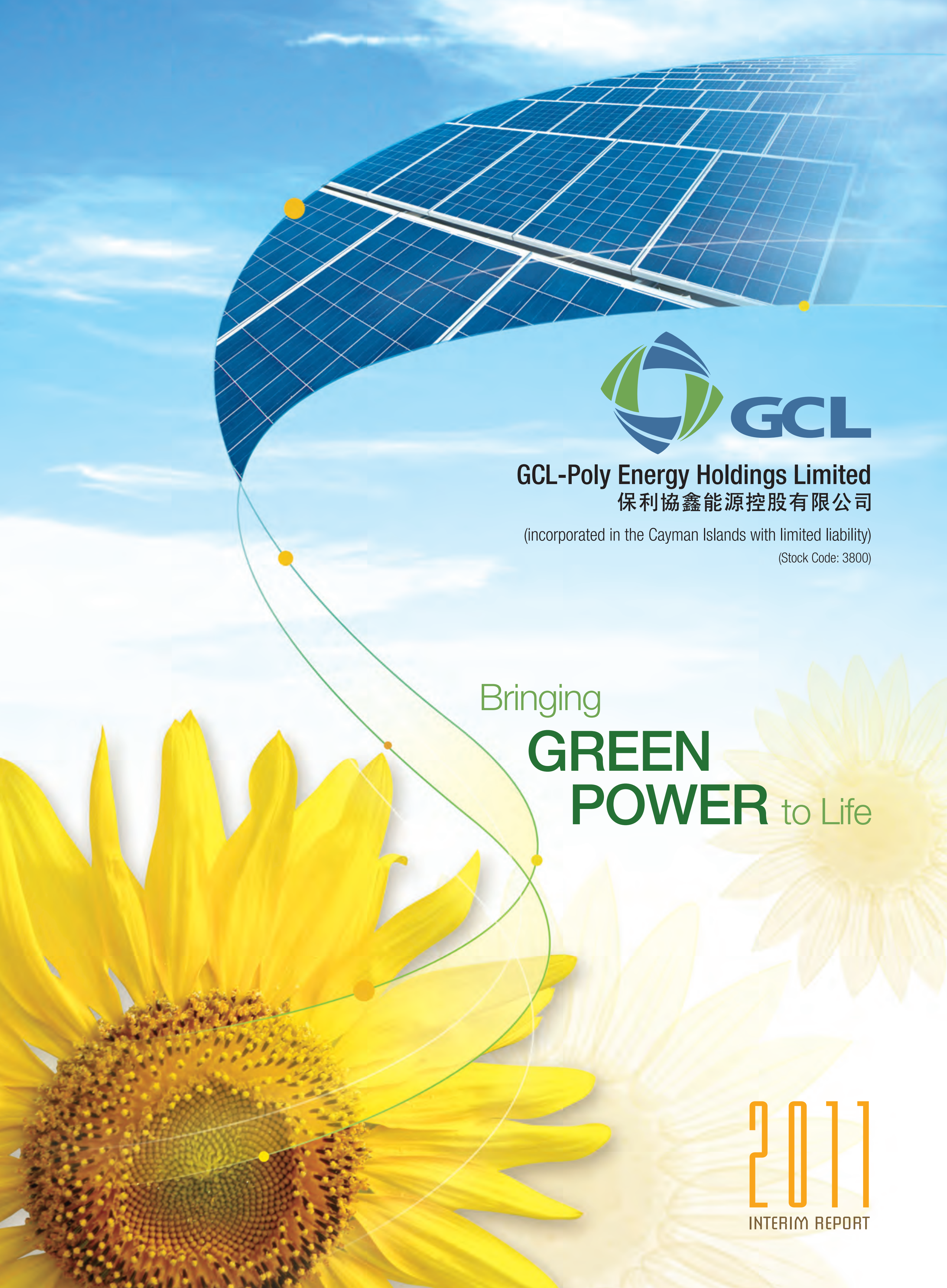


GCL

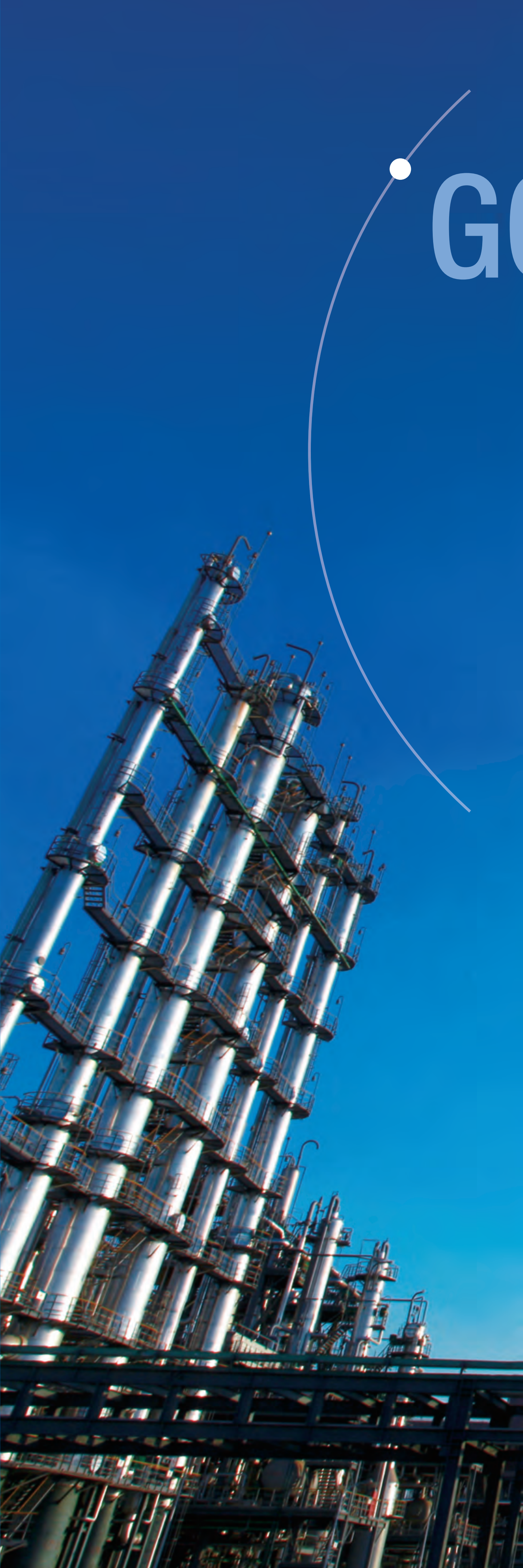
GCL-Poly Energy Holdings Limited
保利協鑫能源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3800)

Bringing
GREEN
POWER to Life

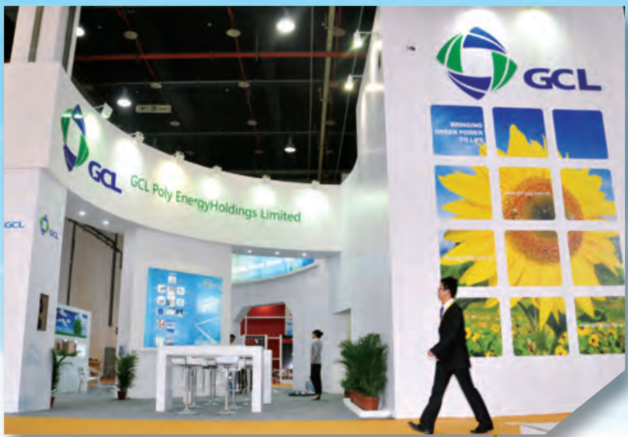
2011
INTERIM REPORT



GCL-Poly
Energy Holdings Limited

Interim Report ***2011***

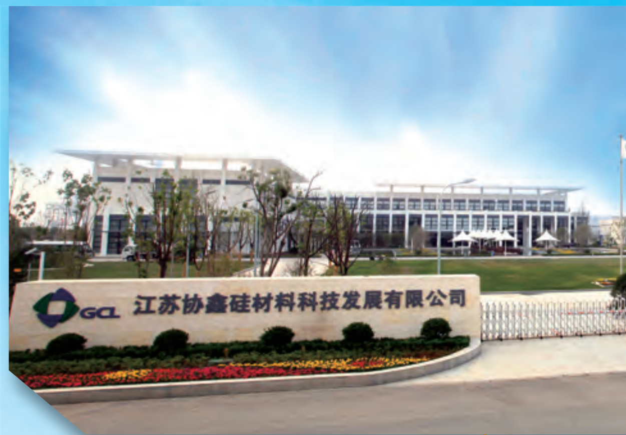
Contents



Exhibition

Solar

Bringing GREEN POWER to Life



Factory

Staff

Performance Highlights

	Six months ended 30 June			
	2011 HK$ '000 (unaudited)	2010 HK$ '000 (unaudited)	Change	% of change
Revenue				
Sales of wafer	**11,416,133**	1,409,945	10,006,188	709.7%
Sales of electricity	**1,487,659**	1,290,202	197,457	15.3%
Sales of steam	**805,203**	664,451	140,752	21.2%
Sales of polysilicon	**728,658**	2,091,023	(1,362,365)	–65.2%
Sales of coal	**189,995**	191,157	(1,162)	–0.6%
Others (comprise the sales of ingot and processing fees)	**545,903**	147,492	398,411	270.1%
	15,173,551	5,794,270	9,379,281	161.9%
Profit attributable to owners of the Company	**3,550,114**	787,635	2,762,479	350.7%

	HK Cents	HK Cents	Change	% of change
Earnings per share				
— Basic	**22.94**	5.09	17.85	350.7%
— Diluted	**22.84**	5.08	17.76	349.6%

	HK$ '000	HK$ '000	Change	% of change
EBITDA*	**6,311,171**	1,875,924	4,435,247	236.4%

* *The non-cash expenses of goodwill impairment was excluded in the calculation of EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)*

	30 June 2011 HK$ '000 (unaudited)	31 December 2010 HK$ '000 (audited)	Change	% of change
Extracts of consolidated statement of financial position				
Equity attributable to owners of the Company	**19,323,333**	16,152,202	3,171,131	19.6%
Total assets	**55,576,004**	40,351,801	15,224,203	37.7%
Bank balances, cash, pledged bank and restricted bank deposits	**11,514,471**	8,556,098	2,958,373	34.6%
Indebtedness (bank borrowings and obligation under finance leases)	**20,834,015**	14,342,946	6,491,069	45.3%
Key financial ratios				
Current ratio	**0.95**	1.02	(0.07)	–6.9%
Quick ratio	**0.87**	0.89	(0.02)	–2.2%
Net debt to equity attributable to owners of the Company	**48.2%**	35.8%	12.4%	34.6%

Chairman's Statement

On behalf of the Board of Directors, I am pleased to report that GCL-Poly achieved satisfactory operating results in the first half of 2011. For the six months ended 30 June 2011, GCL-Poly recorded a total revenue of approximately HK$15,174 million, representing an increase of 1.6 times as compared with the same period in 2010. EBITDA was approximately HK$6,311 million, a rise of 2.4 times as compared with the previous corresponding period. Profit attributable to shareholders was approximately HK$3,550 million, a 3.5 times increase on a year-on-year basis. Basic earnings per share were approximately HK22.94 cents.

