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

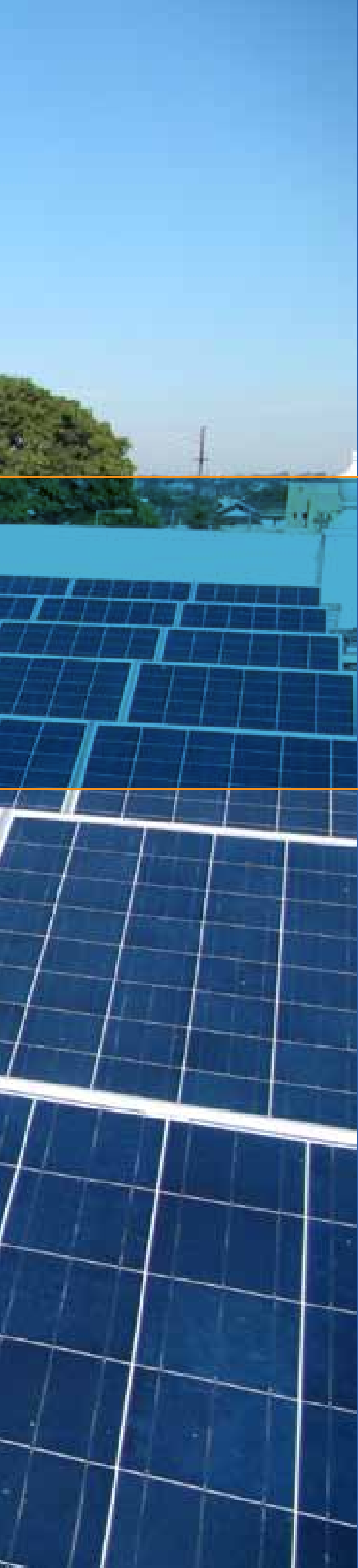
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 3800)

bringing GREEN POWER to life

Annual Report 2011

Contents


Bringing Green Power To Life



Company Profile

GCL-Poly Energy Holdings Limited is the world's leading polysilicon producer, the largest wafer supplier globally and a top green energy enterprise in China. The product quality of the Group's polysilicon has reached electronic grade level since 2010, and the Group ramped up the annual production capacity to 65,000 MT by the end of 2011. The Group's wafer production capacity has achieved 8 GW at the end of December 2011. For the power business, the Group owns and invests in a total of 18 cogeneration power plants, 1 incineration power plant and 1 wind power plant. Most of these plants are located in Jiangsu and Zhejiang provinces in China with strong economic growth and robust demand for electricity and steam. Regarding the solar farm business, in addition to the 16 MW solar farms in operation in the U.S., the Group owns a 20 MW solar farm in Xuzhou, Jiangsu province, and a 10 MW solar farm in Sangri County, the Tibet Autonomous Region. Moreover, the Group formally entered into the solar system integration business in October 2011, devoting all our efforts to provide solar farm investors with a one-stop solar system solution: from project development, engineering, procurement, construction, financing to operation and management.

	For the year ended 31 December				
	2007 HK$'000 (restated)	2008 HK$'000 (restated)	2009 HK$'000 (restated)	2010 HK$'000	**2011** **HK$'000**
Revenue	309,612	3,947,539	4,943,622	18,471,924	**25,505,564**
Profit (loss) before taxation	(24,934)	2,586,447	(56,897)	5,547,369	**5,839,132**
Taxation	(24,986)	(160,089)	(93,236)	(1,159,320)	**(1,269,174)**
Profit (loss) for the year	(49,920)	2,426,358	(150,133)	4,388,049	**4,569,958**
Attributable to:					
Owners of the Company	(91,908)	2,155,528	(199,736)	4,023,577	**4,274,893**
Non-controlling interests	41,988	270,830	49,603	364,472	**295,065**
	(49,920)	2,426,358	(150,133)	4,388,049	**4,569,958**

	At 31 December				
	2007 HK$'000 (restated)	2008 HK$'000 (restated)	2009 HK$'000 (restated)	2010 HK$'000	**2011** **HK$'000**
Total assets	1,842,991	10,125,910	26,178,807	40,580,865	**67,488,237**
Total liabilities	1,705,533	11,083,781	13,960,562	23,201,579	**45,354,105**
	137,458	(957,871)	12,218,245	17,379,286	**22,134,132**
Equity attributable to owners of the Company	(133,529)	(957,871)	11,615,250	16,152,202	**20,567,110**
Non-controlling interests	270,987	—	602,995	1,227,084	**1,567,022**
	137,458	(957,871)	12,218,245	17,379,286	**22,134,132**

