zhu Gong Shan is the legal and beneficial owner of the entire issued share capital of Get Famous Investments Limited ("Get Famous"). On 11 August 2008, a subsidiary of the Company and Get Famous entered into a sale and purchase agreement, pursuant to which such subsidiary conditionally agreed to acquire and Get Famous agreed to sell the entire issued share capital of Joint Loyal Holdings Limited. The consideration for such acquisition is to be satisfied by the issuance of convertible notes by the Company to Get Famous in the principal amount of not exceeding RMB127,936,000. Get Famous or its nominee has the right to convert any part of the principal amount of the convertible notes into shares at a conversion price of HK$1.23 (subject to adjustment). If Get Famous exercises all the principal amount of the convertible notes, a total of 118,395,719 shares will be converted. As at 31 December 2009, none of such convertible notes had been issued. The sale and purchase agreement was subsequently terminated by both parties on 5 February 2010 by entering into a deed of termination.

(3) These are share options granted by the Company to the Directors, pursuant to the pre-IPO share option scheme and the share option scheme, both 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.

(4) 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 2009.

Save as disclosed above, as at 31 December 2009, 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 which became effective on 13 November 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 optimize their performance and efficiency, and to retain our employees whose contribution are important to the long-term growth and profitability of the Group. No further options under the Pre-IPO Share Option Scheme can be granted after the date of listing of the shares on the Stock Exchange on 13 November 2007.

The provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect for a period of 10 years from the effective date.

Report of the Directors (continued)

Details of the outstanding and movements of the pre-IPO share options 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 01.01.2009	Granted during the year	Lapsed or forfeited during the year	Exercised during the year	Outstanding as at 31.12.2009
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	4,252,000	–	(396,000)	–	3,856,000
		13.11.2011 to 12.11.2017	4.10	6,378,000	–	(594,000)	–	5,784,000
		13.11.2012 to 12.11.2017	4.10	10,630,000	–	(990,000)	–	9,640,000
				28,940,000	–	(1,980,000)	–	26,960,000

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

During the year, a total of 1,980,000 option shares were lapsed and no option was cancelled nor exercised.

Report of the Directors (continued)

(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 optimize 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.

The maximum number of shares in respect of which may be issued upon exercise of all options to be granted under the Share Option Scheme and the Pre-IPO Share Option Scheme shall not, in aggregate, exceed 97,241,948, being 10% of the shares of the Company in issue immediately after the initial public offering ("IPO") on the listing date (i.e. 13 November 2007) which is the effective date of such scheme and representing 0.63% of the issued share capital of the Company at the date of this report.

The maximum number of shares issued and to be issued upon exercise of the options granted to any eligible person under the Share Option Scheme shall not in any 12-month period up to the date of grant exceed 1% of the issued share capital of the Company from time to time. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting. The period within which an option may be exercised under the Share Option Scheme or the Pre-IPO Share Option Scheme will be determined by the Board at its absolute discretion, save that no option may be exercised later than 10 years from the date of grant of the particular option. Under the Share Option Scheme, the exercise price in relation to each option shall be determined by the Board at its absolute discretion, but in any event shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of such option; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of such option; and (iii) the nominal value of a share on the date of grant of such option. A consideration of HK$1.00 to be payable upon acceptance of any option granted to each participant.

During the year, the Company has granted a total of 44,020,000 option shares under the Share Option Scheme, out of which 840,000 option shares were lapsed, 1,194,000 option shares were exercised and there were 41,986,000 option shares outstanding as at 31 December 2009.

Report of the Directors (continued)

Details of the share options outstanding and movements under the Share Option Scheme 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 01.01.2009	Granted during the year	Lapsed or forfeited during the year	Exercised during the year	Outstanding as at 31.12.2009
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

Report of the Directors (continued)

Name or category of participant	Date of grant	Exercise period	Exercise Price HK$	Number of options: Outstanding as at 01.01.2009	Granted during the year	Lapsed or forfeited during the year	Exercised during the year	Outstanding as at 31.12.2009
Tong Yee Ming	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
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	–	6,160,000	(40,000)	(894,000)	5,226,000
		16.02.2010 to 15.02.2019	0.59	–	6,160,000	(200,000)	–	5,960,000
		16.02.2011 to 15.02.2019	0.59	–	6,160,000	(200,000)	–	5,960,000
		16.02.2012 to 15.02.2019	0.59	–	6,160,000	(200,000)	–	5,960,000
		16.02.2013 to 15.02.2019	0.59	–	6,160,000	(200,000)	–	5,960,000
	24.04.2009	01.04.2009 to 15.02.2019	1.054	–	608,000	–	–	608,000
		16.02.2010 to 15.02.2019	1.054	–	608,000	–	–	608,000
		16.02.2011 to 15.02.2019	1.054	–	608,000	–	–	608,000
		16.02.2012 to 15.02.2019	1.054	–	608,000	–	–	608,000
		16.02.2013 to 15.02.2019	1.054	–	608,000	–	–	608,000
Total				–	44,020,000	(840,000)	(1,194,000)	41,986,000

Save as disclosed above, during the year ended 31 December 2009 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.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2009, 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	5,012,343,327	32.40
D. E. Shaw & Co. II, Inc.	2, 3	Party to an agreement	9,604,731,820	62.08
Mandra Materials Limited	4	Beneficial interest	857,693,644	5.54
VMS Investment Group Limited	5, 3	Party to an agreement	8,943,845,688	57.81
Chengdong Investment Corporation	6	Beneficial interest	3,108,163,054	20.09
Milestone Silicon Limited	7, 3	Party to an agreement	9,926,169,535	64.16
Investec 1 Limited	8, 3	Party to an agreement	9,926,169,535	64.16

Notes:

1. Highexcel Investments Limited and Happy Genius holds 299,233,443 and 4,713,109,884 shares respectively, both of which are indirectly 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.

2. Mr. David Elliot Shaw, who indirectly owns the entire interest of D. E. Shaw & Co. II, Inc. (which holds indirectly the entire interest/controls D. E. Shaw Composite Investments Asia 5 (Cayman) Limited, D. E. Shaw Composite Portfolios, L.L.C. and D. E. Shaw & Co., L.L.C, D. E. Shaw & Co., L. P. and D. E. Shaw & Co., Inc), is deemed to be interested in shares held by D. E. Shaw & Co. II, Inc. and its subsidiaries.

3. D. E. Shaw Composite Investments Asia 5 (Cayman) Limited and D. E. Shaw Composite Portfolios, L.L.C, together with other vendors entered into a sale and purchase agreement dated 3 June 2009 to sell their interests in GCL Solar Energy Technology Holdings Inc. to the Company for an aggregate of 9,051,242,615 new shares. Upon completion on 31 July 2009, the vendors (other than Happy Genius and two members of the vendors) entered into a lock-up agreement in favour of the Company undertaking to have their consideration shares locked up for a period of 180 days after closing.

4. Mr. Zhang Songyi is deemed to have an interest in 961,134,083 shares held by Mandra Materials Limited and Mandra Esop Limited. Mandra Materials Limited and Mandra Esop Limited are beneficially owned by Mr. Zhang Songyi and his family. Mandra Materials Limited, Mandra Esop Limited and Mandra Silicon Limited hold 857,693,644, 103,440,439 and 187,025,199 shares respectively, are deemed to be parties acting in concert with Mr. Zhu Gong Shan. Mandra Silicon Limited is a wholly-owned company of Woo Foong Hong Limited, which is in turn wholly-owned by Moonchu Foundation for Culture & Education Limited (a tax exempt charity established, but not beneficially owned, by Mr. Zhang Songyi and his family).

5. Ms. Mak Siu Hang, Viola, who through VMS Investment Group Limited, indirectly owns both the entire issued share capital of Faith Rise Limited and Star Right Limited and more than 50% issued share capital in Sun Ally Holdings Limited, is deemed to be interested in 352,712,170 shares. Faith Rise Limited, Star Right Limited and Sun Ally Holdings Limited are members of the vendors as mentioned in note 3 above. Faith Rise Limited, Star Right Limited and Sun Ally Holdings Limited hold 202,173,387, 12,800,000 and 137,738,783 shares respectively.

6. CIC is interested in approximately 3,111,103,054 shares, 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, are currently employees of CIC.

Report of the Directors (continued)

7. Milestone Silicon Limited, beneficially interested in 303,260,142 shares, is one of the vendors as mentioned in note 3 above.

8. Investec 1 Limited, through Guinness Mahon & Co. Ltd and its intermediate holding companies, is deemed interested in 202,173,387 shares. Guinness Mahon & Co. Ltd. is one of the vendors as mentioned in note 3 above.

9. The total number of ordinary shares of the Company in issue as at 31 December 2009 is 15,471,549,268.

Save as disclosed aforesaid, so far as is known to any Directors or chief executive of the Company, as at 31 December 2009, 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.

Save as disclosed above that Mr. Zhu Gong Shan and Mr. Zhu Yu Feng are members of the beneficiaries of a discretionary trust which is a controlling shareholder of the Company, and Mr. Chau Kwok Man, Cliff and Ms. Bai Xiao Qing are employees of CIC, as at the date of this report, none of the Directors was a director or employee of a company or a beneficiary of a trust which has an interest or a short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divison 2 and 3 of Part XV of the SFO.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

(A) Connected Transactions

The following are summaries of transactions which were disclosed in the announcements during the year ended 31 December 2009:

(1) Acquisitions/disposals during the year

As disclosed in the announcements of the Company, the Company has entered into various one-off agreements with companies controlled by Mr. Zhu Gong Shan or ultimately beneficially interested by Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng, a Director and the son of Mr. Zhu Gong Shan). Mr. Zhu Gong Shan is the Chairman, a Director, Chief Executive Officer and a deemed controlling shareholder of the Company.

(a) *55% equity interests in Duolun Mine project*

It was announced on 11 August 2008 that Get Famous Investments Limited ("Get Famous"), entered into the sale and purchase agreement ("S&P Agreement") dated 11 August 2008 as vendor with a subsidiary of the Company as purchaser (the "Purchaser"). Pursuant to which, the Purchaser conditionally agreed to acquire the entire issued shares of a company which will indirectly own 55% of the equity interests of Duolun Mine from Get Famous. Get Famous is wholly-owned by Mr. Zhu Gong Shan, a Director and a deemed controlling shareholder of the Company, and therefore constitutes a connected person of the Company under the Listing Rules. 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 to be issued by the Company. 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 at the initial conversion price, 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 that 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) due to failure in fulfilling one of the conditions precedent for the first completion.

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

(b) *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")*

It was announced on 22 June 2009 that the Company entered into two conditional sale and purchase agreements on 3 June 2009, to acquire the entire equity interest in Jiangsu Zhongneng and its subsidiaries for a total consideration of approximately HK$26,350,000,000. The consideration for the acquisition was satisfied by (i) the issue of 10,039,772,727 new shares, (ii) the issue of US$350 million secured notes; and (iii) US$200 million in cash. Happy Genius, being one of the vendors, is ultimately beneficially wholly-owned by Mr. Zhu Gong Shan and his family, and hence constitutes a connected person of the Company under the Listing Rules. The acquisition was completed on 31 July 2009.

(c) *Disposal of Park Bright Investments Limited*

On 12 November 2008, the Company entered into another sale and purchase agreement with Sinopro Enterprises Limited ("Sinopro"), pursuant to which the Company agreed to conditionally dispose the entire issued shares of Park Bright Investments Limited (which entered into a sale and purchase agreement to acquire indirectly 70% equity interest in Lincang Runda Hydropower Plant Company Limited at a consideration of RMB35.7 million, out of which RMB20 million was paid as a refundable deposit) at a consideration of HK$25,000,000 to Sinopro. Sinopro is wholly-owned by Mr. Zhu Gong Shan and by virtue of his position and relationship with the Company as above-mentioned, Sinopro constitutes a connected person of the Company under the Listing Rules. The sale of shares was completed on 31 March 2009 and the details of the disposal were set out under an announcement published by the Company on 12 November 2008.

(2) Services provided during the year

(a) *Service Agreement*

The Company announced on 8 October 2008 that the Company, through a wholly-owned subsidiary, entered into a service agreement with Team Profit International Holdings Limited ("Team Profit") to provide technical support and consultation services to Team Profit before commencement of construction of an incineration plant for a service fee of RMB9,700,000. Team Profit is indirectly wholly-owned by Mr. Zhu Gong Shan and by virtue of his position and relationship with the Company as above-mentioned, Team Profit constitutes a connected person of the Company under the Listing Rules. The service agreement was completed in March 2009.

Report of the Directors (continued)

(b) *Preliminary Work Entrusted Agreement*

Pursuant to an announcement dated 8 October 2008, the Company announced that it, through its wholly-owned subsidiary, entered into a preliminary work entrusted agreement with Jiangsu Zhongneng to provide services to Jiangsu Zhongneng for the planning and organizing of the preliminary work before commencement of construction of a 2x25MW power generation facility for a service fee of RMB10,000,000. Mr. Zhu Gong Shan, a Director and a deemed controlling shareholder of the Company, was interested in controlling more than 30% of the voting power at the general meetings of Jiangsu Zhongneng by that time. Hence Jiangsu Zhongneng was an associate of Mr. Zhu Gong Shan and a connected person of the Company under the Listing Rules.

Such agreement was terminated and a termination agreement dated 2 March 2009 was executed by the same parties. As a result, only RMB4,000,000 was charged and paid by Jiangsu Zhongneng under the preliminary work entrusted agreement. Details of the termination of the preliminary work entrusted agreement was announced by the Company on 2 March 2009.

(c) *Consultant Agreement*

The Company announced on 3 December 2008 that the Company, through its wholly-owned subsidiary, entered into a consultant agreement with 徐州金山橋熱電有限公司 (Xuzhou Jinshanqiao Cogeneratiion Co., Ltd.*) ("Jinshanqiao"), to provide consultation services to Jinshanqiao for a fee of RMB4,000,000. Mr. Zhu Yu Feng, a Director and a deemed controlling shareholder of the Company, indirectly controls the entire equity interest of Jinshanqiao. Hence Jinshanqiao constitutes a connected person of the Company under the Listing Rules. The agreement was completed in February 2009.

(3) Construction Agreement

昆山鑫源環保熱電有限公司 Kunshan Xinyuan Environmental Protection Cogen-Power Co., Ltd.* ("Kunshan Cogeneration Plant"), an indirect non-wholly owned subsidiary of the Company, entered into a construction agreement dated 13 May 2009 with 蘇州工業園區市政公用工程建設有限公司 Suzhou Industrial Park Public Utilities Project Construction Co., Ltd.* ("Suzhou Industrial Park Utilities Construction"), pursuant to which Suzhou Industrial Park Utilities Construction is responsible for the construction and installation of steam supply pipes for Kunshan Cogeneration Plant at a tentative contract fee of RMB9,220,000, subject to adjustment. The completion settlement amount was RMB9,596,000. Details of the construction agreement was announced by the Company on 13 May 2009.

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 Cogeneration Plant), being another non-wholly owned subsidiary of the Company, is owned as to 51% by the Company, as to 30% by 蘇州工業園區市政公用發展集團有限公司 Suzhou Industrial Park Utilities Development Co., Ltd.* and as to 19% by an independent third party. Suzhou Industrial Park Utilities Construction, being a non-wholly owned subsidiary of Suzhou Industrial Park Utilities Development Co., Ltd., is therefore a connected person of the Company.

The construction agreement was completed in November 2009 and with a total contract fee of RMB10,142,000 was paid.

(B) Continuing Connected Transactions

Pursuant to Rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions and the auditor has reported the factual findings on these procedures to the Board.

The Board, including the independent non-executive directors of the Company, has reviewed the continuing connected transactions and the report of the auditor and has confirmed that the continuing connected transactions for the year ended 31 December 2009 were entered into:

1. in the ordinary and usual course of business of the Group;

2. either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third party; and

3. in accordance with the relevant written agreements governing them on terms that are fair and in the interests of the shareholders of the Company as a whole.