The fluctuations in global photovoltaic ("PV") markets in the first half of 2011 and the prolonged announcement of the subsidy policies in those major conventional European PV markets such as Germany and Italy resulted in the slowing down of the PV installation growth. It brought severe pressure on the inventory level of the second and third tier PV manufacturers, which led to the fall in selling prices along PV value chain. However, the PV industry sentiment improved considerably in June and July. Germany and Italy separately issued their new subsidy policies which were in line with the market expectation. China unexpectedly raised the PV installation targets substantially from 5 GW to 10 GW in 2015 and from 20 GW to 50 GW in 2020. Meanwhile, due to the nuclear leakage incident in Japan, governments of Japan, the United States, China and other European countries separately announced measures to terminate or curb the future development of nuclear energy. Hence, the proportion of solar energy to the future global power generation methods will gradually increase. The restrained demand in the second quarter of 2011 began to release in June, and the selling prices of PV products gradually stabilised.

Under the volatile market environment in the first half of 2011, GCL-Poly persisted in leveraging on its competitive advantages in technology, cost, quality, scale, management and talents to maintain rapid and stable development and as a result, achieved remarkable operating results. We hereby present excellent interim results to our shareholders.

Accelerate Development and Strengthen Competitive Advantages of our Silicon Materials Business

Being one of the most influential and competitive silicon material manufacturers and suppliers in the world, GCL-Poly continues to expand its polysilicon and wafer business. The following figures indicate our leading market position and competitive advantages: our polysilicon production capacity reached 25,000 MT as at the end of June 2011, and we sold 1,508 MT of polysilicon and 2.12 GW of wafer respectively for the six months ended 30 June 2011. A total revenue of HK$12,691 million was recorded, which rose by 2.5 times on a year-on-year basis. Polysilicon production cost and wafer processing cost were lowered to US$21.4 per kilogram and US$0.20 per watt, respectively as at the end of June 2011, which enabled us to secure the leading market position in the world.

Our wafer production capacity has reached 6.5 GW as at 31 July 2011, which was 5 months earlier than our wafer capacity expansion target in 2011. Meanwhile, construction of the new 15,000 MT polysilicon production line was completed in July 2011, and has been entering into the testing stage. This laid a solid foundation for our polysilicon capacity expansion target and performance.

Technological Innovation and Core Advantages in Intellectual Property Rights

GCL-Poly continuously persists in in-house research and development and technological innovation. We rely on our two core research centres: US R&D Centre and GCL Suzhou Science Research Institute, and collaborate with other universities and research institutes to continuously upgrade technologies and improve the production processes, which enable us to evolve from a comprehensive production enterprise to a high-tech research and manufacturing enterprise. In the past six months, we continuously lowered the production energy consumption and material consumption, produced 100% TCS in-house and improved the hydrochlorination recycling system such that they became simpler and safer. We continuously innovated the existing production methods, relied on our research and development capability to successfully develop a more stable and cost-effective "GCL method", and successfully applied for a number of patent registration such that GCL-Poly can secure its own intellectual property rights. The successful implementation of "GCL method" can produce high-quality polysilicon with low cost, enabling us to become the global leader in the PV industry.

Meanwhile, GCL-Poly is further accelerating its technological innovation. The Company has completed several major technical upgrades for its polysilicon projects, and we have turned these technical know-hows into our patents. While further improving the processing capability of the hydrochlorination process, we continue to optimise the recycling technology and transform the distillation system. Cost reduction and efficiency improvement are the major subjects of research, development and technical upgrades of our wafer business. The development and application of large-scale ingot furnaces, research, development and production of quasi-monocrystalline products, technical application optimisation of slicing wires and slurry, as well as further increase in the proportion of in-house crucible production all contributed to the significant reduction in wafer processing cost. While the cost is being lowered, conversion efficiency rate of wafer is further enhanced. The quasi-monocrystalline products manufactured by us have achieved a conversion efficiency rate of about 18%, which is leading in the markets for similar products. These core intellectual property rights derived from GCL-Poly's self-developed technologies will help to generate a considerable amount of revenue in the future.

GCL-Poly emphasises technology development and values the important functions carried out by our high-tech specialists in our production processes. The Company has adopted the employee stock options scheme to encourage and motivate the initiatives of our technical staff in research and innovation. Meanwhile, GCL-Poly takes the lead in reducing the costs of polysilicon and various components along PV value chain, which makes remarkable contributions to grid parity power generation for the global PV industry.

New Plants Commenced Production on Schedule

After the production commencement of the four wafer slicing projects of Xuzhou Wafer, Konca Solar, Changzhou Wafer and Suzhou Wafer, respectively in 2010, GCL-Poly continued to perform outstanding execution capability in construction and project management in 2011. Taicang Wafer commenced production on 18 April 2011 after the 780 MW wafer slicing project started construction at the end of last year. The 500 MW monocrystalline project of Henan Wafer in Luohe, Henan started production on 18 May. Capacity expansion of Jiangsu Zhongneng and the construction of Yangzhou Wafer, Nanjing Wafer, as well as Quanzhou Wafer were all commenced in the first half of 2011. These projects are expected to begin production in the second half of this year, which will enable us to meet the needs of our long-term customers.

"Embracing our Customers and Working with Strong Leaders in the Market" Strategy Leads to our Future Success

In 2011, GCL-Poly continues to implement its market strategy of "embracing our customers and working with strong leaders in the market". We have established long-term strategic cooperation relationship with global leading solar cell and module manufacturers such as Trina Solar, JA Solar, Suntech and Hareon as well as setting up wafer slicing plants in the vicinity of their factories in order to build up close sales links with our customers. We have also built new plants through joint ventures with customers such as Canadian Solar and Goldpoly to further deepen the win-win strategic cooperation. So far, this market strategy has been well recognised and appreciated.

Outstanding Results of Overseas Solar Farm Project Development

The solar power investment team of GCL-Poly achieved better results in 2011. In the first half of 2011, we completed 4.8 MW projects and accumulated over 1 GW project pipeline. At the same time, the Company has established successful cooperation with several major global banks and financial institutions including Wells Fargo, a tax equity fund, for the funding of solar farm projects established in the United States. These funds will be used to finance GCL-Poly's solar farm projects in the United States and laid the foundation for further development. This new business model was successfully developed by the Company.

Stable Power Business Development Outperforms Peers

In the first half of 2011, under the weak market environment of rising coal prices and priced-controlled electricity tariffs, the Company has continued to maximise the effectiveness of existing resources by means of centralised management and cost cutting in order to ensure the sound and stable development of its power and steam businesses. In the first half of 2011, GCL-Poly sold 2.426 billion kWh of electricity, with a year-on-year increase of 4.61%, and 3,692,299 tonnes of steam, with a year-on-year rise of 7.24%, and realised a sales revenue of HK$2.468 billion.

While ensuring stable growth of the business, the Company also adopted various measures including coal purchasing cost controls, bulk purchasing of resources, expansion in steam supplies, and vigorous efforts in steam-price adjustment. These combined measures have helped us to achieve modest financial results in the first half of 2011 when compared with industry average.

Social Responsibilities

As a global leading enterprise that has long been engaged in the development of renewable energy, we are well aware of our responsibilities to environmental protection and social contribution. The Company effectively recycles 100% of various by-products of polysilicon production, and we ensure that our manufacturing facilities comply with national environmental standards. All our cogeneration power plants are equipped with desulphurisation facilities, which can significantly reduce the emission of sulphur dioxide. In addition, we have done our best to serve the society by creating jobs, making charitable donations and taking an active part in public welfare. Through our annual "Sunshine Love and Care Action" (陽光關愛行動) program, we have extended our sincerity and loving care to rehabilitation centres, orphanages and schools in mountain areas in the mainland. Furthermore, we have also sponsored Jiangsu Sainty Football Club (江蘇舜天足球俱樂部) for the whole 2011 league season. This allows us to contribute to the China sports development.

Outlook

Energy shortages and environmental pollution are the two major challenges which human beings will encounter in the long run. The exploration of renewable energies and the development of a low-carbon economy are the important ways to overcome these two challenges, and they are also seen as important development opportunities for the emerging industries. As one of the most sustainable renewable energy sources, solar power is drawing more and more attention and support from governments. We believe that this year will mark the healthy development of the industry. The benefits derived from the economies of scale of upstream and downstream enterprises have lowered the production costs, resulting in the product selling prices decreasing rapidly. It will help to lower the power generation cost of the whole system. Coupled with the newly emerging solar markets and the supportive programs, the investment returns of PV industry will be greatly enhanced. We believe that apart from the conventional PV countries such as Germany and Italy which will generate stable installation demand, the markets in China, the United States, India and Japan will experience rapid growth in demand as well.

The "Notice of Solar Feed-in-Tariff Policy from National Development and Reform Commission" (《國家發展改革委關於完善太陽能光伏發電上網電價政策的通知》) issued by NDRC on 24 July 2011 marked a major milestone of PV industry. We believe that the benchmark on-grid tariff policy for solar energy will play a crucial role in opening up the PV application market in China. China will transform from a country which manufactures PV products to a major user of PV products.

In the second half of 2011, with the support of signing a large number of long-term contracts with our customers for our silicon material business, we will continue to expand our wafer business in order to capture the market opportunity, and further strengthen our competitive edges in the global silicon material industry.

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

Zhu Gong Shan
Chairman
Hong Kong, 25 August 2011

Half-Year Results of the Group

For the six months ended 30 June 2011, GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") recorded significant growth in revenue and net profit. Revenue and net profit attributable to Owners of the Company amounted to HK$15,174 million and HK$3,550 million respectively in this period. This represents an increase of 1.6 times and 3.5 times as compared to revenue of HK$5,794 million and net profit of HK$788 million attributable to Owners of the Company for the six months ended 30 June 2010. The increase was mainly attributable to the substantial rise in the production volume of polysilicon and wafer as well as the sales of wafer.

Business Review

Solar Business

Solar Material Business

Production

The Group supplies polysilicon and wafer to companies operating in the solar industry. Polysilicon is the primary raw material in solar wafer production. In the solar industry supply chain, wafers are further processed by downstream manufacturers to produce solar cells and modules.

During the six months ended 30 June 2011, we produced 12,026 MT of polysilicon, representing a 71.0% increase as compared with the 7,032 MT for the six months ended 30 June 2010. Growth in production volume was mainly attributable to Jiangsu Zhongneng successfully completing its technical improvement project. This increased its annual production capacity from 18,000 MT by the end of June 2010 to 25,000 MT by the end of June 2011.

During the six months ended 30 June 2011, we produced 2,076 MW of wafers, a significant increase of 9.8 times as compared with the 192 MW for the six months ended 30 June 2010. This growth was supported by expanding and increasing our in-house wafer-manufacturing capacities. As an addition to the existing facilities at the end of 2010, both our 780 MW Taicang wafer-slicing facility and 500 MW Henan ingot-manufacturing facility commenced their operations in the second quarter of 2011.

Production Costs

The Group's polysilicon and wafer production costs depend predominantly on its ability to control raw-material costs, lower energy consumption, achieve economies of scale in its operations and streamline production processes.