	2011 HK$'000	2010 HK$'000	Change	% of change
Revenue				
Sales of wafer	**18,702,567**	9,181,692	9,520,875	104%
Sales of polysilicon	**1,049,267**	4,293,233	(3,243,966)	–76%
Sales of electricity	**3,003,847**	2,673,061	330,786	12%
Sales of steam	**1,690,072**	1,397,254	292,818	21%
Sales of coal	**334,158**	358,324	(24,166)	–7%
Others	**725,653**	568,360	157,293	28%
	25,505,564	18,471,924	7,033,640	38%
Profit for the year attributable to owners of the Company	**4,274,893**	4,023,577	251,316	6%

	2011 HK Cents	2010 HK Cents	Change	% of Change
Earnings per share				
— Basic	**27.62**	26.01	1.61	6%
— Diluted	**27.58**	25.96	1.62	6%

	HK$ million	HK$ million	Change	% of Change
EBITDA*	**8,964**	7,504	1,460	19%

* EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)

	2011 HK$'000	2010 HK$'000	Change	% of change
Extracts of consolidated statement of financial position				
Equity attributable to owners of the company	**20,567,110**	16,152,202	4,414,908	27%
Total assets	**67,488,237**	40,580,865	26,907,372	66%
Bank balances, cash, pledged bank and restricted bank deposits	**11,238,598**	8,556,098	2,682,500	31%
Indebtedness	**32,815,390**	14,342,946	18,472,444	129%
Key financial ratios				
Current ratio	**1.03**	1.02	0.01	1%
Quick ratio	**0.86**	0.89	(0.03)	–3%
Net debt to equity	**104.9%**	35.8%	0.69	193%

GCL-POLY ENERGY
HOLDINGS LIMITED

Major Events 2011

JAN

- GCL-Poly signed a long-term wafer and polysilicon product supply supplementary contract with Trina Solar Limited. The Company expected to provide Trina Solar with approximately 7,500MW of wafer and polysilicon products over the next 5 years.

- GCL-Poly signed a long-term supplementary contract with Canadian Solar Inc., to supply wafer and polysilicon products. The Company will provide Canadian Solar with approximately 5,200MW of wafer and polysilicon products over the next 5 years.

FEB

- GCL-Poly produced more than 2,000MT of polysilicon in the first month of the year, which broke the highest production record. Wafer monthly production volume exceeded 300MW.

- GCL-Poly and Wells Fargo completed the sales and leaseback transaction of the solar farm projects in University of San Diego as well as 5 high schools in the Antelope Valley High Schools district.

- GCL-Poly signed a long term wafer product supply contract with China Sunergy Co. Ltd. GCL-Poly will provide China Sunergy with approximately 4,400MW of wafer products over the next 6 years.

- GCL-Poly announced that the polysilicon production capacity would ramp up to 65,000MT by middle of 2012, and the wafer production capacity would increase to 6,500MW by the end of 2011.

APR

- The commencement of production of the 780MW Taicang Wafer (Phase I) project.

- The commencement of construction of the 600MW Yangzhou Wafer (Phase I) project.

- The commencement of production of the 600MW Xuzhou Wafer project and began production 20 days ahead of the original schedule, another milestone in the construction and development history of GCL-Poly.

MAY

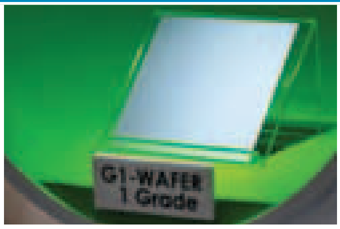
- "Yan Oi GCL Charity Fund", which was approved by Career Development Centre of China Red Cross Foundation, was officially established. The fund is a publicly raised fund jointly set up by GCL Group and Career Development Centre of Red Cross Foundation, and will be managed by Red Cross Innovation Foundation. It will face the general public and convey the important message of humanity and public spirit to the society.
- Suzhou GCL Photovoltaic Technology Co., Ltd, a subsidiary of GCL-Poly, and Canadian Solar Inc., jointly invested in a wafer plant with capacity of 600MW in Suzhou. The joint venture was specifically set up to meet Canadian Solar's demand. The initial capacity of 600MW can be expanded to 1.2GW.
- The commencement of production of the 500MW Henan monocrystalline silicon ingot project.