Details of the continuing connected transactions of the Company for the year ended 31 December 2009 are as follows:

(1) Lease of office premises in Shanghai

A lease agreement took effect from 1 January 2007 (as amended by a supplemental lease agreement dated 15 August 2007) (collectively the "Shanghai Office Lease") entered into between 上海越源機械成套設備有限公司 (Shanghai Yueyuan Machinery and Equipment Co., Ltd.*), which was novated on 1 April 2008 to 上海國能投資有限公司 Shanghai Guoneng Investment Co., Ltd.* (as landlord) in which Mr. Zhu Yu Feng (a Director) beneficially owns the entire equity interest and 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", as tenant), a wholly owned subsidiary of the Company, relating to the lease of office premises located at 9th Floor, 360 Pudong South Road, Shanghai with a lease area of approximately 1,434.14 sq.m. to the tenant for a term of three years from 1 January 2007 to 31 December 2009.

As disclosed in the prospectus of the Company dated 31 October 2007 (the "Prospectus"), the annual cap for the rent payable under the Shanghai Office Lease for the financial year ended 31 December 2009 is RMB3,000,000. The aggregate rent paid for the year ended 31 December 2009 is approximately RMB2,827,000.

Report of the Directors (continued)

(2) **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 ultimately beneficially interested by Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng). 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") is ultimately beneficially interested by Mr. Zhu Gong Shan and his family as to 59% of its equity interests.

The Management Company has entered into (i) an agreement dated 20 October 2008 with Nanjing Cogeneration Plant ("Nanjing Agreement") and (ii) an agreement dated 20 October 2008 with Longgu Cogeneration Plant ("Longgu Agreement") relating to the provision of operation and management services ("Operation and Management Services") provided by the Management Company for an annual service fee of RMB2,880,000 and RMB2,400,000 respectively. The 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 scope of the Operation and Management Services consists of two major components, namely (i) operation services; and (ii) management services. Operation services include, among others, coordination in the following areas: competitive bidding strategy, heat and electricity pricing, coal supply, purchase of production accessories, equipment maintenance, capital management, technical training and transfer of technology, utilization of professional services specific to the power industry and other general professional services. Management Services provided to Nanjing Cogeneration Plant includes, among others, providing guidance in the following areas: 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 Cogeneration Plant includes guidance in corporate safety target management and production technology management.

An announcement dated 20 October 2008 in relation to the Nanjing Agreement and Longgu Agreement and an announcement dated 27 March 2009 in relation to the supplemental agreement to the Longgu Agreement were issued by the Company.

The fee and the annual caps of Operation and Management Services are set out below:

	Aggregate fee for the year ended 31 December 2009 (RMB)	Annual cap for the year ended 31 December 2009 (RMB)	Annual cap for the year ending 31 December 2010 (RMB)
Nanjing Cogeneration Plant	**2,400,000**	**2,880,000**	**2,880,000**
Longgu Cogeneration Plant	**1,200,000**	**1,440,000**	**1,440,000**

The above two agreements were entered into for a term of two years from 1 January 2009 to 31 December 2010.

(b) The Management Company also entered into an agreement dated 20 October 2008 with Lanxi Cogeneration Plant to provide similar operation and management services to Lanxi Cogeneration Plant for a period from 1 November 2008 and 31 December 2010 with the fee and the annual cap of the Operation and Management Services for the year ended 31 December 2009 as follows:

	Aggregate fee for the year ended 31 December 2009 (RMB)	Annual cap for the year ended 31 December 2009 (RMB)	Annual cap for the year ending 31 December 2010 (RMB)
Lanxi Cogeneration Plant	**1,000,000**	**1,200,000**	**1,200,000**

An announcement dated 20 October 2008 in relation to the Lanxi Cogeneraton Plant agreement was published by the Company.

(c) The Management Company entered into an 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 owned by a subsidiary of Palace View, which in turn is a subsidiary of Asia Energy Logistics Group Limited for a monthly fee of RMB200,000.

Mr. Zhu Gong Shan, a Director and a deemed controlling shareholder of the Company, had disposed 70% of the issued share capital of Gofar Holdings Limited to a subsidiary of Asia Energy Logistics Group Limited on 31 July 2009. Mr. Zhu owns the remaining 30% issued shares of Gofar Holdings Limited. 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 and the annual cap for the year ended 31 December 2009 and the year ending of 31 December 2010 are as follows:

	Services fee for the year ended 31 December 2009 (RMB)	Annual caps for the year ending 31 December 2009 (RMB)	Annual caps for the year ending 31 December 2010 (RMB)
Operation Consultation Agreement	**2,000,000**	**2,000,000**	**400,000**

Report of the Directors (continued)

(d) The Company, through its indirectly wholly-owned subsidiary, 桐鄉濮院協鑫環保熱電有限公司 (Tongxiang Puyuan Xiexin Environmental Protection Cogeneration Co. Ltd.*) ("Puyuan Cogeneration Plant") entered into an operation agreement with Jiangsu Zhongneng to provide operation and maintenance services for seven sets of 25 tonne boilers and rental of four sets of boilers to be installed in the plant of Jiangsu Zhongneng for an aggregate annual fee of RMB10,000,000 for a period of two years commencing from 1 November 2008 to 30 October 2010. Full information on the operation agreement was announced under the announcement of the Company dated 20 October 2008. Mr. Zhu Gong Shan, a Director and a deemed controlling shareholder of the Company, was interested in controlling more than 30% or more of the voting power at the general meetings of Jiangsu Zhongneng as at the date of the announcement. Hence Jiangsu Zhongneng is an associate of Mr. Zhu Gong Shan and a connected person of the Company under the Listing Rules. Subsequent to the acquisition of the entire equity interest of Jiangsu Zhongneng by the Company on 31 July 2009, Jiangsu Zhongneng becomes a wholly-owned subsidiary of the Company and therefore, any transactions contemplated under the operation agreement will not constitute connected transactions after 31 July 2009.

The fee and the annual caps of the operation agreement for the year ended 31 December 2009 are set out below:

	Aggregate Amount for the year ended 31 December 2009 RMB	Annual cap for the year ended 31 December 2009 RMB
Operation agreement	**5,800,000**	**5,800,000**

(3) Lease of assets

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. Both the Previous Assets Lease Agreement and the Previous Lease were for a term of one year from 15 September 2008 to 14 September 2009 and dated 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 of the Company in accordance with the Listing Rules.

As the Previous Assets Lease Agreement and the Previous Lease were 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 certain buildings and related facilities as well as equipment and machineries for a fee of RMB3,500,000 per annum; 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 per annum, 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 year ended 31 December 2009 and the annual cap for the financial year ended 31 December 2009 and the financial year ending 31 December 2010 are as follows:

	Aggregate fee for the year ended 31 December 2009 (RMB)	Annual cap for the year ended 31 December 2009 (RMB)	Annual cap for the year ending 31 December 2010 (RMB)
Previous Assets Lease Agreement	**850,000***	**850,000***	**–**
Previous Lease	**1,983,333***	**1,983,333***	**–**
Assets Lease Agreement	**1,020,834****	**1,020,834****	**2,479,166**
Lease	**145,833****	**145,833****	**354,167**
	4,000,000	**4,000,000**	**2,833,333**

Note: * for the period between 1 January 2009 to 14 September 2009
** for the period between 15 September 2009 to 31 December 2009

(4) Procurement of coal

(a) *華潤天能集團公司 (Huarun Tianneng Group Co. Ltd.*) ("Huarun Tianneng")*

Huarun Tianneng, formerly known as 江蘇天能集團公司 (Jiangsu Natural Power Group Co. Ltd.*) owns 24% equity interest in 徐州西區環保熱電力有限公司 (Xuzhou Western Environmental Protection Co-generation Power Co., Ltd.*) ("Xuzhou Cogeneration Plant") and hence becomes a connected person of the Company under the Listing Rules after Xuzhou Cogeneration Plant becomes a subsidiary of the Company. Each of the following subsidiaries of the Company, namely (i) 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"), (ii) 沛縣坑口環保熱電有限公司 (Peixian Mine-site Environmental Cogen-Power Co., Ltd.) ("Peixian Cogeneration Plant") and (iii) Xuzhou Cogeneration Plant, have entered into coal supply agreements all dated 18 September 2004 as supplemented by three agreements all dated 11 October 2007 (collectively, the "Huarun Tianneng Coal Supply Agreements") in relation to the supply of coal by Huarun Tianneng to each of the three plants for the period from 1 October 2007 to 31 December 2009.

Report of the Directors (continued)

The aggregate value and the annual caps for the year ended 31 December 2009 of the coal purchase of the three cogeneration plants are as follows:

	Aggregate value for the year ended 31 December 2009 (RMB)	Annual cap for the year ended 31 December 2009 (RMB)
Fengxian Cogeneration Plant	514,000	30,000,000
Peixian Cogeneration Plant	5,027,000	30,000,000
Xuzhou Cogeneration Plant	—	25,000,000
	5,541,000	85,000,000

(b) *鄭州煤電股份有限公司 (Zhengzhou Coal Industry & Electric Power Co., Ltd.*) and 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 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 dated 19 August 2008 issued by the Company was sent to the shareholders setting out full information on the Coal Supply Agreements.

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 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 value of coal purchased for the year ended 31 December 2009 and the annual caps for the year ended 31 December 2009 and the years ending 31 December 2010 and 2011 are as follows:

	Transaction amount for the year ended 31 December 2009 (RMB)	Annual cap for the year ended 31 December 2009 (RMB)	Annual caps for the years ending 31 December 2010 (RMB)	2011* (RMB)
Coal Supply Agreements	—	413,000,000	899,000,000	403,000,000

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

(c) *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, 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. Mr. Zhu Gong Shan and his family ultimately beneficially owned 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 14 August 2009 in relation to the Previous Coal Supply Agreement was published by the Company. The aggregate value of coal purchased for the year ended 31 December 2009 and the annual caps for the year ended 31 December 2009 and the year ending 31 December 2010 are as follows:

	Transaction amount for the year ended 31 December 2009* (RMB)	**Annual cap for the year ended 31 December** 2009* (RMB)	**Annual cap for the year ending 31 December** 2010** (RMB)
Previous Coal Supply Agreement	**13,916,000**	**84,000,000**	**77,280,000**

Note: * *for the period between 11 August 2009 to 31 December 2009 only.*
** *for the period between 1 January 2010 to 28 February 2010 only.*

As the Previous Coal Supply Agreement expired on 28 February 2010, GCL-Poly Fuel Company entered into a coal supply framework agreement ("Coal Supply Framework Agreement") with Duolun Golden Concord to purchase coal from Duolun Golden Concord for the period from 1 March 2010 to 31 December 2012. An announcement dated 10 February 2010 in relation to the Coal Supply Framework Agreement was published by the Company. The annual caps for the transactions under the Coal Supply Framework Agreement for the years ending 2010, 2011 and 2012 are set out below:

	Annual caps for the years ending 31 December		
	2010 (RMB)	**2011** (RMB)	**2012** (RMB)
Coal Supply Framework Agreement	**81,700,000***	**87,400,000**	**91,200,000**

*Note: *for the period between 1 March 2010 to 31 December 2010 only.*

Report of the Directors (continued)

(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, GCL-Poly Fuel Company entered into a coal supply agreement with Nanjing Cogeneration Plant dated 31 January 2007 to supply blended coal to Nanjing Cogeneration Plant for a period from 1 February 2007 to 31 December 2007, which was 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 "Coal Sale Agreement". As the entire equity interest of Nanjing Cogeneration Plant is ultimately beneficially owned by Mr. Zhu Gong Shan and his family, it is an associate of Mr. Zhu Gong Shan and Mr. Zhu Yu Feng. Accordingly, it 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 Cogneration 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 mentioned in paragraph 2(a) under the section headed "Provision of operation and management services" of this report, Lanxi Cogeneration Plant is ultimately beneficially owned by Mr. Zhu Gong Shan and his family, thus it is an associate to Mr. Zhu Gong Shan and Mr. Zhu Yu Feng, therefore, it is a connected person to 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 Listing Rules.

The amount of coal sale for the year ended 31 December 2009, and the annual caps for the year ended 31 December 2009 and the years ending 31 December 2010 and 2011 in respect of the Nanjing Supplemental Agreement, Lanxi Coal Sale Agreement and the Dongwu Coal Sale Agreement are as follows:

	Aggregate amount for the year ended 31 December 2009 (RMB)	Annual cap for the year ended 2009 (RMB)	Annual caps for the years ending 31 December 2010 (RMB)	2011* (RMB)
Nanjing Supplemental Agreement	**110,729,000**	**333,600,000**	**363,600,000**	**198,900,000**
Lanxi Coal Sale Agreement	**13,991,000**	**124,200,000**	**138,240,000**	**76,020,000**
Dongwu Coal Sale Agreement	**–**	**124,200,000**	**138,240,000**	**76,020,000**

*Note: * for the period between 1 January to 30 June 2011 only.*

(6) Steam supply

(a) *Steam supply to 漢德風電設備(阜寧)有限公司 Hande Wind Power Equipment (Funing) Co., Ltd.* ("Hande")*

On 22 January 2009, the Company, through a non-wholly owned subsidiary of the Company, 阜寧協鑫環保熱電有限公司 (Funing Golden Concord Environmental Protection Co-generation Co., Ltd.) ("Funing Cogeneration Plant"), entered into a steam supply agreement ("Funing Steam Supply Agreement) with Hande 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 by Funing Price Bureau (阜寧縣物價局). The technology fee of RMB1,700,000 charged under the Funing Steam Supply Agreement together with the technology service fee of RMB800,000 received in December 2008 under a technology agreement dated 18 December 2008 in aggregate was RMB2,500,000. Mr. Zhu Gong Shan, a Director and a deemed controlling shareholder of the Company, indirectly owns more than 30% equity interest in Hande. Thus, Hande is an associate of Mr. Zhu Gong Shan and a connected person to the Company pursuant to the Listing Rules. An announcement dated 23 January 2009 set out the details of the Funing Steam Supply Agreement.

The transaction amount under the Funing Steam Supply Agreement and the annual caps for the year ended 31 December 2009 to the years ending 31 December 2010 and 2011 are set out below:

	Transaction amount for the year ended 31 December 2009 (RMB)	Annual cap for the year ended 31 December 2009 (RMB)	Annual caps for the years ending 31 December 2010 (RMB)	Annual caps for the years ending 31 December 2011* (RMB)
Funing Steam Supply Agreement	**3,617,000**	**8,335,000***	**6,647,000**	**5,293,000**

Note: * *including the aggregate RMB2,500,000 technology service fee.*
** *for the period between 1 January to 30 September 2011 only.*

(b) *Steam supply to Huarun Tianneng*

On 17 February 2009, the Company, through a wholly-owned subsidiary of the Company, Peixian Cogeneration Plant, entered into a steam supply agreement ("Peixian Steam Supply Agreement) with 華潤天能(徐州)煤電有限公司 (Huarun Tianneng (Xuzhou) Coal Electricity Co., Ltd.*) ("Huarun Tianneng Xuzhou") for a period from 17 February 2009 to 31 December 2011 to provide steam supply to Huarun Tianneng Xuzhou 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). As Huarun Tianneng Xuzhou is a substantial shareholder of a subsidiary of the Company, it is a connected person to the Company. An announcement dated 17 February 2009 set out the details of the Peixian Steam Supply Agreement was published by the Company.

Report of the Directors (continued)

The transaction amount under the Peixian Steam Supply Agreement and the annual caps for the year ended 31 December 2009 and the years ending 31 December 2010 and 2011 are set out below:

	Transaction amount for the year ended 31 December 2009 (RMB)	Annual cap for the year ended 31 December 2009 (RMB)	Annual caps for the years ending 31 December 2010 (RMB)	Annual caps for the years ending 31 December 2011 (RMB)
Pexian Steam Supply Agreement	**1,289,000**	**2,100,000**	**2,400,000**	**2,650,000**

(c) *Steam Supply to Jiangsu Zhongneng*

The Company announced on 30 December 2009 that Jiangsu Zhongneng, on the same date entered into a steam supply agreement (i) with 徐州金山橋熱電有限公司 Xuzhou Jinshanqiao Cogeneration Co., Ltd.* ("Jinshanqiao Cogeneration Plant", the "Jinshanqiao Steam Supply Agreement") whereby Jinshanqiao Cogeneration Plant agreed to supply steam to Jiangsu Zhongneng at a unit price of RMB180/tonne; and (ii) with 保利協鑫（徐州）再生能源有限公司 Xuzhou GCL-Poly Renewable Energy Company, Limited* ("Xuzhou Energy Plant", the "Xuzhou Steam Supply Agreement") whereby Xuzhou Energy Plant agreed to supply steam to Jiangsu Zhongneng at a unit price of RMB200/tonne. Both agreements are for a term of 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. Mr. Zhu Yu Feng, a Director of the Company, ultimately beneficially owns the entire equity interest of Jinshanqiao Cogeneration Plant, and Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) ultimately beneficially own the entire interest of Xuzhou Energy Plant. Therefore, both Jinshanqiao Cogeneration Plant and Xuzhou Energy Plant are connected persons of the Company. Details of the above-mentioned agreements were set out in the circular of the Company dated 19 January 2010.