Our average polysilicon production costs decreased 33.4% from HK$257.3 (US$33.1) per kilogram for the six months ended 30 June 2010 to HK$171.3 (US$22.1) per kilogram for the same period this year. Decrease in polysilicon production costs was mainly attributable to the decrease in Trichlorosilane ("TCS") cost and energy consumption. Jiangsu Zhongneng successfully increased its hydrochlorination capacity from 300,000 MT to 500,000 MT by the third quarter of 2010, which allowed full recycling of the by-products and reduced the cost of TCS.

For the six months ended 30 June 2010, approximately 70% of the TCS we consumed was produced in-house. Commencing November 2010, 100% of the TCS we consumed was produced in-house, which greatly reduced our TCS costs. With continuous technological innovation and improvement to our production process, our per-unit energy consumption also dropped significantly. These initiatives led to a lower polysilicon production cost for the six months ended 30 June 2011.

During the six-month period, the Group continued to put great effort into lowering its wafer production costs. Our wafer production costs, before eliminating the internal profit of polysilicon, were approximately HK$3.89 (US$0.51) per W, a decrease of 11.8%, as compared with HK$4.41 (US$0.57) per W for the six months ended 30 June 2010. Wafer-processing cost was around HK$1.66 (US$0.22) per W for the six months ended 30 June 2011. This is predominantly attributable to our technical improvements, in-sourcing of supplies, slurry recovery and other measures that helped to increase our production yield and reduce costs.

Sales Volume and Revenue

Revenue of our solar material business for the six months ended 30 June 2011 amounted to HK$12,691 million, representing an increase of 2.5 times from HK$3,648 million for the six months ended 30 June 2010.

In the six months ended 30 June 2011, we sold 1,508 MT of polysilicon and 2,119 MW of wafer, a decrease of 72.0% and an increase of 8.3 times respectively, as compared with the 5,394 MT of polysilicon and 229 MW of wafer for the corresponding period in 2010. Except for the volume specified in some of our long-term polysilicon supply contracts, which we are required to honor, the majority of the polysilicon produced during the first half of 2011 was consumed in-house for further production of ingots and wafers, which have a greater value. This led to a decrease in the polysilicon sales volume as compared with the corresponding period of 2010. The decline in revenue, resulting from a drop in polysilicon sales volume, was overridden by the significant increase in revenue generated from wafer sales.

The average selling price of polysilicon and wafer was approximately HK$483.1 (US$62.0) per kilogram and HK$5.39 (US$0.69) per W respectively for the six months ended 30 June 2011. The corresponding average selling price of polysilicon and wafer for the same period one year earlier was approximately HK$387.7 (US$50.0) per kilogram and HK$6.16 (US$0.80) per W respectively.

Solar Power Plant Business

In the first half of 2011, the Group completed the construction of approximately 4.8 MW photovoltaic ("PV") power plants in the United States and closed the sales and leaseback transactions for the above projects with Wells Fargo Finance LLC. ("Wells Fargo"). These projects were all built in the Antelope Valley High Schools district as part of schools' car port structure. This has brought up the Group's total PV installation in the United States to approximately 11 MW as at 30 June 2011. For the first half of 2011, revenue from sales of electricity generated by the PV projects in United States was HK$15 million.

Joint Program with Wells Fargo

In November 2010, the Group signed a joint program with Wells Fargo through which Wells Fargo will provide over US$100 million by the end of 2011 to facilitate the Group in developing PV power projects in the United States. During the six months ended 30 June 2011, we have already closed approximately 11 MW of PV projects with Wells Fargo under sales and leaseback arrangements. Based on the existing agreement, Wells Fargo intends to continue to provide funding to the Group on future PV projects.

Joint Venture with Solar Reserve

In November 2010, the Group formed a joint venture with Solar Reserve. This joint venture will develop PV projects in the United States, and has a PV project development pipeline of more than 1 GW.

Other Projects

In the first half of 2011, the Group started construction on approximately 11 MW new PV projects in the United States. This includes a 5.2 MW project in the San Diego Unified School District and a 5.8 MW project in the Palmdale School District of the Greater Los Angeles Area. These projects are expected to be completed in the second half of 2011.

Power Business

The Group's power plants are environmentally friendly and are encouraged by the government of the People's Republic of China ("the PRC").

As at 30 June 2011, the Group operates 21 power plants, a number that includes its subsidiaries and associated power plants in the PRC. These comprise 14 coal-fired cogeneration plants and comprehensive resource utilisation cogeneration plants, 2 gas-fired cogeneration plants, 2 biomass cogeneration plants, 1 solid-waste incineration plant, 1 wind power plant and 1 solar farm. The total installed capacity and attributable installed capacity were 1,125.5 MW and 773.3 MW respectively. The total steam extraction capacity and attributable steam extraction capacity were 2,239.0 tonne/h and 1,756.4 tonne/h respectively.

Sales Volume and Revenue

For the six months ended 30 June 2011, total electricity and steam sales volume were 2,425,849 MWh and 3,692,299 tonnes respectively, compared to 2,318,930 MWh and 3,442,951 tonnes for the same period last year.

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

Plant	Electricity Sales MWh 30.6.2011	Electricity Sales MWh 30.6. 2010	Steam Sales tonne 30.6.2011	Steam Sales tonne 30.6.2010
Subsidiary power plants				
Kunshan Cogeneration Plant	186,642	181,364	359,688	346,696
Haimen Cogeneration Plant	62,350	64,550	162,037	248,914
Rudong Cogeneration Plant	80,593	82,313	387,482	317,947
Huzhou Cogeneration Plant	76,560	59,344	170,465	183,234
Taicang Poly Cogeneration Plant	101,075	96,949	205,227	211,440
Jiaxing Cogeneration Plant	103,782	108,853	416,584	414,691
Lianyungang Xinneng Cogeneration Plant	38,934	42,464	244,550	92,826
Puyuan Cogeneration Plant	101,359	95,155	376,951	364,398
Fengxian Cogeneration Plant	49,366	86,142	195,573	172,965
Yangzhou Cogeneration Plant	148,416	118,277	146,604	128,065
Dongtai Cogeneration Plant	50,621	68,315	234,450	218,442
Peixian Cogeneration Plant	44,041	94,646	108,471	88,418
Xuzhou Cogeneration Plant	57,450	83,758	146,406	168,753
Suzhou Cogeneration Plant	1,074,825	913,694	373,795	329,591
Baoying Cogeneration Plant	78,698	68,896	91,868	92,647
Lianyungang Xiexin Cogeneration Plant	73,288	72,121	72,148	63,924
Taicang Incineration Plant	38,623	34,562	N/A	N/A
Guotai Wind Power Plant	46,680	36,597	N/A	N/A
Xuzhou Solar Farm	12,546	10,930	N/A	N/A
Total subsidiary power plants	2,425,849	2,318,930	3,692,299	3,442,951
Associated power plants				
Funing Cogeneration Plant	50,556	56,560	45,268	45,827
China Resources Beijing Cogeneration Plant	355,397	312,048	229,696	215,173
Total subsidiary and associated power plants	2,831,802	2,687,538	3,967,263	3,703,951

Revenue for the power business for the six months ended 30 June 2011 was HK$2,468 million, representing an increase of 15.0% compared with the HK$2,145 million for the same period last year. This increase was mainly due to an increase in sales of electricity and steam during this period.

Average Utilisation Hours

Average utilization hours for the Group's subsidiary power plants — defined as the amount of electricity produced during a specified period (in MWh), divided by the average installed capacity of the plant during the same period (in MW) — was 2,810 hours for the six-month period ended 30 June 2011. This represents an increase of 4.5% as compared with the 2,689 hours for the same period in 2010. The increase in hours was a result of the increase in electricity generation during the period.

Production Costs

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

The Company's coal-fired cogeneration plants, comprehensive resource utilization plants and biomass cogeneration plants showed that the average unit fuel costs for electricity sales and steam sales were HK$454.3/MWh and HK$148.1/tonne respectively for the six months ended 30 June 2011. The corresponding average unit fuel costs for electricity sales and steam sales were HK$411.7/MWh and HK$127.5/tonne respectively for the same period last year.

In the case of the Group's gas-fired cogeneration plant, Suzhou Cogeneration Plant, natural gas was the major component of the cost of sales. Average unit fuel costs for electricity sales and steam sales were HK$498.6/MWh and HK$192.6/tonne respectively for the six-month period. The corresponding average unit fuel costs for electricity sales and steam sales for the six months ended 30 June 2010 were HK$410.6/MWh and HK$161.8/tonne respectively.

Employees

We consider our employees to be our most important resource. As at 30 June 2011, the Group had approximately 17,209 employees in Hong Kong, the PRC and overseas. Employees are remunerated with reference to company performance, individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits also include discretionary bonuses, with share options granted to eligible employees.

Outlook

The European debt crises as well as uncertain government subsidy policy and inventory issues perplexed the solar industry in the six-month period ended 30 June 2011. Lower subsidies and weaker macro economy led to lower-than-expected installation demand from Germany and Italy, which were anticipated to be the two largest solar markets in 2011.

Many upstream and downstream solar manufacturers aggressively increased their production capacities in 2010. As a result, the production capacities of cells and modules increased significantly towards the end of 2010 and the beginning of 2011. The demand in Europe declined resulting in the cell and module manufacturers built up excessive inventories in the months of May and June. In order to clear their inventories, most of these manufacturers lowered their selling prices in the second quarter of 2011. We believe that the lowered module cost will attract more photovoltaic project investors, increase higher solar penetration and stimulate the demand for the solar industry.

The Italian and German government announced new subsidy programs in May and June respectively. These programs were in line with the market expectation. As a result, demand in Europe modestly improved in June and July. Recently, we also see demand in Germany and US further improved going into August. Additionally, we believe that installations in China will start to accelerate as visibility into the structure of new FIT program becomes clear. Therefore, we expect stronger demand throughout the second half of 2011.

In order to meet the rising demand of high-quality polysilicon and wafer, we will increase our polysilicon production capacity to 46,000 MT by the end of 2011 and further increase to 65,000 MT by mid-2012. Construction of the new 15,000 MT polysilicon production line was completed in July 2011, and has been entering into the testing stage. In addition, our wafer production capacity reached 6.5 GW as at 31 July 2011, which was 5 months earlier than our original target.

In the second half of 2011, we expect the United States government to continue to offer supportive programs such as Federal Business Energy Investment Tax Credit ("ITC") which provides a 30% tax credit on the investment cost of PV systems and Modified Accelerated Cost-Recovery System ("MACRS") which allows accelerated depreciation to be used for the photovoltaic systems. With over 1 GW of pipeline projects on hand, coupled with the tax equity partner investment financing from Wells Fargo, we are well positioned to capture the fast growing market in the United States.

For the power business, we will focus on steam sales as contract prices of steam can be negotiated between us and our customers, making it easier to maintain profit margins despite the increase in fuel costs. Apart from this, we will continue to implement cost-cutting measures such that our power business can continue to generate stable cash flow and profit.