JUN

- The commencement of production of the 600MW Changzhou Wafer (Phase III) capacity expansion project.
- Suzhou GCL-Poly Industrial Application Research Institute Co., Ltd, a wholly owned subsidiary of GCL-Poly, laid its foundation officially. It marks GCL-Poly's photovoltaic business has entered a new stage in top-notch technology development. Leading government officials including Yan Li, Mayor of Suzhou, Ma Minglong, Industrial Committee Secretary of Suzhou Industrial Park, Pu Ronggao, Deputy Mayor of Suzhou and Zhu Gongshan, Chairman of GCL-Poly, attended the foundation-laying ceremony.
- The commencement of production of the 600MW Taicang Wafer (Phase II) project.

JUL

- The commencement of operation of the 100,000MT hydrochlorination project of Jiangsu Zhongneng, which established a new milestone in the photovoltaic development history of GCL-Poly.
- Issuance of new options to subscribe for a total of 108,100,000 ordinary shares of the Company under the employee share option scheme.



AUG

- GCL-Poly signed a long term supply contracts of wafer products with Realforce Power Co., Ltd. GCL-Poly will provide Realforce Power with approximately 4,200MW of wafer products over the next 6 years.
- The 600MW Changzhou Wafer (Phase III) capacity expansion project reached its full production capacity in 46 days.
- Henan GCL Photovoltaic Technology Co., Ltd. successfully developed and launched the silicon ingot for the production of N-type (100) 8-inch monocrystalline wafer. All specifications met the required technical standards. The successful development of the N-type (100) 8-inch monocrystalline silicon ingot and wafer has elevated GCL-Poly's technology to a new level. We also have more diversified products resulting in enhanced market competitiveness.

SEPT

- The first production line with substantial technical improvement and capacity expansion in Jiangsu Zhongneng commenced production successfully. The smooth operation of the first production line effectively enriches and improves the polysilicon production technology of GCL-Poly, and lays a solid foundation in the area of green, environmental and sustainable development of Jiangsu Zhongneng in the future.
- The newly designed furnace which was developed by Jiangsu GCL Software Control Equipment Technology Co., Ltd commenced mass production.
- The 2.7GW ingot furnace of the fourth Xuzhou Wafer factory commenced operation officially.

OCT

- GCL-Poly officially launched the GCL Quasi-Mono Wafer product in Taipei. GCL Quasi-Mono Wafer is our latest high-tech product.
- GCL-Poly, Wah Lee Industrial Corp. and Tainergy Tech Co., Ltd, signed a 5-year cooperation letter of intent in Taiwan for strategic purposes.
- GCL-Poly announced the setting up of GCL-Poly Solar Power System Integration (Taicang) Co., Ltd. and officially began the global solar system integration business. We will build an aircraft carrier brand for our solar products globally.
- GCL-Poly announced that it would invest in and build two solar projects totaling approximately 84 MW in California, USA. The construction of the projects is expected to commence in 2012, and will reach commercial operation in 2012.



NOV

- GCL-Poly entered into a cooperative framework agreement in Beijing with CGN Solar Energy Development Co. Ltd., a wholly-owned subsidiary of China Guangdong Nuclear Power Group ("CGN Group"). Both parties will jointly speed up the development and utilisation of solar energy and encourage the application of clean energy.
- Jiangsu Zhongneng issued an aggregate principal amount of RMB1.5 billion notes due in 2018 to institutional investors in the PRC.
- Benefiting from our outstanding contribution to the photovoltaic industry, GCL-Poly was awarded the "Most Valuable Listed Company for Investment during the Twelfth 5-year Period" in the "Golden Bauhinia Awards" presentation ceremony.

DEC

- The first domestic platform for intellectual property rights protection in photovoltaic industry, Xuzhou Photovoltaic Industry Intellectual Property Rights Protection Office, was established officially in Jiangsu Zhongneng. The setting up of this office marks the gateway of intellectual property rights protection of the Chinese photovoltaic industry, of which the development is on the right track.
- The construction of the G5/G6 crucible project (Phase II) with annual production capacity of 60,000 units was completed smoothly by Xuzhou GCL Solar Materials Co., Ltd.

On behalf of the Board of Directors, I am pleased to report that GCL-Poly achieved outstanding operating results in 2011. For the financial year ended 31 December 2011, GCL-Poly recorded revenue of HK$25.51 billion, representing an increase of 38.1% as compared with HK$18.47 billion for the same period in 2010. Net profit for 2011 was HK$4.27 billion.