The annual caps for the year ending 31 December 2010 under the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement are RMB504,900,000 and RMB49,500,000 respectively.

(7) Transactions entered before acquisition of 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, in which Mr. Zhu Gong Shan (a Director and a deemed controlling shareholder of the Company), or Mr. Zhu Gong Shan through his associates, owns more than 30% equity interest and thus are connected persons of the Company under 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, details of which have been announced by the Company under the announcement dated 3 August 2009.

(i) *Steam Supply from Jinshanqiao Cogeneration Plant*

Jiangsu Zhongneng entered into a steam supply agreement dated 27 April 2009 in respect of the supply of steam by Jinshanqiao Cogeneration Plant for a period from 1 January 2009 to 31 December 2009 at a price of RMB200 per tonne with an annual cap RMB300,000,000. The transaction amount for the year ended 31 December 2009 was RMB232,426,000.

(ii) *Entrusted loan arrangement to Jinshanqiao Cogeneration Plant*

Jiangsu Zhongneng entrusted Jiangsu Bank, Xuzhou Xuanwu Branch (the "Bank") to lend RMB100,000,000 to Jinshanqiao Cogeneration Plant for the provision of working capital and the repayment of loans. Jiangsu Zhongneng entered into an entrusted loan arrangement agreement with the Bank on 7 November 2008 in respect of the lending of RMB100,000,000 by Jiangsu Zhongneng to the Bank. The Bank entered into a back-to-back lending agreement dated 7 November 2008 with Jinshanqiao Cogeneration Plant accordingly. Interest rate payable by Jinshanqiao Cogeneration Plant is 6.66% per annum, payable quarterly in arrears, with a term of one year commencing from 7 November 2008. The Bank charged Jiangsu Zhongneng for the entrusted loan arrangement at a fee of 0.1% of the loan amount, which was paid upon the drawdown of the loan.

The loan was fully paid up by Jinshanqiao Cogeneration Plant on 7 November 2009.

(iii) *Construction Management Agreement with 江蘇協鑫建設管理有限公司 Jiangsu Golden Concord Construction Management Co., Ltd.* ("Golden Concord Construction Management")*

Jiangsu Zhongneng entered into a construction management agreement dated 28 October 2008 with 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, i.e. RMB493,000,000. The estimated total construction costs shall be adjusted at any time when the change exceeds 0.1% of the estimated total construction costs. The transaction amount for the year ended 31 December 2009 is RMB370,000,000. The annual caps for the year ended 31 December 2009 and the year ending 31 December 2010 are RMB370,000,000 and RMB73,000,000 respectively.

(iv) *Entrusted loan arrangement to 蘇州協鑫置業有限公司 Suzhou Golden Concord Real Estate Co., Ltd.* ("Golden Concord Real Estate")*

Jiangsu Zhongneng entrusted the Bank to lend RMB100,000,000 to Golden Concord Real Estate for the project construction. Jiangsu Zhongneng entered into an entrusted loan arrangement agreement with the Bank on 10 December 2008 in respect of the lending of RMB100,000,000 by Jiangsu Zhongneng to the Bank. The Bank entered into a back-to-back lending agreement dated 10 December 2008 with Golden Concord Real Estate accordingly. Interest rate payable by Golden Concord Real Estate is 5.58% per annum, for a term of one year commencing from 10 December 2008. The Bank charged Jiangsu Zhongneng for the entrusted loan arrangement at a fee of 0.1% of the loan amount, which was paid upon the drawdown of the loan.

The loan was fully paid up by Golden Concord Real Estate on 10 December 2009.

(v) *Facility agreement with Golden Concord Real Estate*

Jiangsu Zhongneng entered into a facility agreement to grant a facility of RMB65,000,000 to 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

Report of the Directors (continued)

are to be used in the construction of the residential buildings which Jiangsu Zhongneng intends to acquire as its staff quarters when they are completed. An outstanding balance of RMB65,000,000 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 remain the same as the original facility agreement. An announcement of the extension has been published by the Company on the same day.

10. **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 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 Xilingol 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 an emission reductions consultation and agency agreement separately (the "Consultation Agreements) with Golden Concord, pursuant to which Golden Concord shall provide 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 ultimately beneficially 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 collectively refer to as the "Aggregate Consultation Agreements".

The transaction amount under the Aggregate Consultation Agreements and the annual caps for the year ended 31 December 2009 and the years ending 31 December 2010, 2011 and 2012 are set out below:

	Transaction Amount for the year ended 31 December 2009* (RMB)	Annual cap for the year ended 31 December 2009* (RMB)	Annual caps for the years ending 31 December 2010 (RMB)	2011 (RMB)	2012** (RMB)
Aggregate Consultation Agreements	211,000	1,448,400	2,663,400	3,878,400	3,278,400

Note: * the period from 1 June 2009 to 31 December 2009.

** the period from 1 January 2012 to 31 May 2012.

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 cogeneration plant in Taicang, Jiangsu, the PRC	44% 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 22% 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
	Xuzhou Incineration Power Plant	Operation of an incineration power plant in Xuzhou, Jiangsu Province, the PRC	25% 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

Report of the Directors (continued)

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
(ii) Mr. Zhu Yu Feng	Taicang Harbour Power Plant	Operation of a cogeneration plant in Taicang, Jiangsu, the PRC	Mr. Zhu Yu Feng, through companies controlled by him, holds 31% interest. 44% 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	Mr. Zhu Yu Feng, through companies controlled by him, holds an effective interest of 15.5%. An effective interest of 22% is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Xuzhou Jinshanqiao Cogeneration Power Plant	Operation of the cogeneration power plant in Jinshaqiao, Xuzhou, the PRC	Mr. Zhu Yu Feng, through companies controlled by him, holds 100% interest.

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
	Xuzhou Incineration Power Plant	Operation of an incineration power plant in Xuzhou, Jiangsu Province, the PRC	Mr. Zhu Yu Feng, through companies controlled by him, holds 75% interest. 25% 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 power 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

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, the Covenantors have granted to 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, Yonghe Project and Lianyungang Baoxin Biomass Cogeneration Project subject to the terms and at the consideration as set out at the Non-Competition Deed. In addition, each of the Covenantors 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/it has acquired after the execution of the Non-Competition Deed.

Two meetings were held in 2009 and 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 in relation to the business of the Group (which is listed under the section headed "Directors' Interests in Competing Business" of this report) and considered whether there were any opportunities for the Company to acquire and operate 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.

Report of the Directors (continued)

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 consistent with last year. It 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 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. This is achieved by way of share option schemes. The remuneration policy of the executive Directors and the Group's senior management 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. During the year, a total of 44,020,000 option shares were granted by the Company to the employees of the Group.

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.

USE OF PROCEEDS

The net proceeds from the Company's two placings of shares, after deduction of related expenses, amounted to approximately HK$3,575.5 million and an amount of approximately HK$5.5 billion was received from the issue of 3,108,163,054 new shares to Chengdong Investment Corporation. The proceeds have been applied for in accordance with the uses as set out in the announcements dated 14 May 2009, 4 August 2009 and 24 November 2009 respectively and a summary of the use is set out under the section headed "Use of Proceeds" of the Management Discussion and Analysis under this report.

MAJOR CUSTOMERS AND SUPPLIERS

In 2009, the Group's largest supplier accounted for 27% of total purchases. The five largest suppliers accounted for 52% 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 23% of our revenue for the year 2009. In 2009, the Group's five largest customers accounted for 61% 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 financial statements for the year ended 31 December 2009 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 2010

Independent Auditor's Report

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 68 to 147, which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 as to 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 and true and fair presentation of the consolidated financial statements 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.

Independent Auditor's Report (continued)

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 2009 and of the Group's loss 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 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000 (restated)
Revenue	8	**4,355,628**	3,521,444
Cost of sales		**(3,042,308)**	(966,788)
Gross profit		**1,313,320**	2,554,656
Other income	9	**193,224**	113,724
Distribution and selling expenses		**(6,581)**	–
Administrative expenses		**(359,423)**	(198,802)
Share of results of associates		**8,700**	–
Finance costs	10	**(307,326)**	(72,160)
Other expenses		**(14,685)**	(15,250)
Change in fair value of convertible loan notes	34	**(32,351)**	(105,259)
Change in fair value of convertible redeemable preferred shares	35	**(7,330)**	40,271
Change in fair value of derivative instruments	36	**9,912**	(9,912)
Impairment loss on goodwill	18	**(95,942)**	–
Share-based payment expenses	45	**(751,649)**	–
(Loss) profit before tax		**(50,131)**	2,307,268
Income tax expense	11	**(82,146)**	(142,809)
(Loss) profit and total comprehensive (expenses) income for the year	12	**(132,277)**	2,164,459
(Loss) profit and total comprehensive (expenses) income for the year attributable to:			
Owners of the Company		**(175,980)**	1,922,862
Non-controlling interests		**43,703**	241,597
		(132,277)	2,164,459
		RMB	RMB
(Loss) earnings per share	15		
Basic		**(1.57) cents**	40.60 cents
Diluted		**(1.57) cents**	35.72 cents

Consolidated Statement of Financial Position

At 31 December 2009

	Notes	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)	1.1.2008 RMB'000 (restated)
NON-CURRENT ASSETS				
Property, plant and equipment	*16*	**13,712,364**	5,052,765	1,019,306
Prepaid lease payments	*17*	**652,424**	183,843	56,642
Goodwill	*18*	**480,289**	–	–
Other intangible assets	*19*	**35,911**	5,040	–
Interests in associates	*20*	**203,959**	–	–
Available-for-sale investment	*21*	**6,000**	–	–
Deferred tax assets	*22*	**7,991**	7,054	7,309
Deposits for acquisitions of property, plant and equipment		**244,860**	1,180,053	121,131
Deposits for prepaid lease payments		**–**	9,540	2,837
Pledged and restricted bank deposits	*27*	**198,759**	–	–
		15,542,557	6,438,295	1,207,225
CURRENT ASSETS				
Inventories	*23*	**640,331**	67,069	6,654
Trade and other receivables	*24*	**1,381,890**	101,984	63,925
Amounts due from related companies	*25*	**13,082**	31,360	1,000
Loans to related companies	*26*	**69,660**	265,000	–
Prepaid lease payments	*17*	**16,662**	3,736	1,116
Tax recoverable		**1,556**	–	–
Pledged and restricted bank deposits	*27*	**707,652**	276,678	100,251
Bank balances and cash	*27*	**4,676,526**	1,745,818	345,569
		7,507,359	2,491,645	518,515
CURRENT LIABILITIES				
Trade and other payables	*28*	**2,109,233**	652,291	121,770
Amounts due to related companies	*29*	**122,727**	3,132,939	62,555
Loans from related companies	*30*	**50,000**	–	100,000
Advances from customers	*31*	**384,597**	232,073	21,259
Deferred income	*32*	**22,712**	7,948	–
Tax payables		**24,067**	60,266	31,662
Bank borrowings – due within one year	*33*	**4,431,231**	980,900	160,000
Convertible loan notes	*34*	**–**	498,328	448,775
		7,144,567	5,564,745	946,021
NET CURRENT ASSETS (LIABILITIES)		**362,792**	(3,073,100)	(427,506)
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,905,349**	3,365,195	779,719

Consolidated Statement of Financial Position (continued)

At 31 December 2009

	Notes	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)	1.1.2008 RMB'000 (restated)
NON-CURRENT LIABILITIES				
Advances from customers	31	**1,678,751**	1,751,717	–
Deferred income	32	**148,674**	107,102	–
Bank borrowings – due after one year	33	**3,116,645**	2,076,328	426,000
Convertible redeemable preferred shares	35	**–**	171,452	225,006
Derivative instruments	36	**–**	9,912	–
Deferred tax liabilities	22	**203,359**	93,421	–
		5,147,429	4,209,932	651,006
NET ASSETS (LIABILITIES)		**10,757,920**	(844,737)	128,713
CAPITAL AND RESERVES				
Issued equity	38	**1,370,783**	77	76
Reserves		**8,856,212**	(844,814)	(125,110)
Equity attributable to owners of the Company		**10,226,995**	(844,737)	(125,034)
Non-controlling interests		**530,925**	–	253,747
TOTAL EQUITY		**10,757,920**	(844,737)	128,713

The consolidated financial statements on pages 68 to 147 were approved and authorised for issue by the Board of Directors on 17 March 2010 and are signed on its behalf by:

Director *Director*

Consolidated Statement of Changes In Equity

For the year ended 31 December 2009

	Attributable to owners of the Company										
	Issued equity										
	Share capital RMB'000 (Note i)	Other reserve RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve fund RMB'000 (Note ii)	Special reserves RMB'000	Share options reserve RMB'000	Accumulated (loss) profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2008 (restated)	830,451	(830,375)	–	116,337	8,609	–	–	(250,056)	(125,034)	253,747	128,713
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	1,922,862	1,922,862	241,597	2,164,459
Transfer to reserves	–	–	–	–	255,957	–	–	(255,957)	–	–	–
Shares repurchased and cancelled	–	–	–	(49,083)	–	–	–	–	(49,083)	–	(49,083)
Issue of shares	10,927	(10,926)	–	–	–	–	–	–	1	–	1
Adjustment arising from acquisitions of additional interests in subsidiaries *(Note iii)*	–	–	–	–	–	(2,593,483)	–	–	(2,593,483)	(495,344)	(3,088,827)
At 31 December 2008 and 1 January 2009 (restated)	**841,378**	**(841,301)**	**-**	**67,254**	**264,566**	**(2,593,483)**	**-**	**1,416,849**	**(844,737)**	**-**	**(844,737)**
(Loss) profit and total comprehensive (expenses) income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(175,980)**	**(175,980)**	**43,703**	**(132,277)**
Recognition of share-based payment expenses in respect of share options and restricted shares *(note 45)*	**10,927**	**(10,926)**	**-**	**-**	**-**	**282,887**	**468,761**	**-**	**751,649**	**-**	**751,649**
Adjustments arising from the reverse acquisition											
– deemed consideration *(note 39)*	**97,234**	**3,007,580**	**-**	**-**	**-**	**-**	**-**	**-**	**3,104,814**	**-**	**3,104,814**
– recognition of non controlling interest *(note 39)*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**487,222**	**487,222**
– issue of shares under GCL Solar's options *(note 45)*	**32,781**	**(32,778)**	**-**	**-**	**-**	**462,942**	**(462,945)**	**-**	**-**	**-**	**-**
– non-share consideration paid *(note iv)*	**-**	**-**	**-**	**-**	**-**	**(3,757,765)**	**-**	**-**	**(3,757,765)**	**-**	**(3,757,765)**
– assumption of liabilities *(note v)*	**-**	**-**	**-**	**-**	**-**	**3,200,208**	**-**	**-**	**3,200,208**	**-**	**3,200,208**
Transfer to reserves	**-**	**-**	**-**	**-**	**92,243**	**-**	**-**	**(92,243)**	**-**	**-**	**-**
Issue of new shares by placing	**388,406**	**-**	**7,755,967**	**-**	**-**	**-**	**-**	**-**	**8,144,373**	**-**	**8,144,373**
Exercise of share options	**57**	**(102)**	**379**	**-**	**-**	**-**	**-**	**-**	**334**	**-**	**334**
Transaction costs attributable to issue of shares	**-**	**-**	**(195,901)**	**-**	**-**	**-**	**-**	**-**	**(195,901)**	**-**	**(195,901)**
At 31 December 2009	**1,370,783**	**2,122,473**	**7,560,445**	**67,254**	**356,809**	**(2,405,211)**	**5,816**	**1,148,626**	**10,226,995**	**530,925**	**10,757,920**

Consolidated Statement of Changes In Equity (continued)

For the year ended 31 December 2009

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 (see Note 2) reflects the issued share capital of the Solar Group adjusted for the exchange ratios set out in the acquisition as described in note 2.