Financial Review

Segment Information

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

	Solar Business HK$ million	**Power Business** HK$ million	**Corporate** HK$ million	**Consolidated** HK$ million
Revenue	12,706	2,468	—	15,174
Segment profit	3,799	72	—	3,871
EBITDA*	5,919	400	(8)	6,311

* *The non-cash expenses of goodwill impairment was excluded in the calculation of EBITDA*

Revenue

Revenue for the six months ended 30 June 2011 amounted to HK$15,174 million, representing an increase of 1.6 times from HK$5,794 million for six months ended 30 June 2010. The significant increase was mainly attributable to the surge in revenue derived from our solar business as a result of the significant growth in wafer sales volume.

Gross Profit Margin

The Group's gross profit margin for the six months ended 30 June 2011 was 38.6%, as compared with 26.2% for the six months ended 30 June 2010. Gross profit margin for the solar business rose from 34.6% for the six months ended 30 June 2010 to 44.2% for the six months ended 30 June 2011. The increase in gross profit margin was mainly due to an increase in profit margin contributed by sales of polysilicon and a decrease in production cost. For the power business, the gross profit margin for the six months ended 30 June 2011 was 10.0%, which was slightly lower than 12.0% for the six months ended 30 June 2010 as a result of an increase in fuel costs.

Other Income

Other income amounted to HK$318 million for the six months ended 30 June 2011, an increase of 52.9% as compared with HK$208 million for the six months ended 30 June 2010. The increase was mainly attributable to the increase in sales of scrap materials, foreign exchange gain and bank interest income.

Distribution and Selling Expenses

Distribution and selling expenses stood at HK$27 million for the six months ended 30 June 2011, representing an increase of 50.0% from HK$18 million for the six months ended 30 June 2010. More advertising and marketing activities were carried out during the first half year of 2011 which led to an increase in distribution and selling expenses.

Administrative Expenses

Administrative expenses amounted to HK$745 million for the six months ended 30 June 2011, an increase of 1.5 times as compared to HK$304 million for the six months ended 30 June 2010. This increase was primarily attributable to increases in salaries and other staff costs as a result of headcount increase to support solar business growth, and increases in depreciation and other office expenses due to business growth.

Finance Costs

Finance costs of the Group for the six months ended 30 June 2011 was HK$444 million, an increase of 58.0% as compared with HK$281 million for the six months ended 30 June 2010. More interests on bank loans and discounted bills were paid as a result of higher average bank loan or bill balance and the increase in interest rate from the second half of 2010.

Impairment Loss on Goodwill

For the six months ended 30 June 2011, the Group reviewed the carrying amounts of its goodwill. An impairment loss of HK$59.5 million was recognised as an expense.

Income Tax Expense

Income tax expense for the six months ended 30 June 2011 was HK$1,132 million, representing an increase of 4.0 times as compared with HK$228 million for the six months ended 30 June 2010. The increase was mainly due to a significant growth in profits generated from the solar business in the PRC which led to more PRC Enterprise Income Tax paid during the period.

Profit Attributable to Owners of the Company

The Group recorded a profit of HK$3,550 million for the six months ended 30 June 2011 as compared with a profit of HK$788 million for the six months ended 30 June 2010.

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (Six months ended 30 June 2010: nil).

Liquidity and Financial Resources

For the six months ended 30 June 2011, the Group's main sources of funding were cash generated from operating and financing activities. The net cash from operating activities and financing activities for the six months ended 30 June 2011 were HK$4,935 million and HK$5,731 million respectively. The increase in net cash from operating activities was mainly attributable to a solid operating result contributed by the solar business during the period. The main financing activities of the Group for the six months ended 30 June 2011 included newly raised bank borrowings of HK$10,297 million and repayment of bank borrowings amounting to HK$4,991 million. The net cash used in investing activities primarily arose from payments or deposits paid for the purchase of property, plant and equipment due to the expansion of our polysilicon and wafer production facilities.

The capital structure of the Group consists of short-term and long-term bank borrowing and owners' equity of the Company. The Group had net current liabilities of approximately HK$1,012 million as at 30 June 2011. The Directors of the Company are of the opinion that, taking into account the unutilised banking facilities of approximately HK$3,803 million as at 30 June 2011 and internal financial resources of the Group, the Group has sufficient working capital for its present requirements within one year from the end of the reporting period.

As at 30 June 2011, the aggregate of restricted and unrestricted cash and bank balances amounted to approximately HK$11,514 million as at 30 June 2011 (31 December 2010: HK$8,556 million). The Group's total assets as at 30 June 2011 were HK$55,576 million (31 December 2010: HK$40,352 million).

The Group entered into long-term supply contracts with our solar customers and received advance payments from such customers which are interest-free. As of 30 June 2011, advances of HK$3,451 million (31 December 2010: HK$2,967 million) are included in liabilities.

Indebtedness

The indebtedness of the Group mainly comprises bank borrowings and obligations under finance lease. For the six months ended 30 June 2011, the Group's total bank borrowings amounted to HK$19,473 million (31 December 2010: HK$13,790 million) and obligations under finance lease amounted to HK$1,361 million (31 December 2010: HK$553 million). Below is a table showing the structure and maturity profile of the Group's total bank borrowings:

	30 June 2011 HK$ million	31 December 2010 HK$ million
Secured	**2,493**	1,824
Unsecured	**16,980**	11,966
	19,473	13,790
Maturity profile of bank borrowings		
On demand or within one year	**8,055**	6,411
After one year but within two years	**2,244**	1,876
After two years but within five years	**8,584**	4,852
After five years	**590**	651
Group's total bank borrowings	**19,473**	13,790

As at 30 June 2011, the Group's bank borrowings are denominated in RMB and US-dollar. RMB bank borrowings carried both fixed and floating interest rates at rates with reference to the Benchmark Borrowing Rate of The People's Bank of China or Shanghai Interbank Offer Rate (SIBOR). US-dollar bank borrowings carried interest rates at rates with reference to the London Interbank Offer Rate (LIBOR).

Key Financial Ratios of the Group

	30 June 2011	31 December 2010
Current ratio	**0.95**	1.02
Quick ratio	**0.87**	0.89
Net debt to equity attributable to owners of the Company	**48.2%**	35.8%

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

Foreign Currency Risk

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

For the six months ended 30 June 2011, the Group did not purchase any material foreign currency or interest rate derivatives or related hedging instruments.

Pledge of Assets

As at 30 June 2011, property, plant and equipment and prepaid lease payments with a carrying value of approximately HK$4,631 million and HK$246 million respectively (31 December 2010: HK$3,004 million and HK$264 million, respectively), were pledged as security for certain banking facilities granted to the Group. Apart from these, bank deposits of an aggregate amount of HK$669 million (31 December 2010: HK$163 million) were pledged to the banks to secure borrowings granted to the Group.

Capital Commitments

As at 30 June 2011, the Group's capital commitments in respect of the acquisition of property, plant and equipment contracted for but not provided in financial statements amounted to approximately HK$6,966 million. (31 December 2010: HK$3,036 million). Those that are authorised but not contracted for capital commitments amounted to HK$74 million (31 December 2010: HK$566 million).

In addition, the Group has entered into a subscription agreement to acquire 145,000,000 shares of a company listed on the Stock Exchange at total subscription price of HK$48 million.

Contingent Liabilities

As at 30 June 2011, the Group provided a guarantee of HK$60 million (31 December 2010: HK$18 million) to a bank in respect of the banking facilities granted to an associate.

As at 30 June 2011, the Group also provided guarantee of US$30 million (approximately HK$233 million) (31 December 2010: Nil) to a bank in respect of a banking facility granted to one of our long-term customer. In return for the guarantee, a back-to-back guarantee was provided to the Group.

Events After the End of the Reporting Period

On 15 July 2011, the Company granted 108,100,000 share options to eligible grantees to subscribe for shares of the Company under the share option scheme adopted by the Company on 22 October 2007, at an exercise price of HK$4.1 per share.

Deloitte.
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TO THE BOARD OF DIRECTORS 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)

Introduction

We have reviewed the interim financial information set out on pages 21 to 46, which comprises the condensed consolidated statement of financial position of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries as of 30 June 2011 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion 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.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 August 2011

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

	Notes	**Six months ended 30 June 2011 HK$'000 (Unaudited)**	2010 HK$'000 (Unaudited)
Revenue	*4*	**15,173,551**	5,794,270
Cost of sales		**(9,316,927)**	(4,274,295)
Gross profit		**5,856,624**	1,519,975
Other income	*5*	**318,008**	208,294
Distribution and selling expenses		**(26,676)**	(18,486)
Administrative expenses		**(744,917)**	(303,569)
Finance costs	*6*	**(443,982)**	(281,067)
Other expenses		**(12,943)**	(35,061)
Share of results of associates		**7,978**	9,894
Share of results of a jointly controlled entity		**(8,751)**	—
Impairment loss on goodwill	*12*	**(59,491)**	—
Profit before tax		**4,885,850**	1,099,980
Income tax expense	*7*	**(1,131,988)**	(228,465)
Profit for the period	*8*	**3,753,862**	871,515
Other comprehensive income			
Exchange differences arising from translation to presentation currency		**435,771**	120,801
Total comprehensive income for the period		**4,189,633**	992,316
Profit for the period attributable to:			
Owners of the Company		**3,550,114**	787,635
Non-controlling interests		**203,748**	83,880
		3,753,862	871,515
Total comprehensive income for the period attributable to:			
Owners of the Company		**3,956,314**	900,879
Non-controlling interests		**233,319**	91,437
		4,189,633	992,316
		HK cents	HK cents
Earnings per share	*10*		
Basic		**22.94**	5.09
Diluted		**22.84**	5.08

Condensed Consolidated Statement of Financial Position

At 30 June 2011

	Notes	As at 30 June 2011 HK$'000 (Unaudited)	As at 31 December 2010 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**32,596,533**	23,662,411
Prepaid lease payments		**1,092,118**	980,186
Goodwill	*12*	**1,000,237**	1,036,297
Other intangible assets		**72,315**	110,202
Interests in a jointly controlled entity		**114,155**	120,644
Interests in associates		**207,955**	223,958
Deferred tax assets	*20*	**103,406**	39,835
Deposits for acquisitions of property, plant and equipment and prepaid lease payments	*13*	**2,314,275**	1,444,584
Pledged and restricted bank deposits	*14*	**143,875**	90,211
		37,644,869	27,708,328
CURRENT ASSETS			
Inventories		**1,411,747**	1,646,734
Trade and other receivables	*15*	**4,673,755**	2,370,216
Amounts due from related companies	*16*	**340,122**	36,205
Loans to related companies	*16*	**70,946**	90,150
Prepaid lease payments		**25,550**	22,797
Tax recoverable		**38,419**	11,484
Pledged and restricted bank deposits	*14*	**3,726,704**	1,960,798
Bank balances and cash		**7,643,892**	6,505,089
		17,931,135	12,643,473
CURRENT LIABILITIES			
Trade and other payables	*17*	**8,978,173**	4,192,716
Amounts due to related companies	*16*	**123,238**	88,185
Advances from customers		**1,011,622**	988,786
Deferred income		**60,901**	41,418
Tax payables		**469,564**	567,678
Bank borrowings — due within one year	*18*	**8,055,157**	6,410,831
Obligations under finance leases	*19*	**244,777**	111,288
		18,943,432	12,400,902
NET CURRENT (LIABILITIES) ASSETS		**(1,012,297)**	242,571
TOTAL ASSETS LESS CURRENT LIABILITIES		**36,632,572**	27,950,899

