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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2011	2010	**Changes**
	HK$ million	*HK$ million*	%
	Unaudited	Unaudited	
Revenue	**15,174**	5,794	162%
Gross profit	**5,857**	1,520	285%
Profit attributable to owners of the Company	**3,550**	788	351%
Basic earnings per share	**HK cents 22.94**	HK cents 5.09	351%

The board of directors (the "Board" or the "Directors") of GCL-Poly Energy Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 together with the comparative figures for the corresponding period in the previous year as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2011

		Six months ended 30 June	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**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		**318,008**	208,294
Distribution and selling expenses		**(26,676)**	(18,486)
Administrative expenses		**(744,917)**	(303,569)
Finance costs	*5*	**(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		**(59,491)**	—
Profit before tax		**4,885,850**	1,099,980
Income tax expense	*6*	**(1,131,988)**	(228,465)
Profit for the period	*7*	**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			
Basic	*8*	**22.94**	5.09
Diluted		**22.84**	5.08

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Note	**As at 30 June 2011 HK$'000 (Unaudited)**	As at 31 December 2010 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**32,596,533**	23,662,411
Prepaid lease payments		**1,092,118**	980,186
Goodwill		**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		**103,406**	39,835
Deposits for acquisitions of property, plant and equipment and prepaid lease payments		**2,314,275**	1,444,584
Pledged and restricted bank deposits		**143,875**	90,211
		37,644,869	27,708,328
CURRENT ASSETS			
Inventories		**1,411,747**	1,646,734
Trade and other receivables	*9*	**4,673,755**	2,370,216
Amounts due from related companies		**340,122**	36,205
Loans to related companies		**70,946**	90,150
Prepaid lease payments		**25,550**	22,797
Tax recoverable		**38,419**	11,484
Pledged and restricted bank deposits		**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	*10*	**8,978,173**	4,192,716
Amounts due to related companies		**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		**8,055,157**	6,410,831
Obligations under finance leases		**244,777**	111,288
		18,943,432	12,400,902

	As at 30 June 2011 *HK$'000* (Unaudited)	As at 31 December 2010 *HK$'000* (Audited)
NET CURRENT (LIABILITIES) ASSETS	**(1,012,297)**	242,571
TOTAL ASSETS LESS CURRENT LIABILITIES	**36,632,572**	27,950,899
NON-CURRENT LIABILITIES		
Advances from customers	**2,439,027**	1,977,998
Deferred income	**399,445**	320,366
Bank borrowings — due after one year	**11,417,476**	7,379,352
Obligations under finance leases	**1,116,605**	441,475
Deferred tax liabilities	**578,534**	452,422
	15,951,087	10,571,613
NET ASSETS	**20,681,485**	17,379,286
CAPITAL AND RESERVES		
Share capital	**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

NOTES:

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 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

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. REVENUE

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(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

4. 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 coal in the People's Republic of China (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.

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

Segment assets

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

	As at 30 June 2011	As at 31 December 2010
	HK$'000	*HK$'000*
	(Unaudited)	(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.

5. 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	**(90,353)**	(37,032)
	443,982	281,067

6. 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
Overprovision 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).

7. 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)

8. 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	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose 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	2010
	'000	*'000*
	(Unaudited)	(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

9. 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

10. 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

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) programme, 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 programmes, 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

MANAGEMENT DISCUSSION AND ANALYSIS

Half-Year Results of the Group

For the six months ended 30 June 2011, 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. 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 PRC government.

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 programmes in May and June respectively. These programmes 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 programmes 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	31 December 2010
	HK$ million	*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 RMB6,966 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$47,850,000.

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.

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, the 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**	**Lowest price paid per share**	**Aggregate amount**
		HK$	*HK$*	*HK$*
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.

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

Hong Kong, 25 August 2011

As at the date of this announcement, the Board comprises Mr. Zhu Gong Shan (Chairman), Mr. Sha Hong Qiu, Mr. Ji Jun, Mr. Shu Hua, Mr. Yu Bao Dong, Ms. Sun Wei, Mr. Tong Yee Ming and Mr. Zhu Yu Feng as executive directors; Mr. Chau Kwok Man, Cliff and Ms. Bai Xiao Qing as non-executive directors; Mr. Qian Zhi Xin, Ir. Dr. Raymond Ho Chung Tai, Mr. Xue Zhong Su and Mr. Yip Tai Him as independent non-executive directors.