(ii) Pursuant to the relevant laws in the PRC, each of the subsidiaries established in the PRC is required to transfer 5%–10% (2008: 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 balance of general reserve fund has been reached 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.

(iii) The adjustment represents the difference between the consideration amounting to RMB3,088,827,000 to acquire 36% of Jiangsu Zhongneng and 30% of Taixing Zhongneng and the carrying amount of net assets acquired amounting to RMB495,344,000.

(iv) It represents the consideration under the Acquisition Agreement B of US$200 million (equivalent to approximately RMB1,366,460,000) satisfied by cash and US$350 million (equivalent to approximately RMB2,391,305,000) satisfied by the issuance of the secured notes.

(v) It represents the fair value of the 16,667,000 series A convertible preferred shares amounting to RMB178,782,000 and the current accounts amounting to RMB3,021,426,000 assumed by the Company.

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 2009

	Note	2009 RMB'000	2008 RMB'000 (restated)
OPERATING ACTIVITIES			
(Loss) profit before tax		**(50,131)**	2,307,268
Adjustments for:			
Finance costs		**307,326**	72,160
Interest income		**(34,094)**	(17,660)
Depreciation of property, plant and equipment		**347,108**	80,001
Amortisation of prepaid lease payments		**8,499**	1,303
Amortisation of deferred income		**(102,937)**	(4,170)
Amortisation of other intangible assets		**309**	–
Loss on disposal of property, plant and equipment		**952**	7,687
Exchange gain related to convertible loan notes		**(164)**	(26,496)
Exchange gain related to convertible redeemable preferred shares		**–**	(13,283)
Exchange gain related to retranslation of monetary liabilities		**(1,034)**	(44,893)
Change in fair value of convertible loan notes		**32,351**	105,259
Change in fair value of convertible redeemable preferred shares		**7,330**	(40,271)
Change in fair value of derivative instruments		**(9,912)**	9,912
Share of results of associates		**(8,700)**	–
Share-based payment expenses		**751,649**	–
Allowance for trade and other receivables		**10,917**	–
Impairment loss on goodwill		**95,942**	–
Impairment loss on available-for-sale investment		**2,031**	–
Waiver of other payables		**(7,603)**	–
Operating cash flows before movements in working capital		**1,349,839**	2,436,817
Increase in inventories		**(321,486)**	(44,028)
Increase in trade and other receivables		**(686,623)**	(38,060)
Decrease (increase) in amounts due from related companies		**3,153**	(18,344)
(Decrease) increase in trade and other payables		**(209,119)**	95,710
Increase (decrease) in amounts due to related companies		**65,217**	(960)
Increase in advances from customers		**79,558**	1,962,531
Increase in deferred income		**159,273**	119,220
Cash generated from operations		**439,812**	4,512,886
Income taxes paid		**(129,400)**	(32,787)
NET CASH FROM OPERATING ACTIVITIES		**310,412**	4,480,099

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2009

	Note	2009 RMB'000	2008 RMB'000 (restated)
INVESTING ACTIVITIES			
Advances to related companies		**(15,153)**	(278,016)
Purchase of property, plant and equipment		**(2,124,700)**	(3,595,093)
Acquisition of subsidiaries	*39*	**808,738**	–
Interest received		**29,741**	17,660
Increase in pledged and restricted bank deposits		**(182,806)**	(176,427)
Addition of prepaid lease payments		**(73,370)**	(135,369)
Repayment from related companies		**269,627**	1,000
Increase in entrusted loan receivables		**(90,000)**	–
Proceeds from disposal of property, plant and equipment		**2,031**	–
Proceeds from disposal of prepaid lease payments		**–**	4,245
Purchase of other intangible assets		**–**	(2,540)
Deposits paid for acquisition of plant and equipment		**–**	(1,180,053)
Deposits paid for prepaid lease payments		**–**	(6,703)
NET CASH USED IN INVESTING ACTIVITIES		**(1,375,892)**	(5,351,296)
FINANCING ACTIVITIES			
Interest paid		**(206,489)**	(64,228)
Interest paid on convertible loan notes		**(18,092)**	(29,210)
Redemption of secured notes		**(2,391,305)**	–
Repayment to related companies		**(97,349)**	(154,526)
Repayment of convertible loan notes		**(512,423)**	–
New bank loans raised		**5,492,315**	3,730,420
Proceeds from issue of shares		**8,144,373**	–
Exercise of share options		**334**	–
Repayment of bank borrowings		**(4,934,473)**	(1,220,420)
Non-share consideration paid to shareholders		**(1,366,460)**	–
Share issue expenses paid		**(137,993)**	–
Dividend paid to non-controlling interests		**(26,250)**	(7,264)
Advances from related companies		**50,000**	102,607
Contribution from non-controlling interests		**–**	9,000
Payment for repurchase of shares		**–**	(49,083)
Payment of issue costs on bank borrowings		**–**	(45,850)
NET CASH FROM FINANCING ACTIVITIES		**3,996,188**	2,271,446
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,930,708**	1,400,249
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**1,745,818**	345,569
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**4,676,526**	1,745,818

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

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 Suite 3601–3604, Two Exchange Square, 8 Connaught Road Central, Hong Kong.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company, collectively the "Group") and associates 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").

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

On 3 June 2009, the Company entered into conditional acquisition agreements (the "Acquisition Agreement A" and "Acquisition Agreement B") to acquire, indirectly, 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"), in which Mr. Zhu Gong Shan ("Mr. Zhu") and his family have beneficial interests, subject to the terms and conditions set out in the Acquisition Agreement A and Acquisition Agreement B.

Pursuant to Acquisition Agreement A, the Company acquired an indirect equity interest of 64% in Jiangsu Zhongneng through the acquisitions of 1,033,356,685 ordinary shares and 16,667,000 series A convertible preferred shares of GCL Solar Energy Technology Holdings Inc. ("GCL Solar"), then the holding company of Jiangsu Zhongneng. Consideration for the Acquisition Agreement A is satisfied by the issuance of 9,051,242,615 new shares of the Company.

Pursuant to Acquisition Agreement B, the Company acquired an indirect equity interest of 36% in Jiangsu Zhongneng through the acquisitions of 100% of the issued share capital of Sun Wave Group Limited ("Sun Wave") and Greatest Joy International Limited ("Greatest Joy"), both of which are investment holding companies, and the intercompany current accounts in Sun Wave and Greatest Joy (the "Intercompany Current Accounts") were transferred to the Company. Consideration for the Acquisition Agreement B is satisfied as to (i) US$200 million (equivalent to approximately RMB 1,366,460,000) in cash; (ii) US$350 million (equivalent to approximately RMB2,391,305,000) by the issuance of the secured notes; and (iii) issuance of 988,530,112 new shares of the Company.

Upon completion of the acquisition agreements (the "Acquisition"), the selling shareholders of GCL Solar, Sun Wave and Greatest Joy (together with their subsidiaries collectively the "Solar Group") received 10,039,772,727 ordinary shares of the Company as part of the consideration of the disposals, representing 90.7% of the enlarged share capital of the Company. As a result, the selling shareholders of the Solar Group received and owned the largest portion of the voting rights of the Company.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Under International Financial Reporting Standard ("IFRS") 3, Business Combinations, the Acquisition is accounted for as a reverse acquisition. For accounting purpose, the Solar Group is the accounting acquirer and the Company (the accounting acquiree) is deemed to have been acquired by the Solar Group. In applying the purchase method of accounting to effect a "reverse acquisition", the goodwill as of the acquisition date is measured as the excess of the deemed cost of the business combination (deemed consideration) over the fair value of the identifiable assets, liabilities and contingent liabilities of the Company and its subsidiaries immediately prior to the Acquisition (the "Power Group").

The consolidated financial statements have 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 to reflect the number of shares of the Company issued under the acquisition agreements. Comparative information presented in the consolidated financial statements have been restated to present those of the Solar Group but adjusted to reflect the legal capital of the Company.

Details of the deemed cost of the reverse acquisition and the fair values of assets, liabilities and contingent liabilities of the Power Group under the reverse acquisition are set out in note 39.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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").

IAS 1 (Revised 2007)	Presentation of Financial Statements
IAS 23 (Revised 2007)	Borrowing Costs
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (Amendment)	Vesting Conditions and Cancellations
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
IFRS 8	Operating Segments
IFRIC – Int 9 & IAS 39 (Amendments)	Embedded Derivatives
IFRIC – Int 13	Customer Loyalty Programmes
IFRIC – Int 15	Agreements for the Construction of Real Estate
IFRIC – Int 16	Hedges of a Net Investment in a Foreign Operation
IFRIC – Int 18	Transfers of Assets from Customers
IFRSs (Amendments)	Improvements to IFRSs issued in 2008, except for the amendment to IFRS 5 that is effective for annual periods beginning or after 1 July 2009
IFRSs (Amendments)	Improvements to IFRSs issued in 2009 in relation to the amendment to paragraph 80 of IAS 39

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(continued)*

Except as described below, the adoption of the new and revised IFRSs has had no material effect on the consolidated financial statements of the Group.

New and revised IFRSs affecting presentation and disclosure only

IAS 1 (Revised 2007) Presentation of Financial Statements

IAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

IFRS 8 Operating Segments

IFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments and changes in the basis of measurement of segment profit or loss, segment assets and segment liabilities (see note 8).

Improving Disclosure about Financial Instruments
(Amendments to IFRS 7 Financial Instruments: Disclosures)

The amendments to IFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Amendments to IFRS 5 as part of Improvements to IFRSs 2008[1]
IFRSs (Amendments)	Improvements to IFRSs 2009[2]
IAS 24 (Revised)	Related Party Disclosures[5]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
IAS 32 (Amendment)	Classification of Rights Issues[4]
IAS 39 (Amendment)	Eligible Hedged Items[1]
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
IFRS 1 (Amendment)	Limited Exemptions from Comparative IFRS 7 Disclosure for First-time Adopters[6]
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
IFRS 3 (Revised)	Business Combinations[1]
IFRS 9	Financial Instruments[7]
IFRIC – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
IFRIC – Int 17	Distributions of Non-cash Assets to Owners[1]
IFRIC – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 July 2010
7 Effective for annual periods beginning on or after 1 January 2013

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(continued)*

The application of IFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after 1 January 2010. IAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

IFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of IFRS 9 might affect the classification and measurement of the Group's available-for-sale financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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 on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is 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 meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of Non-controlling shareholders in the acquiree is initially measured at the Non-controlling interests proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the Non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the Non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Goodwill

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

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, 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. An impairment loss for goodwill is not reversed in subsequent periods.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates

An associate is an entity over which the Group 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 carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. 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. An additional share of losses is provided for and a liability is 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 the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the associate. Any reversal of impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

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.

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

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 recognised in profit or loss on a systematic basis over the periods in which the Group recognise as expenses the related costs for which the grants are intended to compensate. Government grants related to depreciable assets are recognised as a deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets. Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. 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 construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category 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.

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Prepaid lease payments

Payments for obtaining land use rights are accounted for as prepaid lease payments and are charged to the consolidated statement of comprehensive income 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 the consolidated statement of comprehensive income in the next twelve months are classified as current assets.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Operating lease payments are recognised as expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

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.

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 or the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered services entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

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 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.

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 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. 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).

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets *(continued)*

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

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 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, and deferred tax assets are recognised 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

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.

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

- significant financial difficulty of the issuer or counterparty; or
- 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

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.

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.

Subsequent to initial recognition, 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, loans from related companies, amounts due to related companies, advances from customers and borrowings are subsequently measured at amortised cost, using the effective interest method.

Convertible loan notes

The convertible loan notes consist of both liability component, conversion option and other embedded derivatives (including early redemption option and strike price adjustment derivatives (see note 34 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

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.

Repurchase of equity instruments

Repurchase of an entity's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss.

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*.

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, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that have been recognised directly in other comprehensive income is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derecognition *(continued)*

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 graded vesting period, if any.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

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 in the future period. As at 31 December 2009, the carrying amount of goodwill is RMB480,289,000 (31.12.2008: Nil), net of accumulated impairment loss of RMB95,942,000 (31.12.2008: Nil). 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 2009, the carrying amount of property, plant and equipment is RMB13,712,364,000 (31.12.2008: RMB5,052,765,000).

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 2009, the carrying amount of trade and other receivables is RMB1,381,890,000 (31.12.2008: RMB101,984,000), net of allowance for doubtful debts of RMB22,669,000 (31.12.2008: Nil).

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 loans from related companies, borrowings, convertible loan notes and convertible redeemable preferred shares disclosed in notes 30, 33, 34 and 35, 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)	1.1.2008 RMB'000 (restated)
Financial assets			
Loans and receivables (including cash and cash equivalents)	**6,961,502**	2,407,082	494,104
Available-for-sale investment, at cost	**6,000**	–	–
Financial liabilities			
Amortised cost	**11,763,976**	8,694,487	839,871
FVTPL			
Convertible loan notes	**–**	498,328	448,775
Convertible redeemable preferred shares	**–**	171,452	225,006
Derivative instruments	**–**	9,912	–

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, advances from customers, loans from related companies, amounts due to related companies, borrowings, 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 does not have significant exposure to foreign currency risk as majority of the Group's operations are in the PRC and transactions are denominated in RMB which is the functional currency of the Group entities except for certain bank balances, amounts due to related companies, convertible loan notes, convertible redeemable preferred shares and derivative instruments of the Group are denominated in foreign currencies, which expose the Group to foreign currency risk. 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

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	
	2009	2008	**2009**	2008
	RMB'000	RMB'000 (restated)	**RMB'000**	RMB'000 (restated)
Euro	**50,961**	11,595	**–**	3,292
Hong Kong dollar ("HK$")	**2,729,918**	1,098	**31,174**	3,028,709
United States dollar ("US$")	**640,358**	16,448	**204,846**	779,809

The foreign currencies assets in 2009 mainly relates to the HK$ bank deposits arising from the placing of new shares as set out in note 38.

The foreign currencies liabilities in 2008 mainly relates to the US$ and HK$ amounts due to shareholders as set out in note 29.

Sensitivity analysis

The sensitivity analysis details the Group's sensitivity to a 5% (31.12.2008: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (31.12.2008: 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% (31.12.2008: 5%) change in foreign currency rates. A positive number below indicates a decrease in loss (2008: an increase in profit) for the year where RMB had strengthened 5% against the relevant currency. A negative number below indicates an increase in loss (2008: a decrease in profit) 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 loss for the year (2008: profit for the year).

	Euro		HK$		US$	
	2009	2008	**2009**	2008	**2009**	2008
	RMB'000	RMB'000 (restated)	**RMB'000**	RMB'000 (restated)	**RMB'000**	RMB'000 (restated)
(Increase) decrease in loss for the year (2008: (Decrease) increase in profit for the year)	**(2,548)**	(415)	**(134,937)**	151,380	**(21,776)**	38,168

7. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

Currency risk (continued)

Sensitivity analysis *(continued)*

The Group's sensitivity to foreign currency has increased during the current year mainly due to the proceeds, denominated in HK$, raised from subscription of new shares not yet utilised and kept as bank deposits.

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 non-interest-bearing loans to (from) related companies, pledged and restricted bank deposits, bank balances and bank borrowings (see notes 26, 30, 27 and 33 for details of loans to (from) related companies, pledged and restricted bank deposits, bank balances and bank borrowings, 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 balances and bank borrowings.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate pledged and restricted bank deposits, bank balances, bank borrowings and convertible loan notes (see notes 27, 33 and 34 for details of pledged and restricted bank deposits, bank balances, bank borrowings and convertible loan notes, 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 have been determined based on the exposure to interest rates for both derivative and 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. A 50 basis point (31.12.2008: 50 basis point) increase or decrease 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.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2008 would decrease/increase by approximately RMB4,709,000; and the Group's loss for the year ended 31 December 2009 would increase/decrease by approximately RMB13,182,000. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

7. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk

As at 31 December 2009, 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 creditability customer. 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.