At 30 June 2011

	Notes	As at 30 June 2011 HK$'000 (Unaudited)	As at 31 December 2010 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Advances from customers		2,439,027	1,977,998
Deferred income		399,445	320,366
Bank borrowings — due after one year	18	11,417,476	7,379,352
Obligations under finance leases	19	1,116,605	441,475
Deferred tax liabilities	20	578,534	452,422
		15,951,087	10,571,613
NET ASSETS		20,681,485	17,379,286
CAPITAL AND RESERVES			
Share capital	21	1,548,040	1,547,396
Reserves		17,775,293	14,604,806
Equity attributable to owners of the Company		19,323,333	16,152,202
Non-controlling interests		1,358,152	1,227,084
TOTAL EQUITY		20,681,485	17,379,286

The condensed consolidated financial statements on pages 21 to 46 were approved and authorised for issue by the Board of Directors on 25 August 2011 and are signed on its behalf by:

Director *Director*

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Attributable to owners of the Company											
	Issued equity											
	Share capital HK$'000	Other reserve HK$'000	Share premium HK$'000	Capital reserve HK$'000	Statutory reserve fund HK$'000	Special reserves HK$'000	Share options reserve HK$'000	Translation reserve HK$'000	Accumulated profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2010 (Audited)	1,547,155	2,433,178	8,583,651	62,470	404,126	(2,680,931)	6,220	(43,882)	1,303,263	11,615,250	602,995	12,218,245
Exchange differences arising from translation to presentation currency	–	–	–	–	–	–	–	113,244	–	113,244	7,557	120,801
Profit for the period	–	–	–	–	–	–	–	–	787,635	787,635	83,880	871,515
Total comprehensive income or the period	–	–	–	–	–	–	–	113,244	787,635	900,879	91,437	992,316
Recognition of share-based payment expenses in respect of share options	–	–	–	–	–	–	6,537	–	–	6,537	–	6,537
Exercise of share options	22	(75)	185	–	–	–	–	–	–	132	–	132
Non-controlling interests arising on acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	189,669	189,669
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(8,791)	(8,791)
At 30 June 2010 (Unaudited)	1,547,177	2,433,103	8,583,836	62,470	404,126	(2,680,931)	12,757	69,362	2,090,898	12,522,798	875,310	13,398,108
At 1 January 2011 (Audited)	**1,547,396**	**2,432,614**	**8,585,510**	**62,470**	**898,536**	**(2,680,931)**	**18,878**	**455,299**	**4,832,430**	**16,152,202**	**1,227,084**	**17,379,286**
Exchange differences arising from translation to presentation currency	–	–	–	–	–	–	–	**406,200**	–	**406,200**	**29,571**	**435,771**
Profit for the period	–	–	–	–	–	–	–	–	**3,550,114**	**3,550,114**	**203,748**	**3,753,862**
Total comprehensive income for the period	–	–	–	–	–	–	–	**406,200**	**3,550,114**	**3,956,314**	**233,319**	**4,189,633**
Recognition of share-based payment expenses in respect of share options	–	–	–	–	–	–	**14,272**	–	–	**14,272**	–	**14,272**
Exercise of share options	**1,144**	**(2,457)**	**8,352**	–	–	–	–	–	–	**7,039**	–	**7,039**
Repurchase of ordinary shares	**(500)**	–	**(16,350)**	–	–	–	–	–	–	**(16,850)**	–	**(16,850)**
Transfer to reserve	–	–	–	–	**33,089**	–	–	–	**(33,089)**	–	–	–
Final dividend declared	–	–	–	–	–	–	–	–	**(789,644)**	**(789,644)**	–	**(789,644)**
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	**(102,251)**	**(102,251)**
At 30 June 2011 (Unaudited)	**1,548,040**	**2,430,157**	**8,577,512**	**62,470**	**931,625**	**(2,680,931)**	**33,150**	**861,499**	**7,559,811**	**19,323,333**	**1,358,152**	**20,681,485**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**4,935,050**	752,917
INVESTING ACTIVITIES		
Additions of property, plant and equipment	**(5,603,552)**	(2,436,153)
Additions of prepaid lease payments	**(114,403)**	(118,142)
Deposits paid for acquisition of property, plant and equipment and prepaid lease payments	**(2,289,934)**	(635,627)
Increase in pledged and restricted bank deposits	**(1,753,309)**	(417,885)
Interest received	**47,867**	16,903
Advances to related companies	**(16,609)**	(63,953)
Repayment from related companies	**21,073**	79,343
Increase in entrusted loan receivables	**(27,128)**	(9,112)
Investment in jointly controlled entity	**(2,339)**	—
Proceeds from disposal of property, plant and equipment	**8,236**	326
Receipt of government grant related to assets	**44,774**	5,695
Acquisition of subsidiaries	**—**	(703,364)
NET CASH USED IN INVESTING ACTIVITIES	**(9,685,324)**	(4,281,969)
FINANCING ACTIVITIES		
New bank borrowings raised	**10,297,059**	5,572,496
Repayment of bank borrowings	**(4,991,213)**	(3,046,423)
Interest paid	**(415,818)**	(273,687)
Repayment to related companies	**(155)**	(136,680)
Net proceeds from obligations under finance leases	**940,678**	192,492
Repayment of obligations under finance leases	**(77,751)**	—
Repurchase of ordinary shares	**(16,850)**	—
Exercise of share options	**7,039**	132
Dividends paid to non-controlling interests	**(11,563)**	(2,597)
Advances from related companies	**—**	227,801
NET CASH FROM FINANCING ACTIVITIES	**5,731,426**	2,533,534
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**981,152**	(995,518)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**6,505,089**	5,311,337
Effect of foreign exchange rate changes	**157,651**	17,956
CASH AND CASH EQUIVALENTS AT 30 JUNE represented by bank balances and cash	**7,643,892**	4,333,775

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The Company and its subsidiaries (collectively referred to as the "Group") had net current liabilities of approximately HK$1,012,297,000 as at 30 June 2011. The Directors of the Company ("Directors") are of the opinion that, taking into account the unutilised banking facilities of approximately HK$3,802,506,000 as at 30 June 2011 and internal financial resources of the Group, the Group has sufficient working capital for its present requirements for at least one year from the end of the reporting period. Hence, the condensed consolidated financial statements have been prepared on a going concern basis.

2. Principal Accounting Policies

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised IFRSs").

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

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective.

IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
IAS 1 (Amendments)	Presentation of Items of the Other Comprehensive Income[1]
IAS 19 (as revised in 2011)	Employee Benefits[2]
IAS 27 (as revised in 2011)	Separate Financial Statements[2]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]

[1] *Effective for annual periods beginning on or after 1 July 2012*

[2] *Effective for annual periods beginning on or after 1 January 2013*

2. Principal Accounting Policies (Continued)

The five new or revised standards on consolidation, joint arrangements and disclosures were issued in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five new or revised standards are applied early at the same time. The Directors anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 December 2013 and the potential impact is described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. Under IFRS 10, there is only one basis for consolidation that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios. Overall, the application of IFRS 10 requires a lot of judgment.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in IFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under IAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to account for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

The Company is currently evaluating the impact of the adoption of these new or revised standards on its financial statements.

Other than disclosed above, the Directors anticipate that the application of other new or revised standards will have no material impact on the results and the financial position of the Group.

3. Segment Information

Group's operating segments are as follows:

(a) Solar business — manufacture and sales of polysilicon and wafer to companies operating in the solar industry. It also includes development, construction, management and operation of overseas solar power plant business.

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

3. Segment Information (Continued)

Segment revenue and results

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

Six months ended 30 June 2011

	Solar business HK$'000 (Unaudited)	Power business HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Segment revenue from external customer	12,706,139	2,467,412	15,173,551
Segment profit	3,799,498	71,725	3,871,223
Unallocated expenses			(10,625)
Fair value adjustments *(Note)*			(47,245)
Impairment loss on goodwill			(59,491)
Profit for the period			3,753,862

Six months ended 30 June 2010

	Solar business HK$'000 (Unaudited)	Power business HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Segment revenue from external customer	3,648,460	2,145,810	5,794,270
Segment profit	769,321	116,011	885,332
Unallocated expenses			(6,995)
Fair value adjustments *(Note)*			(6,822)
Profit for the period			871,515

Segment profit represents the profit earned by each segment excluding the effect arising from the fair value adjustments in relation to the assets of the group entities carrying out the power business in the PRC (the "Power Group") and Konca Solar Cell Co. Ltd. ("Konca Solar"), impairment of goodwill and share option expenses incurred by the Group. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

3. Segment Information (Continued)

Segment assets

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

	As at 30 June 2011 HK$'000 (Unaudited)	As at 31 December 2010 HK$'000 (Audited)
Segment assets		
Solar business	**44,414,409**	29,958,527
Power business	**8,721,764**	8,346,608
Total segment assets	**53,136,173**	38,305,135
Fair value adjustments *(Note)*	**439,091**	489,457
Goodwill	**1,000,237**	1,036,297
Unallocated bank balances and cash	**997,044**	509,628
Unallocated corporate assets	**3,459**	11,284
Consolidated total assets	**55,576,004**	40,351,801

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to operating segments other than goodwill and corporate assets of the management companies and investment holdings companies.

Note: The effect arising from fair value adjustments is related to the assets of the Power Group deemed acquired in 2009 and Konca Solar acquired in 2010 which are subject to the amortisation/depreciation over the estimated useful live of the relevant assets.

4. Revenue

	Six months ended 30 June	
	2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited)
An analysis of the Group's revenue is as follow:		
Sales of wafer	**11,416,133**	1,409,945
Sales of electricity	**1,487,659**	1,290,202
Sales of steam	**805,203**	664,451
Sales of polysilicon	**728,658**	2,091,023
Sales of coal	**189,995**	191,157
Others (comprise the sales of ingot and processing fees)	**545,903**	147,492
	15,173,551	5,794,270

5. Other Income

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Government grants *(Note)*	**89,260**	113,692
Sales of scrap materials	**78,572**	16,569
Exchange gain, net	**42,170**	—
Interest income	**41,091**	18,438
Waste processing management fee	**14,838**	13,582
Consultancy fee income	**13,760**	27,484
Compensation income	**13,154**	278
Management fee income	**8,880**	8,226
Deferred income	**6,442**	398
Others	**9,841**	9,627
	318,008	208,294

Note: Government grant include subsidies received from the relevant PRC Government authorities for improvement of working capital, finance costs incurred and electricity price subsidy, etc. There were no specific conditions attached to the grants and, therefore, the Group recognised the grants upon receipt of the grants. The subsidies were granted on a discretionary basis to the Group during the period. Government grants and value-added tax refunds related to depreciable assets have been deferred and released over the estimated useful life of the relevant assets.