2011 was an exceptional year for the world economy and the photovoltaic industry met with the toughest winter. Due to objective factors such as the European debt crisis and industry over-capacity, the market prices of photovoltaic ("PV") products dropped significantly during the year bringing forth strong operation challenge to PV companies. However, GCL-Poly continued to lead the industry as the world's largest manufacturer of low-cost, high-quality polysilicon and wafer. We adjusted our engineering, research and development ("R&D"), production operations, and marketing strategies at the right time with reference to market changes. We have maintained our leadership in the industry in terms of company size, production costs, and product quality by means of methods such as construction adjustments, new product development, production improvement, high efficiency cost reduction as well as motivational policies to achieve outstanding results.

2011 was a year of significant development for GCL-Poly. After technological upgrades and capacity expansion, our annual production capacity of polysilicon has reached 65,000 MT at the end of 2011 and annual production capacity of wafer increased to 8GW at the end of 2011. These achievements fully demonstrate GCL-Poly's strong capabilities in infrastructural construction and supply chain procurement. Projects of GCL-Poly's subsidiaries, which included the 780MW wafer project (Phase I) of Taicang Wafer and the 600MW wafer project of Xuzhou Wafer, were on stream one by one, signaling a milestone in the construction and development history of GCL-Poly. The official commencement of construction of Suzhou GCL-Poly Industrial Application Research Institute Co., Ltd, a wholly-owned subsidiary of GCL-Poly, laid the foundation of another new step in GCL-Poly's development of cutting edge technology. In October 2011, GCL-Poly announced the establishment of GCL-Poly Solar Power System Integration (Taicang) Co., Ltd., which officially launched the global solar system integration business and building a global carrier brand in the PV industry. GCL-Poly has been working closely with large state-owned companies such as China Guangdong Nuclear Power Group ("CGN") to accelerate the development and adoption of solar power in order to push forward clean energy applications.

Moving into 2012, GCL-Poly will continue to take a great step forward in business development. We have already become the world's largest production, research and development base for silicon materials. The Company will also make significant progress in system integration and development of solar farm projects both in China and overseas, and become an expert in providing solutions for global solar system power generation. In January, we signed a framework agreement with China Merchants New Energy Group Limited to jointly build the best and most professional rooftop solar power system operating platform. In February, we formed a joint venture with NRG Solar LLC ("NRG"), a leading PV project developer in the United States. We also co-invested with Bank of America Merrill Lynch to fund GCL-Poly's municipal solar power system project in the United States. Developing system integration and solar farm projects conform to our "dual-core" strategy — upstream production of polysilicon and wafer and downstream system integration and solar farm development. This has ensured GCL-Poly with a core competitive advantage which helps us to maintain our leadership position in the industry.

Accelerated Development of Silicon Materials Business and Strengthened Competitive Advantages as a Leading Enterprise in the Global PV Industry

1. To increase overall quality and economy of scale and to decrease production cost substantially in order to establish leading position in the global industry

Being the most influential and competitive silicon material manufacturer and supplier in the world, GCL-Poly continues to expand its polysilicon and wafer business. The following statistics demonstrate strongly our leading market position and competitive advantages: we sold 2,812 MT of polysilicon and 4.451 GW of wafer respectively for the year ended December 31, 2011. A total revenue of HK$20,460 million was recorded, which rose by 45.7% on a year-on-year basis. Polysilicon production cost and wafer processing cost were lowered to US$18.6 per kilogram and US$0.13 per W, respectively as at the end of December 2011. Our cost advantages enabled us to be the market leader in the world. With continuous improvement in product quality, all polysilicon has reached electronic grade and wafer production yield rate is above 94%. At the end of December 2011, our annual production capacity of polysilicon reached 65,000 MT and annual production capacity of wafer reached 8 GW.

2. A Fully Upgraded R&D System with Innovative Technological Achievement

In June 2011, Suzhou GCL-Poly Industrial Application Research Institute Co., Ltd was established. In July, the construction of GCL-Poly's US R&D Analysis and Testing Centre was completed. Adding on with the scientific research capability of the existing US R&D Centre and the Xuzhou R&D Centre, as well as our cooperation with various higher education R&D units on technology breakthrough, we are able to constantly improve our production techniques, resulting in upgrading GCL-Poly from a manufacturing-oriented enterprise to a manufacturing company with hi-tech scientific research capability. Meanwhile, we constantly strengthen our innovation-driven capability by increasing our R&D investment. Currently, many of our new technologies have outstanding performance in our production process and applications; enable us to be a world leader in technology, cost and quality. 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-how into our patents. While further improving the capability of the hydrochlorination process, we continue to optimise the recycling technology and improve the distillation system to ensure that we can produce high quality polysilicon with low energy consumption.