Credit risk on sales of polysilcon and wafer products is not significant as the Group generally requires advance payment from customers.

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 related companies amounting to RMB69,660,000 (31.12.2008: RMB265,000,000).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

7. FINANCIAL INSTRUMENTS *(continued)*

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

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 curve at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its convertible instruments. The tables have been drawn up based on the undiscounted gross outflows on the convertible instruments based on the contractual maturities assuming no conversion of the convertible loan notes and convertible redeemable preferred shares into equity will take place.

Liquidity and interest risk tables

	Weighted average interest rate %	On demand and less than 3 months RMB'000	3 months to 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2009								
Non-derivative instruments								
Trade and other payables	-	1,929,943	50,082	-	-	-	1,980,025	1,980,025
Advances from customers	-	244,855	139,742	317,023	1,064,179	297,549	2,063,348	2,063,348
Amounts due to related companies	-	122,727	-	-	-	-	122,727	122,727
Loans from related companies	5.84	50,243	-	-	-	-	50,243	50,000
Bank borrowings								
– fixed-rate	5.14	403,637	912,399	124,155	195,532	196,845	1,832,568	1,682,831
– variable-rate	5.33	267,184	3,145,696	1,625,994	898,177	440,032	6,377,083	5,865,045
Financial guarantee contracts		32,000	-	-	-	-	32,000	-
		3,050,589	4,247,919	2,067,172	2,157,888	934,426	12,457,994	11,763,976

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

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 RMB'000	3 months to 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2008 (restated)								
Non-derivative financial instruments								
Trade and other payables	–	359,539	160,991	–	–	–	520,530	520,530
Advances from customers	–	232,071	–	159,096	958,074	634,549	1,983,790	1,983,790
Amounts due to related companies	–	3,132,939	–	–	–	–	3,132,939	3,132,939
Bank borrowings								
– fixed-rate	6.52	238,077	412,350	–	–	–	650,427	630,000
– variable-rate	7.44	70,886	465,435	1,043,707	1,243,740	–	2,823,768	2,427,228
		4,033,512	1,038,776	1,202,803	2,201,814	634,549	9,111,454	8,694,487
Derivatives-gross settlement								
Convertible loan notes	7.12	7,297	528,000	–	–	–	535,297	498,328
Convertible redeemable preferred shares	–	–	–	205,038	–	–	205,038	171,452
		7,297	528,000	205,038	–	–	740,335	669,780

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 is 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 are 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 has adopted IFRS 8 *Operating Segments* with effect from 1 January 2009. IFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (IAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach.

The Solar Group has carried out manufacturing and sale of polysilicon and related products in the PRC and is considered as a single operating segment. Accordingly, no analyses by segment information for the Solar Group was presented for the year ended 31 December 2008.

Upon the completion of the Acquisition, the power business carried out by the Power Group is deemed to be acquired on 31 July 2009 (note 39) which constitutes a new operating segment of the Group for the year. For the purpose of resources allocation and performance assessment, the chief operating decision makers (the presidents of Power Group and Solar Group) review operating results and financial information of the two operating divisions, i.e. Power Group and Solar Group, separately. Each operating division represents an operating segment. Accordingly, the Group's operating segments for the year ended 31 December 2009 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 – operations of cogeneration power plant, including coal fuelled and resources comprehensive utilisation plant, gas fuelled plant, biomass fuelled plant, an incineration plant and a wind power plant.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

8. SEGMENT INFORMATION *(continued)*

Segment revenue and results

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

For the year ended 31 December 2009

	Solar business RMB'000	Power business RMB'000	Total RMB'000
Revenue			
– external customer	2,799,416	1,556,212	4,355,628
Segment profit	591,629	180,071	771,700
Unallocated income			1,102
Unallocated expense			(50,824)
Fair value adjustment arising from acquisition			(6,664)
Share-based payment expenses			(751,649)
Impairment loss on goodwill			(95,942)
Loss for the year			(132,277)

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

Segment profit represents profit earned by each segment without allocation of corporate expenses incurred and management fee income and consultancy fee income earned by the Group's management companies and investment holding companies. This is the measure reported to the chief operating decision makers for the purpose of resource allocation and performance assessment.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

8. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities

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

At 31 December 2009

	Solar business RMB'000	Power business RMB'000 *(Note)*	Adjustment RMB'000 *(Note)*	Total RMB'000
Assets				
Segment assets	12,235,329	7,131,508	363,109	19,729,946
Goodwill				480,289
Bank balances and cash				2,836,292
Unallocated corporate assets				3,389
Consolidated total assets				23,049,916
Liabilities				
Segment liabilities	7,930,948	4,163,888	89,778	12,184,614
Unallocated corporate liabilities				107,382
Consolidated total liabilities				12,291,996

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

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

Note: Segment assets and segment liabilities of the Power business are based on the carrying amounts reported in the group entities' financial statements before the fair value adjustments identified upon the Acquisition set out in note 39.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

8. SEGMENT INFORMATION *(continued)*

Other segment information

2009

	Solar business RMB'000	Power business RMB'000	Adjustment RMB'000 *(Note)*	Total RMB'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	–	5,141,912	363,109	5,505,021
– other addition	3,924,165	154,878	–	4,079,043
Depreciation of property, plant and equipment	(296,278)	(101,265)	(2,753)	(400,296)
Amortisation of prepaid lease payments	(3,832)	(1,818)	(2,849)	(8,499)
Amortisation of other intangible assets	–	(309)	–	(309)
Loss on disposal of property, plant and equipment	–	(952)	–	(952)
Allowance on trade and other receivables	(9,937)	(980)	–	(10,917)

Amounts regularly provided to the chief operating decision makers but not included in the measure of segment profit or loss or segment assets.

	Solar business RMB'000	Power business RMB'000	Adjustment RMB'000 *(Note)*	Total RMB'000
Impairment loss on goodwill	–	95,942	–	95,942
Impairment loss on available-for-sale investment	–	2,031	–	2,031

Note: The adjustment represents the fair value adjustments on assets and liabilities identified upon the Acquisition set out in note 39.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

8. SEGMENT INFORMATION *(continued)*

Revenue from major products

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

	2009 RMB'000	2008 RMB'000 (restated)
Sales of polysilicon	**2,537,143**	2,892,715
Sales of electricity	**981,315**	–
Sales of steam	**419,821**	–
Sales of wafer	**262,273**	628,729
Sales of coal	**155,076**	–
	4,355,628	3,521,444

Geographical information

The Group's operations are located in the PRC. All of the group's revenue and most of assets were derived and located in the PRC.

Information about major customers

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

	2009 RMB'000	2008 RMB'000 (restated)
Customer A[1]	**981,315**	N/A[3]
Customer B[2]	**774,318**	431,871
Customer C[2]	**473,419**	547,582

1 Revenue from power business.
2 Revenue from solar business.
3 The corresponding revenue did not contribute over 10% of the total sales of the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

9. OTHER INCOME

	2009 RMB'000	2008 RMB'000 (restated)
Government grants *(note 32)*	**102,937**	4,170
Bank interest income	**20,163**	16,354
Interest income from related companies	**13,931**	1,306
Consultancy fee income	**10,935**	–
Sales of scrap materials	**10,130**	–
Waiver of other payables	**7,603**	–
Amortisation of connection fee income	**6,470**	–
Management fee income	**3,027**	–
Exchange gain, net	**5,381**	91,894
Others	**12,647**	–
	193,224	113,724

10. FINANCE COSTS

	2009 RMB'000	2008 RMB'000 (restated)
Interest on:		
Bank loans		
– Repayable within five years	**311,417**	125,935
– Repayable over five years	**15,661**	–
Loans from related companies	**1,170**	1,239
Secured notes and discounted bills	**19,310**	–
Upfront fees *(Note a)*	**120,672**	7,932
Total borrowing costs	**468,230**	135,106
Less: Interest capitalised *(Note b)*	**(160,904)**	(62,946)
	307,326	72,160

Notes:

(a) The up-front fees include approximately RMB116,923,000 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 are fully expensed.

(b) Borrowing cost capitalised during the year arose on the general borrowings pool and are calculated by applying a capitalisation rate of 5.82% (2008: 1.10%) per annum to expenditure on qualifying assets.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

11. INCOME TAX EXPENSE

	2009 RMB'000	2008 RMB'000 (restated)
PRC Enterprise Income Tax ("EIT")		
Current tax	**21,989**	–
Underprovision in prior years	**–**	1,125
	21,989	1,125
PRC declared dividend withholding tax	**57,871**	48,008
Deferred tax *(note 22)*	**2,286**	93,676
	82,146	142,809

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.

According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa [2007] No.39), those 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 the foreign investment enterprises is still applicable until the end of the five-year transitional period under the New Law based on the revised income tax rate.

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.

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

The subsidiaries in jurisdictions other than the PRC have no assessable profits for the year. 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.

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 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 dividend withholding tax of RMB62,188,000 has been recognised for the year ended 31 December 2009 (2008: RMB141,429,000).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

11. INCOME TAX EXPENSE *(continued)*

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

	2009 RMB'000	2008 RMB'000 (restated)
(Loss) profit before tax	**(50,131)**	2,307,268
Tax at PRC EIT rate of 25%	**(12,533)**	576,817
Tax effect of non-deductible share-based payment expenses	**187,912**	–
Tax effect of impairment loss on goodwill	**23,986**	–
Tax effect of other expenses not deductible for tax purpose	**45,366**	11,550
Tax effect of income not taxable for tax purpose	**(3,569)**	(8,074)
Tax effect of share of results of associates	**(2,175)**	–
Additional tax deduction for procuring domestic plant and machinery in PRC	**(5,611)**	–
Effect of tax exemption	**(205,300)**	(588,275)
Effect of different tax rates of group companies	**(4,540)**	18,626
Utilisation of tax losses not previously recognised	**(3,578)**	–
Utilisation of deductible temporary differences previously not recognised	**–**	(10,389)
Withholding tax	**62,188**	141,429
Underprovision in prior year	**–**	1,125
Income tax expense for the year	**82,146**	142,809

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

12. (LOSS) PROFIT FOR THE YEAR

	2009 RMB'000	2008 RMB'000 (restated)
(Loss) profit for the year has been arrived at after charging:		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**246,509**	93,720
Retirement benefit scheme contributions	**20,220**	6,937
Share-based payment expenses	**751,649**	–
Total staff costs	**1,018,378**	100,657
Depreciation of property, plant and equipment	**400,296**	96,388
Amortisation of prepaid lease payments	**8,499**	1,303
Amortisation of other intangible assets (included in administrative expenses)	**309**	–
Total depreciation and amortisation	**409,104**	97,691
Less: Amounts included in inventories	**(53,188)**	(16,387)
Amounts charged to profit or loss	**355,916**	81,304
Auditor's remuneration	**11,434**	5,891
Cost of inventories recognised as expenses	**2,841,992**	966,788
Allowance for trade and other receivables	**10,917**	–
Impairment loss on available-for-sale investment (included in other expenses)	**2,031**	–
Loss on disposal of property, plant and equipment	**952**	7,687
Research and development cost recognised as expenses (included in other expenses)	**12,654**	15,250

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

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 2009

Name of director	Directors' fee RMB'000	Bonuses RMB'000	Salaries and other benefit RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payment RMB'000	Total RMB'000
Mr. ZHU Gong Shan	–	220	881	–	–	1,101
Mr. SHA Hong Qiu	–	132	1,672	71	843	2,718
Mr. JI Jun	–	–	1,413	61	753	2,227
Mr. SHU Hua	–	88	1,057	49	753	1,947
Mr. YU Bao Dong	–	164	1,214	42	753	2,173
Ms. SUN Wei	–	441	587	29	753	1,810
Mr. TONG Yee Ming	–	361	2,063	95	148	2,667
Mr. TAM Chor Kiu *(Note iii)*	–	–	–	–	–	
Mr. HENG Kwoo Seng *(Note i)*	44	–	–	–	–	44
Mr. ZHU Yu Feng *(Note ii)*	–	–	243	11	21	275
Mr. QIAN Zhi Xin	88	–	–	–	–	88
Ir. Dr. HO Raymond Chung Tai	264	–	–	–	–	264
Mr. XUE Zhong Su	88	–	–	–	–	88
Mr. YIP Tai Him *(Note i)*	134	–	–	–	–	134
Mr. CHAU Kwok Man *(Note iii)*	–	–	–	–	–	–
Ms. BAI Xiao Qing *(Note iii)*	–	–	–	–	–	–
	618	1,406	9,130	358	4,024	15,536

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 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' emoluments *(continued)*

For the year ended 31 December 2008

Name of director	Directors' fee RMB'000	Bonuses RMB'000	Salaries and other benefit RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payment RMB'000	Total RMB'000
Mr. ZHU Gong Shan	–	–	–	–	–	–
Mr. JI Jun	–	–	1,526	15	565	2,106
Mr. SHA Hong Qiu	–	208	1,675	67	633	2,583
Mr. SHU Hua	–	156	1,071	49	565	1,841
Mr. YU Bao Dong	–	169	1,229	43	565	2,006
Ms. SUN Wei	–	–	–	–	565	565
Mr. LAU Wai Yip *(Note i)*	–	311	473	24	–	808
Mr. TONG Yee Ming *(Note i)*	–	36	881	41	–	958
Mr. LAW Ryan Wing Cheung *(Note ii)*	–	–	–	–	–	–
Mr. TAM Chor Kiu *(Note ii)*	–	–	–	–	–	
Mr. HENG Kwoo Seng	178	–	–	–	–	178
Mr. QIAN Zhi Xin	89	–	–	–	–	89
Ir. Dr. HO Raymond Chung Tai	268	–	–	–	–	268
Mr. XUE Zhong Su	89	–	–	–	–	89
	624	880	6,855	239	2,893	11,491

Notes:

(i) Mr. Lau Wai Yip retired as an executive director on 30 May 2008 and Mr. Tong Yee Ming was appointed as an executive director on 31 July 2008.

(ii) Mr. Law Ryan Wing Cheung resigned and Mr. Tam Chor Kiu was appointed as a non-executive director on 3 October 2008, respectively.

(iii) The emoluments paid or payable to the directors were not included in profit for the year ended 31 December 2008.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

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 2009 and 2008 were all directors of the Company, whose emoluments are included in (a) above. The emoluments of the five highest paid individuals prior to the Acquisition are not included in the loss for the year ended 31 December 2009 and profit for the year ended 31 December 2008.

The emoluments of the five individuals with the highest emoluments of the Solar Group during the year are as follows:

	2009 RMB'000	2008 RMB'000
Salaries and other allowances	**13,527**	7,361
Retirement benefits scheme contributions	**249**	108
Share-based payment expenses	**222,765**	–
	236,541	7,469

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

	2009 Number of employees	2008 Number of employees
Nil to RMB1,000,000	**–**	1
RMB1,000,001 – RMB1,500,000	**–**	1
RMB1,500,001 – RMB2,000,000	**1**	2
RMB2,000,001 – RMB2,500,000	**1**	–
RMB2,500,001 – RMB3,000,000	**3**	1
	5	5

14. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2009.

There was no dividend declared by the Solar Group prior to the Acquisition and during the year ended 31 December 2008.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

15. (LOSS) EARNINGS PER SHARE

The weighted average number of shares used for the purpose of calculating loss per share for the financial year ended 31 December 2009 reflects 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.

The weighted average number of shares used for the purpose of calculating earnings per share for the year ended 31 December 2008 reflects Solar Group's weighted average number of ordinary shares during the period multiplied by the exchange ratio established at the Acquisition.