6. Finance Costs

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on:		
Bank borrowings	**445,033**	293,837
Discounted bills	**45,480**	9,814
Upfront fees	**21,800**	10,491
Obligations under finance leases	**21,945**	—
Loan from related companies	**77**	3,957
Total borrowing costs	**534,335**	318,099
Less: Interest capitalised *(Note)*	**(90,353)**	(37,032)
	443,982	281,067

Note: Borrowing costs capitalised during the six months ended 30 June 2011 arise from the general borrowings pool and are calculated by applying a capitalisation rate of 5.77% (Six months ended 30 June 2010: 4.53%) per annum to expenditure on qualifying assets.

7. Income Tax Expense

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("EIT")		
Current tax	**1,047,681**	175,117
Overprovisions in prior periods	**(1,811)**	(1,887)
	1,045,870	173,230
PRC dividend withholding tax	**33,715**	449
Deferred tax	**52,403**	54,786
	1,131,988	228,465

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

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

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

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

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

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period. 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 period ended 30 June 2010.

Taxation arising in the United States of America (the "U.S.") is calculated at a prevailing rate of 40.7%.

The Group's subsidiaries that are tax resident in the PRC are subject to the PRC dividend withholding tax of 5% or 10% for those non-PRC resident immediate holding company registered in Hong Kong and the British Virgin Islands, respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008. Accordingly, a provision for deferred taxation in respect of dividend withholding tax on undistributed earnings of approximately HK$466,922,000 have been recognised as at 30 June 2011 (31 December 2010: HK$329,005,000).

8. Profit for the Period

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**881,688**	479,757
Amortisation of prepaid lease payments	**23,968**	7,728
Amortisation of other intangible assets (included in administrative expenses)	**37,641**	423
Total depreciation and amortisation	**943,297**	487,908
(Less)/add: Amounts included in inventories	**(21,449)**	6,969
Total depreciation and amortisation charged to profit or loss	**921,848**	494,877
Cost of inventories recognised as expenses	**8,942,108**	3,937,396
Loss on disposal of property, plant and equipment	**1,580**	374
Exchange (gain) loss, net	**(42,170)**	29,799
Research and development cost recognised as expenses (included in other expenses)	**12,943**	2,265
Impairment losses on other intangible assets	**2,380**	—
Reversal of allowance for doubtful debts	**(8,116)**	(556)

9. Dividend

On 16 May 2011, a final dividend of HK5.1 cents per share amounting to approximately HK$789,644,000 payable to shareholders for the year ended 31 December 2010 has been approved at the annual general meeting of the Company. The dividend has been paid on 26 July 2011.

The directors of the Company do not recommend the payment of interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

10. Earnings Per Share

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

	Six months ended 30 June 2011 HK$'000 (Unaudited)	Six months ended 30 June 2010 HK$'000 (Unaudited)
Earnings		
Earnings for the purposes of calculation of basic and diluted earnings per share		
— Profit for the period attributable to owners of the Company	**3,550,114**	787,635

	Six months ended 30 June 2011 shares '000 (Unaudited)	Six months ended 30 June 2010 shares '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**15,478,722**	15,471,655
Effect of dilutive potential ordinary shares on share options	**65,623**	27,310
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**15,544,345**	15,498,965

11. Property, Plant and Equipment

	Carrying values HK$'000
At 1 January 2011 (Audited)	23,662,411
Additions	9,188,001
Depreciation for the period	(881,688)
Disposals	(9,816)
Exchange realignment	637,625
At 30 June 2011 (Unaudited)	32,596,533

During the six months ended 30 June 2011, the Group spent approximately HK$6,138.3 million (six months ended 30 June 2010: HK$2,952.6 million) on construction of polysilicon and wafer production facilities in the PRC in order to enlarge its polysilicon and wafer production capacities. As at 30 June 2011, the construction is still in progress.

11. Property, Plant and Equipment (Continued)

The carrying value of property, plant and equipment includes an amount of approximately HK$1,052.0 million in respect of plant and equipment located in the PRC held under finance leases as at 30 June 2011 (31 December 2010: HK$620.8 million).

The carrying value of the property, plant and equipment as at 30 June 2011 also comprises approximately HK$466 million (2010: Nil) for the solar photovoltaic power projects in the U.S. held under finance leases.

12. Goodwill

	Power Group HK$'000	**Konca Solar** HK$'000	**Total carrying values** HK$'000
At 1 January 2011 (Audited)	564,428	471,869	1,036,297
Impairment loss	(59,491)	—	(59,491)
Exchange realignment	12,474	10,957	23,431
At 30 June 2011 (Unaudited)	517,411	482,826	1,000,237

Goodwill has been allocated to cash generating unit of the Power Group and Konca Solar. During the period, coal prices continued to rise, operating profits and cash flows were lower than expected for the power business. The management of the Group revised and updated the earnings forecast for certain power plants and accordingly, recognised an impairment loss of HK$59,491,000 in current period (31 December 2010: Nil) in relation to the Power Group. The management has not identified any impairment indicator for Konca Solar since Konca Solar has been profitable and has strong financial position as at 30 June 2011.

The recoverable amounts of the subsidiaries of the Power Group are determined by management by reference to the recoverable amounts of the cash generating unit based on value in use calculations. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period at a discount rate of 13.59% (31 December 2010: 13.59%) for Power Group. 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.

13. Deposits for Acquisitions of Property, Plant and Equipment and Prepaid Lease Payments

The deposits were made to acquire machineries and equipment for the improvement and expansion of the Group's wafer and polysilicon production facilities.

14. Pledged and Restricted Bank Deposits

Pledged bank deposits

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to approximately HK$525,213,000 (31 December 2010: HK$73,007,000) have been pledged to secure short-term borrowings granted to the Group and obligations under finance lease and are therefore classified as current assets. Deposits amounting to approximately HK$143,875,000 (31 December 2010: HK$90,211,000) have been pledged to secure long-term borrowings granted to the Group and obligations under finance leases and are therefore classified as non-current assets.

Restricted bank deposits

Restricted bank deposits amounting to approximately HK$3,201,491,000 (31 December 2010: HK$1,887,791,000) have been restricted to secure bills payable and short-term letters of credit for trade and purchase of property, plant and equipment and are therefore classified as current assets.

15. Trade and Other Receivables

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

	As at 30 June 2011 HK$'000 (Unaudited)	As at 31 December 2010 HK$'000 (Audited)
Trade receivables:		
0–90 days	**1,863,403**	970,742
91–180 days	**18,151**	16,100
Over 180 days	**7,659**	17,635
	1,889,213	1,004,477
Bills receivable — trade:		
0–90 days	**1,124,397**	276,018
91–180 days	**9,968**	31,885
	1,134,365	307,903
Value-added-tax receivables	**700,487**	463,707
Prepayments *(Note)*	**618,442**	306,333
Other receivables	**270,162**	254,891
Entrusted loans receivable	**61,086**	32,905
	4,673,755	2,370,216

Note: Prepayments are advances to suppliers for purchase of materials.

16. Balances with Related Companies

	As at 30 June 2011 HK$'000 (Unaudited)	As at 31 December 2010 HK$'000 (Audited)
Amounts due from related companies:		
Trade-related		
Companies in which Mr. Zhu Gong Shan and his family have beneficial interests *(Note i and ii)*	**258,398**	2,469
Non-controlling shareholder of a subsidiary	**572**	558
Subsidiary of non-controlling shareholder of a subsidiary	**1,035**	154
	260,005	3,181
Non-trade related		
Companies in which Mr. Zhu Gong Shan and his family have beneficial interests *(Note ii)*	**36,930**	7,410
Associates of the Group	**43,187**	25,614
	80,117	33,024
	340,122	36,205
Loans to related companies:		
Associate of the Group		
Unsecured, interest bearing at 6.31% per annum and repayable within one year	**70,946**	90,150
Amounts due to related companies:		
Trade-related		
Companies in which Mr. Zhu Gong Shan and his family have beneficial interests *(Note ii)*	**77,198**	36,580
Associates of the Group	**476**	—
Non-controlling shareholder of a subsidiary	**158**	64
Subsidiary of non-controlling shareholder of a subsidiary	**9,453**	132
	87,285	36,776
Non-trade related		
Companies in which Mr. Zhu Gong Shan and his family have beneficial interests *(Note ii)*	**31,887**	43,345
Subsidiary of non-controlling shareholder of a subsidiary	**4,066**	8,064
	35,953	51,409
	123,238	88,185

16. Balances with Related Companies (Continued)

Notes:

(i) *The amount mainly includes deposits for the purchase of steam.*

(ii) *Mr. Zhu Gong Shan is a director and a deemed substantial shareholder of the Company as at 30 June 2011 and exercise significant influence over the Company.*

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

	30 June 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
0–90 days	**232,234**	154
91–180 days	**25,648**	131
181–360 days	**—**	2,338
Over 360 days	**2,123**	558
	260,005	3,181

The trade-related balances with related companies are unsecured, non-interest bearing and with credit terms of 90 days. The non-trade balances with related companies are unsecured, non-interest bearing and repayable on demand.

17. Trade and Other Payables

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

	As at 30 June 2011 HK$'000 (Unaudited)	As at 31 December 2010 HK$'000 (Audited)
Trade payables:		
0–90 days	**1,298,333**	942,435
91–180 days	**107,894**	24,518
Over 180 days	**63,356**	27,703
	1,469,583	994,656
Bills and notes payable — trade:		
0–90 days	**1,085,124**	660,375
91–180 days	**1,479,438**	158,386
	2,564,562	818,761
Construction payables *(Note)*	**2,901,074**	1,266,998
Dividend payables to shareholders of the Company	**789,644**	—
Other payables and accruals	**1,253,310**	1,112,301
	8,978,173	4,192,716

Note: The amount comprised construction costs payable to contractors for upgrading and expanding polysilicon production capacities and in-house wafer manufacturing plants.

18. Bank Borrowings

	As at 30 June 2011 HK$'000 (Unaudited)	As at 31 December 2010 HK$'000 (Audited)
Short-term bank borrowings	**5,934,662**	4,475,541
Long-term bank borrowings		
due within one year	**2,120,495**	1,935,290
due more than one year, but no exceeding two years	**2,244,110**	1,876,189
due more than two years, but no exceeding five years	**8,583,854**	4,852,111
due after five years	**589,512**	651,052
	19,472,633	13,790,183
Less: Amounts due within one year shown under current liabilities	**(8,055,157)**	(6,410,831)
Amounts due after one year	**11,417,476**	7,379,352
Representing:		
Secured	**2,493,094**	1,823,640
Unsecured	**16,979,539**	11,966,543
	19,472,633	13,790,183

Certain borrowings are guaranteed by non-controlling shareholders of subsidiaries. Certain borrowings are secured by property, plant and equipment, prepaid lease payments and bank deposits as set out in note 22.

The net proceeds from the additional bank borrowings were mainly used to finance the expansion of polysilicon's production facilities, in-house wafer manufacturing and solar farm.

19. Obligations under Finance Leases

The Group entered into sale and leaseback agreements with lessors in respect of certain of its manufacturing equipment and solar farm assets.