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

	2009	2008
	RMB'000	RMB'000
		(restated)
(Loss) profit for the year attributable to owners of the Company	**(175,980)**	1,922,862

	Number of shares	
	2009	2008
	'000	'000
		(restated)
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**11,224,071**	4,735,748
Effect of dilutive potential ordinary shares:		
Convertible redeemable preferred shares	**–**	161,931
Share options	**–**	485,785
Weighted average number of ordinary shares for the purpose of dilutive (loss) earning per share	**11,244,071**	5,383,464

	2009	2008
	RMB	RMB
		(restated)
Basic (loss) earnings per share	**(1.57 cents)**	40.60 cents
Diluted (loss) earnings per share	**(1.57 cents)**	35.72 cents

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

The computation of diluted earnings per share for the year ended 31 December 2008 does not assume the conversion of the convertible loan notes since the number of shares to be converted cannot be estimated reliably by management of GCL Solar.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2008 (restated)	175,476	732,718	21,429	4,929	102,361	1,036,913
Additions	131,480	75,738	25,620	10,487	3,894,209	4,137,534
Transfer	156,607	805,092	–	–	(961,699)	–
Disposals	–	–	(8,522)	–	–	(8,522)
At 31 December 2008 and 1 January 2009 (restated)	463,563	1,613,548	38,527	15,416	3,034,871	5,165,925
Acquisition of subsidiaries *(note 39)*	1,248,607	3,394,718	15,807	9,034	418,539	5,086,705
Additions	22,657	31,449	10,840	12,349	3,898,878	3,976,173
Transfer	525,651	6,214,145	524	–	(6,740,320)	–
Disposals	(706)	(1,340)	(80)	(1,340)	–	(3,466)
At 31 December 2009	**2,259,772**	**11,252,520**	**65,618**	**35,459**	**611,968**	**14,225,337**
DEPRECIATION						
At 1 January 2008 (restated)	2,243	13,779	1,083	502	–	17,607
Provided for the year	13,829	76,018	4,928	1,613	–	96,388
Eliminated on disposals	–	–	(835)	–	–	(835)
At 31 December 2008 and 1 January 2009 (restated)	16,072	89,797	5,176	2,115	–	113,160
Provided for the year	85,982	299,779	8,957	5,578	–	400,296
Eliminated on disposals	–	–	–	(483)	–	(483)
At 31 December 2009	**102,054**	**389,576**	**14,133**	**7,210**	**–**	**512,973**
CARRYING VALUES						
At 31 December 2009	**2,157,718**	**10,862,944**	**51,485**	**28,249**	**611,968**	**13,712,364**
At 31 December 2008 (restated)	447,491	1,523,751	33,351	13,301	3,034,871	5,052,765
At 1 January 2008 (restated)	173,233	718,939	20,346	4,427	102,361	1,019,306

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment are depreciated after taking into account of their estimated residual value, using a straight-line basis at the following rates per annum:

Buildings	Over the shorter of lease terms or 3% – 5%
Plant and machinery	3% – 6 2/3%
Office Equipment	20% – 33%
Motor vehicles	20%

At 31 December 2009, the Group has pledged buildings with carrying values of approximately RMB728,792,000 (31.12.2008: Nil) and plant and machinery with carrying values of approximately RMB2,095,271,000 (31.12.2008: RMB421,966,000) to secure banking facilities granted to the Group.

17. PREPAID LEASE PAYMENTS

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

	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)	1.1.2008 RMB'000 (restated)
Analysed for reporting purposes as:			
Current asset	**16,662**	3,736	1,116
Non-current asset	**652,424**	183,843	56,642
	669,086	187,579	57,758

The Group has pledged land use rights with carrying values of approximately RMB356,493,000 (31.12.2008: Nil) at 31 December 2009 to secure banking facilities granted to the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

18. GOODWILL

	2009 **RMB'000**	2008 RMB'000 (restated)
COST		
Acquisition of subsidiaries (note 39) in 2009 and balance at 31 December 2009	**576,231**	–
IMPAIRMENT		
Impairment loss recognised in 2009 and balance at 31 December 2009	**95,942**	–
CARRYING AMOUNTS		
At 31 December	**480,289**	–

For the purpose of impairment testing, goodwill has been allocated to one cash generating unit ("CGU"), comprising the Power Group. The carrying amount of goodwill (net of accumulated impairment losses) as at 31 December 2009 allocated to this CGU approximates to RMB480,289,000. The fair values of the consideration and the assets and liabilities of the subsidiaries are measured based on provisional values and are subject to change pending finalisation of the valuation of the consideration and the assets and liabilities. The finalisation of those valuation, could affect the amounts of the consideration and the amounts assigned to the assets, liabilities and the related depreciation/amortisation charges for assets and the amount of goodwill on acquisition of subsidiaries.

As at 31 December 2009, the Group carried out the annual goodwill impairment testing in relation to goodwill arising from the Acquisition on 31 July 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. The management of the Group recognised an impairment loss of approximately RMB95,942,000.

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 are determined by the directors of the Company by reference to the business valuation report prepared by Jones Lang LaSalle Sallmanns Limited, an independent and recognised international business valuer, on certain subsidiaries in power business as at 31 December 2009. The recoverable amounts of the CGU 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 13.78%. 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 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 to exceed the aggregate recoverable amount of subsidiaries in power business.

19. OTHER INTANGIBLE ASSETS

	Licences RMB'000	Customer lists RMB'000	Total RMB'000
COST			
Additions in 2008 and balance at 31 December 2008 and 1 January 2009 (restated)	5,040	–	5,040
Additions	19,960	–	19,960
Acquisition of subsidiaries *(note 39)*	–	11,220	11,220
At 31 December 2009	**25,000**	**11,220**	**36,220**
AMORTISATION			
At 1 January 2008, 31 December 2008 and 1 January 2009 (restated)	–	–	–
Provided for the year	–	309	309
At 31 December 2009	**–**	**309**	**309**
CARRYING VALUES			
At 31 December 2009	**25,000**	**10,911**	**35,911**
At 31 December 2008 (restated)	5,040	–	5,040
At 1 January 2008 (restated)	–	–	–

The Group's intangible assets represent licenses and customer lists. Licences are the licence fees paid by Jiangsu Zhongneng for technical know-how relating to the hydrochlorination production techniques. During the year ended 31 December 2009, customer lists are acquired through the reverse acquisition of the Power Group (note 39). The intangible assets are carried at cost less accumulated amortisation and are amortised on a straight-line basis over their estimated useful lives of 15 to 20 years.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

20. INTERESTS IN ASSOCIATES

	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)	1.1.2008 RMB'000 (restated)
Unlisted investments in associates, at cost *(note 39)*	**195,259**	–	–
Share of post-acquisition profits, net of dividends received	**8,700**	–	–
Carrying amounts of interests in associates	**203,959**	–	–

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

Name of company	Equity interests held by the Group	Proportion of voting power 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%	54.5%	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	49%	42.9%	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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

20. INTERESTS IN ASSOCIATES *(continued)*

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

	2009 RMB'000
Total assets	**795,266**
Total liabilities	**400,116**
Net assets	**395,150**
Group's share of net assets of associates	**203,959**
Revenue	**173,202**
Profit for the year	**17,609**
Group's share of results of associates for the year	**8,700**

21. 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, 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 RMB2,031,000 (2008: Nil) has been recognised.

22. 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:

	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)	1.1.2008 RMB'000 (restated)
Deferred tax assets	**7,991**	7,054	7,309
Deferred tax liabilities	**(203,359)**	(93,421)	–
	(195,368)	(86,367)	7,309

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

22. DEFERRED TAXATION *(continued)*

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

	Property, plant and equipment RMB'000	Prepaid lease payments RMB'000	Other intangible assets RMB'000	Withholding tax on undistributed profits RMB'000	Prepayments RMB'000	Total RMB'000
At 1 January 2008 (restated)	3,441	–	–	–	3,868	7,309
Credit (charge) to profit or loss	3,613	–	–	(93,421)	(3,868)	(93,676)
At 31 December 2008 and 1 January 2009 (restated)	7,054	–	–	(93,421)	–	(86,367)
Acquisition of subsidiaries *(note 39)*	(29,743)	(60,035)	(2,614)	(14,323)	–	(106,715)
Credit (charge) to profit or loss	1,460	540	31	(4,317)	–	(2,286)
At 31 December 2009	(21,229)	(59,495)	(2,583)	(112,061)	–	(195,368)

At the end of the reporting period, the Group has unused tax losses of RMB28,325,000 (31.12.2008: Nil) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses of approximately RMB91,000, RMB17,184,000 and RMB11,050,000 that will expire in 2012, 2013 and 2014, respectively.

As at 31 December 2008, the Group had deductible temporary differences of approximately RMB28,214,000 in relation to the property, plant and equipment, prepayments and other temporary differences and had been recognised as deferred tax assets (31.12.2009: Nil).

23. INVENTORIES

	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)	1.1.2008 RMB'000 (restated)
Raw materials	**143,820**	12,389	1,965
Work in progress	**95,225**	29,263	4,072
Finished goods	**349,910**	25,417	617
Spare parts	**51,376**	–	–
	640,331	67,069	6,654

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

24. TRADE AND OTHER RECEIVABLES

	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)	1.1.2008 RMB'000 (restated)
Trade receivables *(Note a)*	**876,970**	80,000	46,000
Less: allowance for doubtful debts	**(20,403)**	–	–
	856,567	80,000	46,000
Other receivables	**60,347**	8,226	1,284
Value-added tax receivables	**43,312**	–	–
Less: allowance for doubtful debts	**(2,266)**	–	–
	101,393	8,226	1,284
Prepayments	**86,067**	13,758	16,641
Bills receivables *(Note a)*	**232,863**	–	–
Entrusted loan receivables *(Note b)*	**105,000**	–	–
	1,381,890	101,984	63,925

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:

	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)
Trade receivables:		
0 – 90 days	**706,524**	80,000
91 – 180 days	**149,666**	–
Over 180 days	**377**	–
	856,567	80,000
Bills receivables – trade:		
0 – 90 days	**92,456**	–
91 – 180 days	**140,407**	–
	232,863	–

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

24. TRADE AND OTHER RECEIVABLES *(continued)*

Notes:

(a) *(continued)*

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 86% (31.12.2008: 100%) of the trade and bills receivables are neither past due nor impaired. Included in the Group's trade and bills receivables are debtors with aggregate carrying amount of approximately RMB150,043,000 (31.12.2008: Nil) 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 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:

	2009 RMB'000	2008 RMB'000 (restated)
Balance at beginning of the year	**–**	–
Acquisition of subsidiaries	**12,155**	–
Impairment loss recognised on receivables	**10,917**	–
Amounts recovered during the year	**(403)**	–
Balance at end of the year	**22,669**	–

(b) The entrusted loan receivables are unsecured, 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

25. AMOUNTS DUE FROM RELATED COMPANIES

	Balance at 31.12.2009 RMB'000	Balance at 31.12.2008 RMB'000 (restated)	Balance at 1.1.2008 RMB'000 (restated)	**Maximum amount outstanding during 2009 RMB'000**
Non-trade related:				
Companies controlled by Mr. Zhu and his family#				
徐州經濟開發區熱電有限公司 Xuzhou Economic Development Zone Electricity Co., Ltd.*	**–**	–	1,000	**–**
錫林郭勒中能硅業有限公司 Xilingol Zhongneng Polysilicon Co., Ltd.*	**–**	13,016	–	**13,016**
桐鄉濮院協鑫環保熱電有限公司 Tongxiang Puyuan Xiexin Environmental Protection Cogeneration Co., Ltd.*	**–**	5,033	–	**5,033**
徐州金山橋熱電有限公司 Xuzhou Jinshanqiao Co-gen Co., Ltd.*	**–**	13,311	–	**13,311**
	–	31,360	1,000	
Associate:				
阜寧協鑫環保熱電有限公司 Funing Golden Concord Environmental Protection Co-generation Co., Ltd.	**10,493**	–	–	**10,591**
	10,493	–	–	
Trade related:				
Companies controlled by Mr. Zhu and his family#	**2,589**	–	–	
	13,082	31,360	1,000	

Mr. Zhu is the director and controlling shareholder of the Solar Group and also the director and substantial shareholder of the Power Group.

* English name for identification purpose only

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

25. 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, except for amount due from Xilingol Zhongneng Polysilicon Co., Ltd. of approximately RMB13,016,000 at 31 December 2008, which is repayable on 30 July 2009.

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

26. 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	Balance at 31.12.2009 RMB'000	Balance at 31.12.2008 RMB'000 (restated)	Balance at 1.1.2008 RMB'000 (restated)	Maximum amount outstanding during 2009 RMB'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	**69,660**	65,000	–	**69,660**
蘇州協鑫置業有限公司 Suzhou Golden Concord Real Estate Co., Ltd.*	Unsecured, interest-bearing at 5.58% per annum and repayable by 10 December 2009	**–**	100,000	–	**100,000**
徐州金山橋熱電有限公司 Xuzhou Jinshanqiao Co-gen Co., Ltd.*	Unsecured, interest-bearing at 6.66% per annum and repayable by 7 November 2009	**–**	100,000	–	**100,000**
		69,660	265,000	–	

* English name for identification purpose only

Mr. Zhu is the director and controlling shareholder of the Solar Group and also the director and substantial shareholder of the Power Group.

27. 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% (31.12.2008: 0.01% to 0.36%) per annum and fixed rates which range from 0.03% to 2.25% (31.12.2008: 1.6% to 4.3%).

Pledged bank deposits

These bank deposits carry fixed interest rates ranging from 0.36% to 5.49% (31.12.2008: Nil) per annum.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to RMB288,256,000 (31.12.2008: Nil) have been pledged to secure bills and notes payables and short-term borrowings granted to the Group and are therefore classified as current assets. Deposits amounting to RMB69,320,000 (31.12.2008: Nil) 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 RMB419,396,000 (31.12.2008: RMB276,672,000) 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 RMB129,439,000 (31.12.2008: Nil) have been restricted to guarantee the long-term technical improvement contracts with contractors and are therefore classified as non-current assets. At 31 December 2008, deposits amounting to RMB6,000 had been restricted for the use of making interest payments on convertible loan notes and were therefore classified as current assets.

28. TRADE AND OTHER PAYABLES

	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)	1.1.2008 RMB'000 (restated)
Trade payables	**279,653**	48,857	11,680
Bills and notes payables (trade)	**20,000**	–	–
Bills and notes payables (non-trade)	**44,606**	–	–
Construction payables	**1,404,521**	421,310	45,979
Other payables	**206,619**	42,651	11,757
Dividend payables to non-controlling interests' shareholders of subsidiaries	**12,947**	–	–
Other tax payables	**12,508**	64,109	37,644
Interest payables	**11,679**	7,712	641
Accruals	**116,700**	67,652	14,069
	2,109,233	652,291	121,770

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

28. TRADE AND OTHER PAYABLES *(continued)*

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:

	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)
Trade payables:		
0 – 90 days	**249,571**	48,371
91 – 180 days	**11,490**	126
Over 180 days	**18,592**	360
	279,653	48,857
Bills and notes payables (trade):		
91–180 days	**20,000**	–

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.

29. AMOUNTS DUE TO RELATED COMPANIES

	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)	1.1.2008 RMB'000 (restated)
Non-trade related:			
Companies controlled by Mr. Zhu and his family *(Note a)*	**50,441**	–	54,549
Shareholders of GCL Solar *(Note a)*	**–**	103,409	–
Shareholders of Sun Wave and Greatest Joy *(Note b)*	**–**	3,022,461	–
	50,441	3,125,870	54,549
Trade related:			
Companies controlled by Mr. Zhu and his family *(Note c)*	**72,286**	7,069	8,006
	122,727	3,132,939	62,555

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

29. AMOUNTS DUE TO RELATED COMPANIES *(continued)*

Notes:

(a) The amounts are unsecured, non-interest bearing and repayable on demand. Mr. Zhu is the director and controlling shareholder of the Solar Group and also the director and substantial shareholder of the Power Group.

(b) The amounts are unsecured, non-interest bearing and subsequently transferred to the Company and are credited to equity (special reserves) upon the Acquisition (see note 2).

(c) The amounts are unsecured, non-interest bearing and with a credit term of 90 days. Mr. Zhu is the director and controlling shareholder of the Solar Group and also the director and substantial shareholder of the Power Group.

30. LOANS FROM RELATED COMPANIES

	Terms	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)	1.1.2008 RMB'000 (restated)
Company controlled by Mr. Zhu and his family	Unsecured, interest-bearing at 5.841% per annum and repayable on 22 January 2010	**50,000**	–	–
Company controlled by Mr. Zhu and his family	Unsecured, interest-bearing at 6.4872% per annum and repayable on demand	**–**	–	100,000
		50,000	–	100,000

Mr. Zhu is the director and controlling shareholder of the Solar Group and also the director and substantial shareholder of the Power Group.