	As at 30 June 2011 HK$'000 (Unaudited)	As at 31 December 2010 HK$'000 (Audited)
Analysed for reporting purposes as:		
Current liabilities	**244,777**	111,288
Non-current liabilities	**1,116,605**	441,475
	1,361,382	552,763

	Minimum lease payments		**Present value of minimum lease payments**	
	As at 30 June 2011 HK$'000 (Unaudited)	As at 31 December 2010 HK$'000 (Audited)	**As at 30 June 2011 HK$'000 (Unaudited)**	As at 31 December 2010 HK$'000 (Audited)
Amounts payable under finance leases				
Within one year	**295,470**	138,219	**244,777**	111,288
In more than one year but not more than two years	**392,891**	131,070	**354,432**	109,513
In more than two years but not more than five years	**595,539**	361,324	**550,581**	331,962
In more than 5 years	**230,933**	—	**211,592**	—
	1,514,833	630,613	**1,361,382**	552,763
Less: future finance charges	**(153,451)**	(77,850)	**N/A**	N/A
Present value of lease obligations	**1,361,382**	552,763	**1,361,382**	552,763
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(244,777)**	(111,288)
Amount due for settlement after 12 months			**1,116,605**	441,475

19. Obligations under Finance Leases (Continued)

Sale and leaseback agreements in the U.S.

In November 2010, GCL Solar Energy Inc. ("GCL Solar"), an indirect wholly-owned subsidiary of the Company, and its subsidiaries ("Project Companies"), entered into a master lease agreement and various related agreements with Wells Fargo ("Lease Agreement") to fund over US$100 million of solar photovoltaic power projects ("Solar Projects"). Pursuant to the Lease Agreement, the Project Companies will design, construct and build the Solar Projects, and upon completion of which, sell the Solar Projects to Wells Fargo, who in turn, lease back the Solar Projects to the Project Companies. Separately, Project Companies will enter into power purchase agreements with end customers, who host the Solar Projects and buy the electricity directly from the Project Companies.

During the six months ended 30 June 2011, the Project Companies sold eleven Solar Projects to Wells Fargo at a total price of US$70,014,000. Concurrent with the sale, the Project Companies entered into agreements to lease the Solar Projects back from Wells Fargo at a pre-determined basis rent for terms of 20 to 25 years. At the end of the lease term, the Project Companies have the option to purchase the Solar Projects at market price, renew the lease, or remove the Solar Projects. The sale and leaseback of the eleven Solar Projects resulted in finance leases. The profit on the sale of the Solar Projects is deferred and amortised over the terms of the respective leases.

As at 30 June 2011, such finance leases have an outstanding obligation of US$60 million (equivalent to HK$467 million) (31 December 2010: Nil). The Group's obligations under finance leases are secured by a pledged and restricted bank deposit of approximately HK$116.2 million (31 December 2010: Nil) made to lessors at the inception of the lease.

Sale and leaseback agreements in the PRC

The Group entered into several finance lease agreements with certain third party financial institutions at lease terms of 3 to 5 years, pursuant to which the Group agreed to sell certain plants and equipment to the financial institutions, and concurrently lease the assets back for terms of 3 to 5 years by quarterly rent payments. At the end of the lease term, the Group has the option to purchase the assets at nominal value. The sales and leaseback arrangement resulted in finance leases. As at 30 June 2011, such finance leases have an outstanding obligation of HK$894 million (31 December 2010: HK$553 million). Interest rates of the underlying finance leases are 85% of the five-year Benchmark Rate quoted by the People's Bank of China and the average effective interest rate of the finance leases is 7.03% (31 December 2010: 6.55%) per annum after adjusting the effect of initial direct costs.

As at 30 June 2011, the Group's obligations under finance leases are secured by a pledged and restricted deposit of approximately HK$126.6 million (31 December 2010: HK$73.4 million) made to lessors at the inception of the lease.

20. Deferred Tax

The movements in deferred tax assets mainly represent the deferred tax assets recognised on unrealised profits on inventories. For the six months ended 30 June 2011, an amount of deferred tax credit of approximately HK$61,988,000 (six months ended 30 June 2010: Nil) has been recognised in profit or loss.

The movements in deferred tax liabilities mainly represent the deferred tax liabilities recognised on the aggregate amount of temporary differences associated with the withholding tax on undistributed earnings of the PRC subsidiaries. For the six months ended 30 June 2011, deferred tax charge of approximately HK$128,908,000 (six months ended 30 June 2010: HK$47,440,000) for provision of dividend withholding tax has been recognised in profit or loss.

21. Share Capital

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.1 each		
Issued and fully paid:		
At 1 January 2011 (Audited)	15,473,963	1,547,396
Exercise of share options *(Note a)*	11,439	1,144
Repurchase of shares *(Note b)*	(5,000)	(500)
At 30 June 2011 (Unaudited)	15,480,402	1,548,040

Notes:

(a) During the six months ended 30 June 2011, share options holders exercised their rights to subscribe for 10,815,000 and 624,000 ordinary shares in the Company at HK$0.59 and HK$1.054 per share, respectively, with the net proceeds of approximately HK$7,039,000.

(b) On 10 June 2011, the Company repurchased 5,000,000 shares of HK$0.1 at an average price of HK$3.37 per share from open market, representing a total amount of HK$16,850,000.

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

22. Pledge of Assets

As 30 June 2011, the Group has pledged buildings with carrying values of approximately HK$762,611,000 (31 December 2010: HK$754,369,000) and plant and machinery with carrying values of approximately HK$3,868,555,000 (31 December 2010: HK$ 2,249,671,000) to secure borrowings granted to the Group.

The Group has pledged land use rights with carrying values of approximately HK$245,571,000 (31 December 2010: HK$ 264,121,000) at 30 June 2011 to secure banking facilities granted to the Group.

The Group has pledged bank deposits with carrying value of approximately HK$669,088,000 (31 December 2010: HK$ 163,218,000) at 30 June 2011 to secure borrowings granted to the Group.

23. Share-Based Payment Transactions

Same as disclosed in the Company's 2010 annual report relating to the share-based payment transactions, there is no material change for the six months ended 30 June 2011, except for the following.

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

			Number of share options				
	Exercise price	Date of grant	Outstanding at 1 January 2011	During the period: Granted	During the period: Exercised	During the period: Forfeited	Outstanding at 30 June 2011
Directors	HK$4.1	13.11.2007	7,680,000	—	—	—	7,680,000
	HK$0.59	16.02.2009	9,880,000	—	—	—	9,880,000
Employees and others	HK$4.1	13.11.2007	18,880,000	—	—	(220,000)	18,660,000
	HK$0.59	16.02.2009	26,392,000	—	(10,815,000)	(200,000)	15,377,000
	HK$1.054	24.04.2009	2,680,000	—	(624,000)	—	2,056,000
	HK$3.32	12.01.2011	—	25,000,000	—	(1,500,000)	23,500,000
			65,512,000	25,000,000	(11,439,000)	(1,920,000)	77,153,000

The share options granted on 12 January 2011 under the share option scheme adopted by the Company on 22 October 2007 are subject to a vesting scale in tranches of one-fifth of the shares on 1 March 2011 and the first, second, third and fourth anniversary dates of the date of grant, respectively.

The closing price of the Company's shares on 12 January 2011, the date of the options granted, was HK$3.32 per share. The fair value of the options measured at the date of grant on 12 January 2011 was approximately HK$1.264 per option. The binominal model with the following inputs has been used to estimate the fair value of the options.

Exercise price	HK$3.32
Expected volatility	50.5%
Dividend yield	1.65%
Risk-free interest rate	2.77%
Suboptimal exercise factor	1.5

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 six months ended 30 June 2011, an amount of relevant share option expense of approximately HK$14,272,000 (six months ended 30 June 2010: HK$6,537,000) has been recognised in profit or loss.

The weighted average closing price of the Company's shares at dates on which the options were exercised during the period was HK$4.36 per share.

24. Capital and Other Commitments

	As at 30 June 2011 HK$'000 (Unaudited)	As at 31 December 2010 HK$'000 (Audited)
Capital expenditure in respect of acquisitions of property, plant and equipment:		
Contracted for but not provided in	**6,966,368**	3,036,285
Authorised but not contracted for	**73,976**	566,398
	7,040,344	3,602,683

The Group has entered into a subscription agreement to acquire 145,000,000 shares of a company listed on the Stock Exchange at total subscription price of HK$47,850,000. The subscription has been completed on 14 July 2011 and its market price on the completion date was HK$0.26 per share.

25. Contingencies

At 30 June 2011, the Group provided a guarantee of HK$60,124,000 (31 December 2010: HK$17,628,000) to a bank in respect of banking facilities granted to an associate. The Directors of the Company consider that the fair value of the financial guarantees at date of initial recognition is immaterial.

Additionally, the Group also provided a guarantee of US$30,000,000 (equivalent to HK$233,487,000) (31 December 2010: Nil) to a bank in respect of a banking facility made by the bank to a third party long-term customer. In return for the guarantee, the third party customer provided a back-to-back guarantee to the Group. The Directors consider that the fair value of the financial guarantees at date of initial recognition is immaterial.

26. Events after the end of the Interim Period

On 15 July 2011, the Company granted 108,100,000 shares options to the eligible grantees to subscribe for shares of the Company under the share option scheme adopted by the Company on 22 October 2007, at an exercise price of HK$4.1 per share.

27. Related Party Transactions

During the period, the major related party transactions of the Group are as follow:

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Transactions with companies in which Mr. Zhu Gong Shan and his family have beneficial interests *(Note)*:		
Sales of coal	**100,593**	88,773
Sales of steam	**2,278**	372
Management fee income	**6,786**	7,546
Management fee expenses	**—**	4,005
Rental expense	**1,979**	1,895
Construction related services expense	**2,071**	83,147
Purchase of coal	**—**	1,568
Purchase of steam and utility	**295,162**	183,865
Purchase property, plant and equipment	**—**	2,689
Interest income	**—**	1,177
Interest expenses	**—**	3,928
Service fee	**1,665**	—
Transactions with associates:		
Sales of coal	**14,139**	16,819
Interest income	**2,144**	928
Transactions with non-controlling shareholders of subsidiaries:		
Rental expense	**2,082**	1,993

Note: Mr. Zhu Gong Shan is a director and a deemed substantial shareholder of the Company as at 30 June 2011 and exercise significant influence over the Company.

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

As at 30 June 2011, 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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") adopted by the Company:

Long position in the shares of the Company

	Number of ordinary shares held					
Name of director/ chief executive	**Beneficiary of a trust**	**Corporate interests**	**Personal interests**	**Number of underlying shares**	**Total**	**Approximate percentage of issued share capital**
Zhu Gong Shan	5,018,843,327 *(note 1)*	—	—	—	5,018,843,327	32.42%
Sha Hong Qiu	—	—	1,000,000	3,360,000 *(note 2)*	4,360,000	0.03%
Ji Jun	—	—	—	3,000,000 *(note 2)*	3,000,000	0.02%
Shu Hua	—	—	1,200,000	3,000,000 *(note 2)*	4,200,000	0.03%
Yu Bao Dong	—	6,108,934 *(note 3)*	1,112,000	3,000,000 *(note 2)*	10,220,934	0.07%
Sun Wei	—	—	5,723,000	3,000,000 *(note 2)*	8,723,000	0.06%
Tong Yee Ming	—	—	—	1,200,000 *(note 2)*	1,200,000	0.01%
Zhu Yu Feng	5,018,843,327 *(note 1)*	—	—	1,000,000 *(note 2)*	5,019,843,327	32.43%

Notes:

(1) An aggregate of 5,018,843,327 shares of the Company are collectively held by Highexcel Investments Limited and Happy Genius Holdings Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust by Credit Suisse Trust Limited for Mr. Zhu Gong Shan and his family, including Mr. Zhu Yu Feng, a Director and the son of Mr. Zhu Gong Shan.