31. 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 2009, the advances of RMB1,678,751,000 (31.12.2008: RMB1,751,717,000) and RMB384,597,000 (31.12.2008: RMB232,073,000) are included in non-current liabilities and current liabilities based on the estimated amounts of purchase of goods after one year and within one year, respectively.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

32. DEFERRED INCOME

	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)	1.1.2008 RMB'000 (restated)
Government grants:			
Incentive subsidies *(Note a)*	**83,825**	–	–
Subsidies related to property, plant and equipment *(Note b)*	**168,880**	119,220	–
Value-added tax refund related to depreciable assets *(Note c)*	**21,618**	–	–
Total government grants	**274,323**	119,220	–
Less: Amounts credited to profit or loss	**(102,937)**	(4,170)	–
Total deferred income related to government grants	**171,386**	115,050	–
Analysed for reporting purpose as:			
Current liability	**22,712**	7,948	–
Non-current liability	**148,674**	107,102	–
	171,386	115,050	–

Notes:

(a) Incentive subsidies were received from the relevant PRC Government for improvement of working capital and financial assistance to the operating activities due to the economic downturn. There were no specific conditions attached to the grants and, therefore, the Group recognised the grants as income upon receipt. 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 property, plant and equipment. The amounts are deferred and amortised over the estimated useful lives of the respective plant and machinery.

(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.

33. BANK BORROWINGS

	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)	1.1.2008 RMB'000 (restated)
Short-term bank borrowings	**3,258,361**	830,000	160,000
Long-term bank borrowings	**4,289,515**	2,227,228	426,000
	7,547,876	3,057,228	586,000
Less: current portion	**(4,431,231)**	(980,900)	(160,000)
Non-current portion	**3,116,645**	2,076,328	426,000

Details of the bank borrowings are as follows:

	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)	1.1.2008 RMB'000 (restated)
Secured	**4,124,560**	2,461,228	–
Unsecured	**3,423,316**	596,000	586,000
	7,547,876	3,057,228	586,000
Carrying amount repayable:			
Within one year	**4,431,231**	980,900	
More than one year, but not exceeding two years	**1,618,146**	886,032	
More than two years, but not exceeding three years	**484,500**	1,190,296	
More than three years, but not exceeding four years	**242,000**	–	
More than four years, but not exceeding five years	**197,999**	–	
More than five years	**574,000**	–	
	7,547,876	3,057,228	
Less: Amounts due within one year shown under current liabilities	**(4,431,231)**	(980,900)	
	3,116,645	2,076,328	
Analysed as:			
Fixed-rate borrowings	**1,682,831**	630,000	
Variable-rate borrowings	**5,865,045**	2,427,228	
	7,547,876	3,057,228	

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

33. BANK BORROWINGS *(continued)*

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

	31.12.2009	31.12.2008 (restated)
Fixed-rate borrowings	**4.37% to 9.36%**	5.04% to 8.32%
Variable-rate borrowings		
US$ borrowings	**London Interbank Offer Rate + 1.5%**	–
RMB borrowings	**Benchmark Rate -10% to +10%**	Benchmark Rate +5%

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

	31.12.2009 RMB'000	31.12.2008 RMB'000 (restated)
RMB	**7,343,030**	3,057,228
US$	**204,846**	–
	7,547,876	3,057,228

Certain bank borrowings are secured by property, plant and equipment, land use rights and bank deposits as set out in notes 16, 17 and 27, respectively.

34. 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 is set out below:

	Original currency US$'000	Shown as RMB'000
At 1 January 2008 (restated)	61,786	448,775
Interest payment	(4,274)	(29,210)
Change in fair value recognised in profit or loss	15,401	105,259
Exchange gain	–	(26,496)
At 31 December 2008 and 1 January 2009 (restated)	72,913	498,328
Interest payment	(2,648)	(18,092)
Change in fair value recognised in profit or loss	4,735	32,351
Redemption	(75,000)	(512,423)
Exchange gain	–	(164)
At 31 December 2009	**–**	**–**

On 10 September 2007, GCL Solar issued convertible loan notes in two tranches for a principal amount of US$60,000,000 to an independent third-party (the "Note Holder"), of which US$20,000,000 was redeemable but not convertible ("Tranche A") and the remaining US$40,000,000 was either convertible into the GCL Solar's shares or redeemable ("Tranche B"). Tranche A and Tranche B were issued simultaneously and can only be transferred together in equal proportion and may ultimately be terminated by either redemption or conversion simultaneously at the option of the Note Holder, including upon an initial public offering ("IPO") event. Since Tranche A and Tranche B cannot exist independently, they had been considered as a single instrument. The convertible loan notes were denominated in United States dollar and were secured by the GCL Solar's 64% equity interest in Jiangsu Zhongneng.

The contractual maturity date of the convertible loan notes was on 10 September 2009. The convertible loan notes carried interest at the three months LIBOR deposit rate plus 3% per annum in the first year and three months LIBOR deposit rate plus 5% per annum in the second year. Interest was payable in arrears each quarter. On 30 July 2009, the convertible loan notes have been early redeemed immediately before the completion of the Acquisition.

The convertible loan notes were subject to a number of covenants, such as the maintenance of certain financial ratios, restrictions on granting collateral, disposals of existing assets, the making of payments to shareholders and affiliates and the making of investments. If the covenants were not met, the convertible loan notes may become immediately due and payable at 125% of the principal amount plus any accrued and unpaid interest. In the opinion of the directors of GCL Solar, GCL Solar and its subsidiaries (the "GCL Solar Group") met these conditions in the required period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

34. CONVERTIBLE LOAN NOTES *(continued)*

Tranche B was convertible into 3% of outstanding ordinary shares if a qualifying IPO occurred prior to 10 September 2009. Since the functional currency was in RMB and the convertible loan notes are denominated in United States dollar, the conversion option was not settled by the exchange of a fixed monetary amount for a fixed number of equity interments and hence was therefore accounted for as a derivative. Upon exercise of the conversion options of Tranche B, if the market capitalisation of GCL Solar at conversion was less than US$2,560,000,000, the GCL Solar Group must pay the Note Holder 3% of the difference between US$2,560,000,000 and the market capitalisation of GCL Solar at conversion ("Strike Adjustment"). The redemption terms of the convertible loan notes were as follows:

(a) In the event the GCL Solar Group was obligated to pay additional amounts related to withholding tax or other taxation amounts as a result of any change or amendment to the tax law or regulations of the relevant jurisdiction that would otherwise reduce the yield of the Note Holder, subject to agreement by the Note Holder, the GCL Solar Group may redeem the convertible loan notes. If the Note Holder decided not to have the GCL Solar Group redeemed the convertible loan notes, the GCL Solar Group will no longer be obligated to gross up the payments to the Note Holder;

(b) Under the terms of the convertible loan notes, GCL Solar shall redeem all of the convertible loan notes at 100% plus accrued interest before 31 January 2008 at the request of the Note Holder. The Note Holder waived the right on such redemption if they had not provided notice of redemption by 31 January 2008. The Note Holder had not provided such notice of redemption and as a result the convertible loan notes will automatically convert upon a qualifying IPO or redeem at maturity on 10 September 2009;

(c) The GCL Solar Group shall redeem the convertible loan notes at 125% of the outstanding principal amount plus accrued interest at maturity on 10 September 2009 or upon liquidation of the GCL Solar Group; and

(d) The Note Holder may require the convertible loan notes to be redeemed at 125% of the outstanding principal amount plus accrued interest in the events of default or non-compliance with the covenants under the convertible loan notes agreement.

The convertible loan notes were valued at fair value by the management of GCL Solar with reference to a valuation report carried out by Jones Lang LaSalle Sallmanns Limited ("La Salle Sallmanns"), an independent and recognised international business valuers, on 31 December 2008, at approximately US$72,913,000 (approximately RMB498,328,000).

On 30 July 2009, the Solar Group early redeemed the convertible loan notes at 125% of the outstanding principal amount. A loss of approximately RMB32,351,000 (2008: RMB105,259,000) 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. The fair value attributable to change in its credit risk is considered immaterial.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

35. CONVERTIBLE REDEEMABLE PREFERRED SHARES

The convertible redeemable preferred shares (the "Preferred Shares") are measured at fair value with changes in fair value recognised in profit or loss. The movement of the Preferred Shares is set out below:

	Original currency US$'000	Shown as RMB'000
At 1 January 2008 (restated)	30,978	225,006
Change in fair value recognised in profit or loss	(5,892)	(40,271)
Exchange gain	–	(13,283)
At 31 December 2008 and 1 January 2009 (restated)	25,086	171,452
Change in fair value recognised in profit or loss	1,081	7,330
Credit to special reserves upon completion of the Acquisition	(26,167)	(178,782)
At 31 December 2009	**–**	**–**

The Preferred Shares were non-interest bearing and convertible into ordinary shares at any time at the option of the holder at a conversion ratio of one-to-one subject to certain anti-dilution provisions (mainly including adjustment for GCL Solar's share split or combination) and a one-time performance adjustment based on the GCL Solar Group's net profit for the year ended 31 December 2008. In addition, GCL Solar's functional currency was in RMB and the Preferred Shares were denominated in United States dollar. The conversion was not settled by the exchange of a fixed monetary amount for a fixed number of equity interments, the conversion option was therefore accounted for as a derivative. The Preferred Shares will be automatically converted into ordinary shares upon a qualifying IPO. The preferred shareholders participate in cash and non-cash dividends on a pro rata basis to all ordinary shares on an as-converted basis.

The Preferred Shares carried liquidation preference to receive, prior to any distribution to the holders of ordinary shares or any class of shares, an amount per share equal to 100% of the Preferred Shares issue price plus all accrued or declared but unpaid dividends. If the GCL Solar Group had insufficient assets, it was required to distribute its assets ratably to the preferred shareholders. The preferred shareholders, after receiving their proportional amount were entitled to further participate in the distribution of the remaining assets of the GCL Solar Group ratably among all the holders of outstanding ordinary shares and Preferred Shares on an as-converted basis.

The major redemption terms of the Preferred Shares are as follows:

(a) In the event of a breach of certain non-competition covenants by HG or GCL Solar, the preferred shareholders had the right to put their Preferred Shares at 100% of the Preferred Shares issue price plus any accrued but unpaid dividends of the Preferred Shares either to GCL Solar or to HG.

(b) If the audited consolidated earnings before interest and income tax for the period from 1 January 2007 to 31 March 2008 under U.S. GAAP is less than US$20,000,000, the preferred shareholders had a right to put the Preferred Shares for redemption at 150% of the Preferred Shares issue price plus any accrued but unpaid dividends to GCL Solar or to HG. In the opinion of the management of GCL Solar, the GCL Solar Group met this condition in the said period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

35. CONVERTIBLE REDEEMABLE PREFERRED SHARES *(continued)*

(c) If the GCL Solar Group did not effect a qualifying IPO by August 2010, the preferred shareholders had a right to put the Preferred Shares at 150% of the Preferred Shares issue price plus any accrued and unpaid dividends of the Preferred Shares either to GCL Solar or to HG. If upon exercise of this put right, GCL Solar and HG did not have sufficient funds to redeem or purchase the shares, HG will pledge a number of ordinary shares to the preferred shareholders to make up the difference in price. If the ordinary shares were not redeemed or repurchased within a 12-month period, the preferred shareholders will become the owner of the pledged ordinary shares and all obligations under the preferred share agreement will thereby be fulfilled.

The Preferred Shares were stated at fair value by the management of GCL Solar with reference to a valuation report carried out by La Salle Sallmanns, on 31 July 2009, at US$26,167,000 (approximately RMB178,782,000) (31.12.2008: US$25,086,000 (approximately RMB171,452,000)). The change in fair value of US$1,081,000 (approximately RMB7,330,000) (2008: US$5,892,000 (approximately RMB40,271,000)), 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 fair value attributable to change in its credit risk is considered immaterial.

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.

36. DERIVATIVE INSTRUMENTS

On 27 June 2008, Jiangsu Zhongneng entered into a long-term machinery supply contract with a supplier to acquire machinery at a consideration of US$50,634,864 and EUR87,955,236. The contract contained embedded foreign currency forward contracts, which were required to be separated from the long-term machinery supply contract as they had not been considered as clearly and closely related to the supply contract.

The outstanding contracts were to be settled in a series of 50 maturity dates within the period from 5 January 2009 to 15 December 2010. During the year ended 31 December 2009, the long-term machinery supply contract was terminated and the fair value of the related embedded derivative instruments of RMB9,912,000 have been credited to profit or loss accordingly.

At 31 December 2008, the fair value of the embedded derivative instruments of RMB9,912,000 was determined by reference to a valuation performed by Ernst & Young Advisory Services Limited, independent professional valuers not connected to the GCL Solar Group, based on the quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

37. 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 is 31 January 2011. The Secured Notes bear interest on outstanding amounts at 10% per annum and are payable semi-annually in arrears on the last business day of each calendar month.

The Secured Notes have been redeemed on 17 August 2009 from the proceeds of the subscription of new shares set out in note 38(f).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

38. ISSUED EQUITY

GCL SOLAR, SUN WAVE AND GREATEST JOY

	GCL Solar		Sun Wave		Greatest Joy		Total
	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000	Amount RMB'000
Ordinary shares of US$0.1 each							
Issued and fully paid:							
At 1 January 2008	983	75	–	1	–	–	76
Subdivision of one share of US$0.01 each into 100 shares of US$0.0001 each *(Note a)*	97,350	–	–	–	–	–	–
Subdivision of one share of US$0.0001 each into 10 shares of US$0.00001 each *(Note a)*	880,500	–	–	–	–	–	–
Shares repurchased and cancelled *(Note b)*	(500)	–	–	–	–	–	–
Issue of new shares	–	–	–	–	–	1	1
At 31 December 2008 and 1 January 2009	978,333	75	–	1	–	1	77
Issue of restricted shares *(note 45)*	15,000	1	–	–	–	–	1
Exercise of share options *(Note c)*	40,024	3	–	–	–	–	3
At 31 July 2009, immediately before the Acquisition	1,033,357	79	–	1	–	1	81

Notes:

(a) On 21 February 2008, an ordinary resolution was passed by the shareholders of GCL Solar to approve the subdivision of each issued and unissued shares of US$0.01 each in the authorised share capital into 100 ordinary shares of US$0.0001 each.

On 18 July 2008, an ordinary resolution was passed by the shareholders of GCL Solar to approve the subdivision of each issued and unissued shares of US$0.0001 each in the authorised share capital into 10 ordinary shares of US$0.00001 each.

(b) On 25 February 2008, 500,000 ordinary shares of US$0.0001 each were repurchased for a consideration of approximately RMB49,083,000 (US$7,000,000). The repurchased shares were cancelled and the issued share capital of GCL Solar was reduced by the nominal value thereof.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

38. ISSUED EQUITY *(continued)*

THE COMPANY

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
Balance at 1 January 2008, 31 December 2008 and 1 January 2009	10,000,000	1,000,000
Increase on 16 July 2009 *(Note h)*	10,000,000	1,000,000
At 31 December 2009	**20,000,000**	**2,000,000**

	Number of shares '000	Amount RMB'000
Issued and fully paid:		
At 1 January 2008, 31 December 2008 and 1 January 2009	972,419	92,779
Placing of new shares *(Note e)*	50,000	4,406
Exercise of share options *(Note g)*	554	49
At 31 July 2009, immediately before the Acquisition	1,022,973	97,234
New shares issued in respect of the Acquisition *(Note d)*	10,039,773	885,086
Placing of new shares *(Note f)*	4,408,163	388,406
Exercise of share options *(Note g)*	640	57
At 31 December 2009	**15,471,549**	**1,370,783**

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

At 31 December 2008, the share capital of the Group shown on the consolidated statement of financial position represented the issued capital of the Solar Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

38. ISSUED EQUITY *(continued)*

Notes:

(d) On 31 July 2009 the Company issued 10,039,772,727 shares of HK$0.10 each at the subscription price of HK$2.2 per share as partial consideration in exchange of the entire equity interest of the Solar Group (see note 2).

(e) 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 (equivalent to RMB68,301,000).

(f) 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 (equivalent to RMB3,243,333,000).

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 (equivalent to RMB4,901,040,000).