(2) 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 of the Company on 22 October 2007. Such granted share options can be exercised by the Directors at various intervals during the period from 1 April 2009 to 15 February 2019 at an exercise price of HK$4.10 or HK$0.59.

(3) Mr. Yu Bao Dong is the ultimate beneficial owner of Bonus Billion Group Limited which owns 6,108,934 shares as at 30 June 2011.

Save as disclosed above, as at 30 June 2011, 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.

(i) 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. 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 ("Date of Listing"). 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.

Details of the pre-IPO share options outstanding and movements during the six months ended 30 June 2011 (the "Period") are as follows:

				Number of options				
Name or category of participant	**Date of grant**	**Exercise period**	**Exercise Price HK$**	**Outstanding as at 01.01.2011**	**Granted during the Period**	**Lapsed or forfeited during the Period**	**Exercised during the Period**	**Outstanding as at 30.6.2011**
Directors/chief executive								
Sha Hong Qiu	13.11.2007	13.11.2010 to 12.11.2017	4.10	1,680,000	–	–	–	1,680,000
Ji Jun	13.11.2007	13.11.2010 to 12.11.2017	4.10	1,500,000	–	–	–	1,500,000
Shu Hua	13.11.2007	13.11.2010 to 12.11.2017	4.10	1,500,000	–	–	–	1,500,000
Yu Bao Dong	13.11.2007	13.11.2010 to 12.11.2017	4.10	1,500,000	–	–	–	1,500,000
Sun Wei	13.11.2007	13.11.2010 to 12.11.2017	4.10	1,500,000	–	–	–	1,500,000
Non-director employees (in aggregate)	13.11.2007	13.11.2010 to 12.11.2017	4.10	18,880,000	–	(220,000)	–	18,660,000
Total				**26,560,000**	**–**	**(220,000)**	**–**	**26,340,000**

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

The vesting scale of the granted share options is 20%, 30% and 50% to be vested on the third, fourth and fifth anniversaries of the Date of Listing, respectively, such that the share options granted are fully vested on the fifth anniversary of the Date of Listing.

During the Period, a total of 220,000 option shares were lapsed and no option was cancelled nor exercised.

(ii) 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.

During the Period, 25,000,000 options was granted by the Company, a total of 1,700,000 option shares were lapsed, 11,439,000 option shares were exercised and there were 50,813,000 option shares outstanding as at 30 June 2011.

				Number of options				
Name or category of participant	**Date of grant**	**Exercise period**	**Exercise Price HK$**	**Outstanding as at 01.01.2011**	**Granted during the Period**	**Lapsed or forfeited during the Period**	**Exercised during the Period**	**Outstanding as at 30.6.2011**
Directors/chief executive								
Sha Hong Qiu	16.02.2009	01.04.2009 to 15.02.2019	0.59	1,680,000	—	—	—	1,680,000
Ji Jun	16.02.2009	01.04.2009 to 15.02.2019	0.59	1,500,000	—	—	—	1,500,000
Shu Hua	16.02.2009	01.04.2009 to 15.02.2019	0.59	1,500,000	—	—	—	1,500,000
Yu Bao Dong	16.02.2009	01.04.2009 to 15.02.2019	0.59	1,500,000	—	—	—	1,500,000
Sun Wei	16.02.2009	01.04.2009 to 15.02.2019	0.59	1,500,000	—	—	—	1,500,000
Tong Yee Ming	16.02.2009	16.02.2010 to 15.02.2019	0.59	1,200,000	—	—	—	1,200,000
Zhu Yu Feng	16.02.2009	01.04.2009 to 15.02.2019	0.59	1,000,000	—	—	—	1,000,000
Non-director employees (in aggregate)	16.02.2009	01.04.2009 to 15.02.2019	0.59	26,392,000	—	(200,000)	(10,815,000)	15,377,000
	24.04.2009	01.05.2009 to 23.04.2019	1.054	2,680,000		—	(624,000)	2,056,000
	12.01.2011[a]	01.03.2011 to 11.01.2021	3.32	—	25,000,000	(1,500,000)	—	23,500,000
Total				**38,952,000**	**25,000,000**	**(1,700,000)**	**(11,439,000)**	**50,813,000**

(ii) Share option scheme (continued)

Notes:

a (i) *The closing price of the shares of the Company immediately before 12 January 2011 on which the options were granted is HK$3.14.*

(ii) *Fair value of share options granted during the period ended 30 June 2011 and the assumptions are set out in Note 23 on the accounts.*

b *20% of the share options granted will be vested on the year of grant, the first, second, third and fourth anniversary of the date of grant, respectively, such that the share options granted are fully vested on the fourth anniversary of the date of grant.*

On 21 April 2011, an ordinary resolution to refresh the limit of granting share options to subscribe for shares of the Company under the Share Option Scheme not exceeding 200,000,000 shares (the "Refreshed Mandate Limit") was passed by the shareholders of the Company subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting of the listing of, and permission to deal in, the shares of the Company to be issued pursuant to the exercise of any share options that may be granted under the Share Option Scheme subject to the Refreshed Mandate Limit. The Listing Committee has granted such listing approval and permission on 26 April 2011. Subsequent to the six months ended 30 June 2011, the Company granted an aggregate of 108,100,000 option shares to the employees and independent non-executive directors on 15 July 2011.

Save as disclosed above, during the Period, 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 Period.

Interests and Short Positions of Substantial Shareholders

As at 30 June 2011, 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 record in the register kept pursuant to Section 336 of the SFO:

Name	*Note*	**Capacity/ nature of interest**	**Number of shares/ underlying shares**	**Approximate percentage of issued share capital of the Company**
Asia Pacific Energy Fund Limited	*1*	Interest in a controlled corporation	5,018,843,327	32.42
Chengdong Investment Corporation	*2*	Beneficial interest	3,108,163,054	20.08

Notes:

1. *Highexcel Investments Limited and Happy Genius Holdings Limited collectively hold 5,018,843,327 shares of the Company, both of which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust by Credit Suisse Trust Limited for Mr. Zhu Gong Shan (a Director and Chairman of the Company) and his family, including Mr. Zhu Yu Feng, a Director and the son of Mr. Zhu Gong Shan.*

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

3. *The total number of ordinary shares of the Company in issue as at 30 June 2011 is 15,480,402,268.*

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 that would fall to be disclosed to the Company under the provisions of Divison 2 and 3 of Part XV of the SFO.

Code on Corporate Governance Practices

The corporate governance report of the Board has been set out in the Company's 2010 Annual Report. During the six months ended 30 June 2011, 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 with the exception of the following areas:

(i) Code Provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhu Gong Shan (the Chairman and a Director of the Company) was appointed as the Chief Executive Officer with effect from 1 September, 2009. As Mr. Zhu has more than twenty years' experience in power business and is the founder of our Xuzhou polysilicon and wafer 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.

(ii) 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 16 May, 2011, Mr. Tong Yee Ming (an executive Director and Chief Financial Officer of the Company) represented Mr. Zhu to chair the annual general meeting accordingly.

Model Code for Securities Transactions

The Board has adopted the model code for securities transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2011.

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

During the six months ended 30 June 2011, the Company repurchased 5,000,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited at an aggregate amount of HK$16,850,000. The repurchases were made by the Directors for the enhancement of shareholders' value. Details of the repurchases are as follows:

Month of the repurchases	**Number of ordinary shares repurchased**	**Highest price paid per share** HK$	**Lowest price paid per share** HK$	**Aggregate amount** HK$
June 2011	5,000,000	3.45	3.26	16,850,000

The 5,000,000 shares repurchased were cancelled during the interim period. The nominal value of HK$500,000 of all the shares cancelled during the interim period was debited to share capital and the relevant aggregate consideration of HK$16,350,000 was paid out from the Company's share premium.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities of the Company during the interim period.

Auditor's and Audit Committee's Review

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2011 have been reviewed by Deloitte Touche Tohmatsu (the auditor of the Company) and the audit committee of the Company, which consists of three independent non-executive Directors, namely Mr. Yip Tai Him, Ir. Dr. Raymond Ho Chung Tai and Mr. Qian Zhi Xin. The audit committee expressed no disagreement with the accounting policies and principles adopted by the Group.

Changes in Information on Directors

Changes in information required to be disclosed by the Directors of the Company pursuant to Rule 13.51(B) of the Listing Rules between 1 January 2011 and 25 August 2011 (being the date of approval of this report) are set out below:

(i) Directors' Updated Biographical Details

Name of Director	**Details of Change**
Zhu Gong Shan	Appointed as the Vice-Chairman of China Overseas Chinese Entrepreneurs Association
Yip Tai Him	Appointed as independent non-executive director of FlexSystem Holdings Limited (a company with its shares listed on The Stock Exchange Hong Kong Limited)

(ii) Directors' Emoluments

The remuneration committee had reviewed and approved an increase in the annual base salary of certain Executive Directors with effect from 1 January 2011. There has been no change to the basis of determining Directors' remuneration. Details of the approved annual base salary was set out below:

Name of Director	**Approved annual base salary** (HK$)
Mr. Sha Hong Qiu	3,000,000 (2010: 2,300,000)
Mr. Shu Hua	3,000,000 (2010: 2,000,000)
Ms. Sun Wei	3,000,000 (2010: 2,000,000)
Mr. Yu Bao Dong	2,200,000 (2010: 1,500,000)
Mr. Zhu Yu Feng	1,200,000 (2010: 1,000,000)

Other than those disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

As at the date of this report, the Facility Agreement (as defined below) contains a condition imposing specific performance obligations on the controlling shareholders and breach of such obligation will cause a default in respect of loan that are significant to the operations of the Company.

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

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

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

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 Directors

Chau Kwok Man, Cliff
Bai Xiao Qing

Independent Non-Executive Directors

Qian Zhi Xin
Raymond Ho Chung Tai
Xue Zhong Su
Yip Tai Him

Composition Of Board Committees

Audit Committee
Yip Tai Him *(Chairman)*
Qian Zhi Xin
Raymond Ho Chung Tai

Remuneration Committee
Raymond Ho Chung Tai *(Chairman)*
Yip Tai Him
Qian Zhi Xin

Strategic Planning Committee
Raymond Ho Chung Tai *(Chairman)*
Zhu Gong Shan
Sha Hong Qiu
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
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88 Queensway
Hong Kong

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Kowloon, Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Cayman) Limited
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68 Fort Street
P.O. Box 609
Grand Cayman, KY1-1107
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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28 Queen's Road East
Wanchai
Hong Kong

Legal Advisers to the Company

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