(g) 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 share, with the net proceeds of HK$704,000 (equivalent to RMB621,000).

(h) By a 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.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

39. ACQUISITION OF SUBSIDIARIES

As set out in note 2, 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.

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

	Acquiree's carrying amounts before Acquisition RMB'000	Provisional fair value adjustments RMB'000	Provisional fair value RMB'000
Property, plant and equipment	4,965,837	120,868	5,086,705
Prepaid lease payments	164,855	242,241	407,096
Interests in associates	195,259	–	195,259
Deposits for acquisition of plant and equipment	4,760	–	4,760
Goodwill	132,006	–	N/A
Other intangible assets	11,220	–	11,220
Available-for-sale investment	8,031	–	8,031
Deferred tax Asset	18,147	–	N/A
Pledged and restricted bank deposits	446,927	–	446,927
Inventories	198,588	–	198,588
Trade and other receivables	509,847	–	509,847
Amounts due from related companies	44,009	–	44,009
Tax recoverable	4,529	–	4,529
Bank balances and cash	808,738	–	808,738
Trade and other payables	(732,584)	–	(732,584)
Tax payables	(16,314)	–	(16,314)
Amounts due to related companies	(44,381)	–	(44,381)
Borrowings	(3,809,910)	–	(3,809,910)
Deferred income	(73,495)	–	N/A
Deferred tax liabilities	(16,937)	(89,778)	(106,715)
	2,819,132	273,331	3,015,805
Non-controlling interests			(487,222)
Goodwill			576,231
			3,104,814
Deemed consideration			3,104,814
Net cash inflow arising on the Acquisition:			
Bank balances and cash of Power Group acquired			808,738

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

39. ACQUISITION OF SUBSIDIARIES *(continued)*

The deemed consideration for the Acquisition accounted for as a reverse acquisition amounted to approximately RMB3,104,814,000 (equivalent 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 the Acquisition i.e. 31 July 2009.

The Power Group contributed RMB117,868,000 to the consolidated result of the Group for the year between the date of the Acquisition and the end of the reporting period.

If the Acquisition had been completed on 1 January 2009, total Group's revenue for the year would have been RMB6,610,979,000, and the Group's loss for year would have been RMB95,083,000. The pro forma 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 2009, nor is it intended to be a projection of future results.

The fair values of the consideration and the assets, liabilities and contingent liabilities of the Power Group acquired, and the goodwill arising on the Acquisition, have been determined on a provisional basis, awaiting the completion of professional valuations.

40. MAJOR NON-CASH TRANSACTIONS

On 13 November 2008, Jiangsu Zhongneng acquired additional 30% interest in TZPTD, a subsidiary of GCL Solar Group for a consideration of RMB11,000,000. The consideration was not yet paid and recorded as other payables at 31 December 2008.

During year ended 31 December 2008, the Solar Group acquired intangible asset of approximately RMB5,040,000 with details set out in note 19, of which approximately RMB2,500,000 was not yet paid and recorded as other payables at 31 December 2008.

41. OPERATING LEASES

The Group as lessee

	2009 RMB'000	2008 RMB'000 (restated)
Minimum lease payments paid under operating leases during the year:		
Buildings	**5,918**	3,107
Natural gas transmission network	**2,983**	–
Staff quarters	**128**	–
Others	**308**	–
	9,337	3,107

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

41. OPERATING LEASES *(continued)*

The Group as lessee *(continued)*

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:

	2009 RMB'000	2008 RMB'000 (restated)
Within one year	**16,524**	3,275
In the second to fifth year inclusive	**42,356**	2,611
After five years	**12,054**	–
	70,934	5,886

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.

The Group as lessor

	2009 RMB'000	2008 RMB'000 (restated)
Rental income credited to profit or loss during the year:		
Land use rights	**100**	–
Building	**75**	–
Staff quarters	**40**	–
Others	**5**	–
	220	–

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

	2009 RMB'000	2008 RMB'000 (restated)
Within one year	**149**	–
In the second to fifth years inclusive	**682**	–
After five years	**1,871**	–
	2,702	–

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

42. CAPITAL COMMITMENTS

	2009 RMB'000	2008 RMB'000 (restated)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**1,756,546**	3,358,793
Capital expenditure in respect of acquisition of property, plant and equipment authorised but not contracted for	**3,641,849**	–

43. CONTINGENT LIABILITIES

At 31 December 2009, the Group provided guarantees of RMB32,000,000 (31.12.2008: Nil) 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

Other than those disclosed elsewhere, as at 31 December 2008, 64% and 36% equity interest in Jiangsu Zhongneng had been pledged to secure convertible loan notes issued by GCL Solar, and exchangeable notes issued by the shareholder of Sun Wave and Greatest Joy, respectively. In addition to the pledge, Jiangsu Zhongneng was also restricted in its ability to transfer a portion of its net assets to GCL Solar, Sun Wave and Greatest Joy either in the form of dividends, loans or advances. Such pledge has been released upon the completion of the Acquisition during the year ended 31 December 2009.

45. SHARE-BASED PAYMENT TRANSACTIONS

Equity settled share option scheme

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 are not satisfied, the options will lapse.

On 15 August 2007, GCL Solar granted two options to a GCL Solar's director and an employee to purchase a total of 2,000* ordinary shares of GCL Solar. On 29 February 2008, the two options were cancelled. On the same date, GCL Solar granted 5,000,000 share options to its directors and employees to purchase 50,000,000* ordinary shares of GCL Solar with exercise price of US$0.5* per share.

* The figures have been adjusted for the effect of share split of GCL Solar in 2008.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

45. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Equity settled share option scheme *(continued)*

GCL Solar *(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 2009	During the period Granted	Exercised	Cancelled	Outstanding at 31 December 2009
Directors, employees and consultants	US$0.5*	29.2.2008	5,000,000	–	(5,000,000)	–	–

	Exercise price	Date of grant	Number of share options Outstanding at 1 January 2008	During the period Granted	Exercised	Cancelled	Outstanding at 31 December 2008
Directors, employees and consultants	US$0.5*	15.8.2007	2	–	–	(2)	–
	US$0.5*	29.2.2008	–	5,000,000	–	–	5,000,000
			2	5,000,000	–	(2)	5,000,000

Each option when exercised is 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 RMB462,945,000). The following inputs were used to derive the fair value of share options, using the Binominal model:

	29 February 2008
Spot price	US$0.5*
Exercise price	US$0.5*
Expected volatility	60.65%
Dividend yield	0%
Risk-free interest rate	3.71%
Suboptimal Exercise Factor	1.5

Expected volatility was determined by using the volatility of the stock return of 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 behavioral considerations.

Upon 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 have been exercised and fully vested. Accordingly, share option expense of US$69,442,000 (approximately equal to RMB462,945,000) (2008: Nil) has been recognised in the profit or loss during the year ended 31 December 2009.

* The figures have been adjusted for the effect of share split of GCL Solar in 2008.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

45. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Equity settled share option scheme *(continued)*

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 2009, the number of shares in respect of which options had been granted and remained outstanding under the scheme is 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 31 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.

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

			Number of share options				
	Exercise price	Date of grant	Outstanding at date of the Acquisition	Granted	During the period Exercised	Forfeited	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)	–	8,880,000
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)	30,066,000
	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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

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 16 February 2009, 24 April 2009 and 13 November 2007 were approximately HK$0.206 per option, HK$0.361 per option and HK$1.7626 per option, respectively. The following inputs were used to derive the fair value of share options, using the Binomial model:

	16 February 2009	24 April 2009	13 November 2007
Spot price (closing price at grant date)	HK$0.59	HK$1.03	HK$4.10
Exercise price	HK$0.59	HK$1.054	HK$4.10
Expected volatility	52.7%	53.2%	44.68%
Dividend yield	0%	0%	1.5%
Risk-free interest rate	1.65%	2.122%	3.47%
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 behavioral 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 option expense of RMB5,816,000 (2008: Nil) has been recognised in the 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$2.49 (2008: Nil) 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 option reserve.

2008 Restricted Share Compensation Plan

GCL Solar adopted the 2008 Restricted Share Compensation Plan ("2008 Plan") in July 2008. The 2008 Plan provides for grants of restricted shares. The maximum number of shares available for grant under the 2008 Plan is 15,000,000 shares of GCL Solar. No restricted shares were granted as at 31 December 2008 under the 2008 Plan. 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. During the year, an amount of share-based payment expense of RMB282,888,000 (2008: Nil) has been recognised in profit or loss immediately upon the grant of the restricted shares which vested on the grant date.

46. EVENTS AFTER THE END OF REPORTING PERIOD

(i) On 8 January 2010, the Group entered into conditional acquisition agreements to acquire an aggregate 70.19% equity interest in Konca Solar Cell Co., Ltd ("Konca Solar") at total cash consideration of RMB854,100,000 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. Konca Solar principally engages in the development, processing and production of crystal silicon solar cells, semiconductor crystal silicon wafer, cell wafer in Wuxi City of Jiangsu Province, the PRC. Up to the date of this report, total deposits of RMB150,000,000 has been paid by the Group. The transaction is subject to the satisfaction of the precedent conditions and has not been completed. Details are set out in Company's announcement dated 8 January 2010 and a circular dated 12 February 2010.

(ii) On 5 February 2010, the Group entered into a deed of termination (the "Termination Deed") with the vendor pursuant to which the parties mutually agreed to terminate the sale and purchase agreement in relation to the acquisition of 55% equity interest in 內蒙古多倫協鑫礦業有限責任公司 Inner Mongolia Duolun Golden Concord Mining Ltd., as announced on 11 August 2008 and 7 August 2009, with effect from the date of the Termination Deed. Details are set out in the Company's announcement dated 5 February 2010.

* English name for identification purpose only.

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 18% to 22% of employees' salaries, which are charged to operations as an expense when the contributions are due.

(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:

	2009 RMB'000	2008 RMB'000 (restated)
Amount contributed and expensed	**831**	328

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

48. RELATED PARTY DISCLOSURES

During the years, the Group has entered into the following transactions with related parties:

	2009 RMB'000	2008 RMB'000 (restated)
Transactions with companies controlled by Mr. Zhu and his family:		
Construction related services expense	**377,280**	50,000
Consultancy services expense	**5,800**	1,667
Office expense	**915**	854
Proceeds on disposal of property, plant and equipment	**64**	–
Purchase of coal	**11,894**	–
Purchase of property, plant and equipment	**3,750**	–
Purchase of steam	**232,426**	6,963
Rental expense	**1,474**	797
Rental income	**207**	–
Sales of coal	**36,399**	140,641
Sales of steam	**237**	–
Service fee expense	**211**	–
Interest income	**13,931**	1,306
Interest expense	**1,288**	385
Management fee income	**2,416**	–
Management fee expense	**20,244**	22,405
Transactions with associates:		
Management fee income	**250**	–
Sales of coal	**10,091**	–
Transactions with non-controlling interests' shareholders of a subsidiary:		
Construction related services expense	**9,596**	–
Rental expense	**1,371**	–
Sales of steam	**257**	–

The related companies are entities in which Mr. Zhu or his son have beneficial interests.

Details of balances and other arrangements with related parties are disclosed in the consolidated statement of financial position on pages 69 and 70 and notes 2, 25, 26, 29, 30, 35, 37 to 40, 43 and 44.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place of incorporation/ establishment registration	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2009 %	2008 %	Principal activity
The Power Group#					
Sino-foreign equity joint venture enterprise					
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**	–	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	RMB105,500,000	**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**	–	Operation of a power station
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**	–	Operation of a power station
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**	–	Operation of boilers and trading of steam
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	RMB66,000,000	**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**	–	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**	–	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**	–	Operation of a power station

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ establishment registration	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2009 %	2008 %	Principal activity
The Power Group# *(contunued)*					
Sino-foreign equity joint venture enterprise (contunued)					
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**	–	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**	–	Operation of a power station
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**	–	Operation of a power station
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**	–	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**	–	Operation of a power station
Foreign-invested enterprise (wholly owned by legal entity)					
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**	–	Provision of management services
Wholly foreign-owned enterprise					
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**	–	Operation of a power station

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ establishment registration	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2009 %	2008 %	Principal activity
The Power Group# *(contunued)*					
Wholly foreign-owned enterprise (contunued)					
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**	–	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**	–	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**	–	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**	–	Coal trading
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**	–	Wind power station
GCL-Poly Limited* 保利協鑫有限公司	PRC	RMB560,000,000	**100**	–	Investment holding
Incorporated in the British Virgin Islands ("BVI")					
Hugesuccess Investments Limited 宏成投資有限公司	BVI	US$1	**100**	–	Investment holding
Wise Able Investments Limited 智能投資有限公司	BVI	US$1	**100**	–	Investment holding

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ establishment registration	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2009 %	2008 %	Principal activity
The Solar Group					
Sino-foreign equity joint venture enterprise					
Taixing Zhongneng Far East Polysilicon Technology Development Co., Ltd* 泰興中能遠東硅業有限公司 ("Taixing Zhongneng")	PRC	US$4,318,804	**100**	100	Manufacture of raw material of polysilicon for JZPTD
GCL (Naning) Solar Energy Technology Company Limited* 南京協鑫光伏電力科技有限公司	PRC	RMB3,000,000	**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	RMB80,000,000	**100**	–	Operation of solar farm
Wholly foreign-owned enterprise					
Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* 江蘇中能硅業科技發展有限公司	PRC	RMB2,277,750,000	**100**	100	Manufacture and sale of polysilicon
Jiangsu GCL Polysilicon Technology Development Co., Ltd.* 江蘇協鑫硅材料科技發展有限公司	PRC	RMB680,947,300	**100**	100	Manufacture and sale of wafer
Incorporated in the Hong Kong					
GCL Solar Power (Hong Kong) Limited 協鑫光伏電力(香港)有限公司	Hong Kong	HK$75,950,000	**100**	–	Financing
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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2009

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ establishment registration	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2009 %	2008 %	Principal activity
The Solar Group *(contunued)*					
Incorporated in 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.	United States	US$200	**100**	–	Representative office
GCL Technology Research Centre, LLC	United States	US$350,000	**100**	–	Research and development

* English name for identification only

\# The Power Group is considered as part of the Group under reverse acquisition.

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.

Corporate Information

CHAIRMAN & CHIEF EXECUTIVE OFFICER
Zhu Gong Shan

EXECUTIVE DIRECTORS
Zhu Gong Shan
Sha Hong Qiu
Ji Jun
Shu Hua
Yu Bao Dong
Sun Wei
Tong Yee Ming
Zhu Yu Feng

NON-EXECUTIVE DIRECTOR
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
Xue Zhong Su
Qian Zhi Xin
Ji Jun

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
Suites 3601-4, Two Exchange Square
8 Connaught Road Central
Hong Kong

Corporate Information (continued)

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
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

Hogan & Hartson
21st Floor, Two Pacific Place
88 Queensway
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 Limited
Stock Code: 3800

SHARE INFORMATION

Board Lot Size: 1,000 shares
Shares Outstanding as at 31 December 2009: 15,471,549,268 shares

FINANCIAL CALENDAR

17 March 2010:
Announcement of 2009 Final Results
16 April 2010:
Publication of Annual Report
17 May 2010:
Annual General Meeting

ENQUIRIES CONTACT

Investor Relations Department

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E-mail:	info@gcl-poly.com.hk
Address:	Suites 3601-4, Two Exchange Square 8 Connaught Road Central Hong Kong

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
"China" or "PRC"	the People's Republic of China, but for the purposes of this report, excludes Hong Kong, Taiwan and Macau Special Administrative Region of the PRC
"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.*)
"CIC"	China Investment Corporation
"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 Protection Co-generation Co., Ltd.)
"GCL Solar"	GCL Solar Energy Technology Holdings Inc., Sun Wave Group Limited and Greatest Joy International Limited and their subsidiaries
"GCL Solar Inc"	GCL Solar Energy Technology Holdings Inc.
"Group"	the Company and its subsidiaries
"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.)

Glossary of Terms (continued)

"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.)
"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
"Xilingol 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.*)
"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 Company Limited*)
"Yangzhou Cogeneration Plant"	揚州港口污泥發電有限公司 (Yangzhou Harbour Sludge Power Co., Ltd.)

* *for identification only*

GCL