GCL-Poly highly regards technology development and values the important functions perform 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 is leading the way in reducing the costs of polysilicon and various components along the PV value chain, which contributes remarkably to grid parity power generation for the global PV industry.

3. "Embracing our Customers and Working with Strong Leaders in the Market" Strategy is the Key to our Success

In 2011, GCL-Poly continued 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 Canadian Solar, Trina Solar, JA Solar, Suntech, Hareon and China Sunergy 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. In addition, customer adhesion is enhanced by new products such as "GCL Quasi-Mono Wafer (鑫單晶)" which helps us to increase our market share. So far, this market strategy has been well recognised and appreciated.

Outstanding Results of Domestic and Overseas Solar Farm Project Development

The solar power investment team of GCL-Poly achieved better results in 2011. Due to factors such as innovation, technological improvement and cost reduction across the industry, the silicon material cost has fallen, narrowing the gap between the power generation cost of solar power and the conventional energy sources and therefore gradually reducing government subsidies for solar energy. Solar power, with promising future, is being used in adjusting the energy portfolios of many countries and will play an important role in the development of energy economies. Therefore, the Company is pushing forward rapidly on the development of our downstream solar farm projects, and our system integration business with our solar farm pipeline projects steadily progressing. In China, GCL-Poly has further strengthened its strategy to cooperate with large state-owned enterprises such as signing cooperation agreements with CGN and China Merchants New Energy Group respectively. Being an influential enterprise in the PV upstream industry, we have advantages not only in distinct cost structure but also in the development of downstream solar farm projects as well as in brand recognition and financing. All of these advantages have been crucial in obtaining strong support on our cooperation with state-owned enterprises in domestic solar farm project development. At the same time, the Company has established successful cooperation with several renowned international banks and financial institutions including Wells Fargo and Bank of America Merrill Lynch. Both of them will finance GCL-Poly's overseas solar farm projects as well as 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 2011, under the adverse market environment of rising coal prices and priced-controlled electricity tariffs, the Company has continued to maximise the efficiencies of existing resources by means of centralised management, cost cutting measures and exploring new opportunities in order to ensure the sound and stable development of its power and steam businesses. During the year ended 31 December 2011, the Company sold 4.79 billion kWh of electricity, with a year-on-year increase of 1.8%, and 7,565,162 tonnes of steam, with a year-on-year rise of 7.4%, and realised sales revenue of HK$4.99 billion.

While ensuring stable growth of the business, the Company also adopted various measures including coal purchasing cost controls, bulk material procurement, increase in steam supply, and driving steam-price adjustment proactively. These combined measures have helped us to achieve better financial results in 2011, when compared with the industry norm.

Social Responsibilities

As a global leading enterprise that has long been engaged in the development of renewable energy, GCL-Poly is well aware of its 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. Meanwhile, we have actively served the society with our best endeavours 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. In 2011, "Yan Oi GCL Charity Fund" was approved by Career Development Centre of China Red Cross Foundation and was officially established. The fund is a publicly raised fund jointly set up by GCL Group and Career Development Centre of Red Cross Foundation, and is managed by Red Cross Innovation Foundation. It will face the public and communicate the important message of humanity and charity spirit to the society. Furthermore, we have contributed to the China sports development by sponsoring Jiangsu Sainty Football Club (江蘇舜天足球俱樂部) for the whole 2011 league season.

Outlook

Energy shortages and environmental pollution are 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 opportunities for the development of emerging industries. As one of the most sustainable renewable energy sources, solar power is drawing more and more attention and support from governments. The benefits derived from the economies of scale of both upstream and downstream enterprises have lowered the production costs, resulting in the product selling prices decreasing rapidly. It will also help to lower the power generation cost of the whole system. Coupled with the opening of emerging solar markets and the supportive programmes, the investment returns of PV industry will be greatly enhanced. We believe that this year will be a year of remarkable progress.

According to the latest report issued by the European Photovoltaic Industry Association ("EPIA"), global PV systems connected to the grid increased by 11 GW from 2010 to 27.7 GW in 2011. Total installed PV capacity worldwide reached over 67.4 GW, indicating that PV is now the third most important renewable energy after hydro and wind power in terms of worldwide installed capacity. Although the European debt crisis has not been fundamentally resolved, and the global economy is still in turmoil, solar power will become more and more competitive as the cost of the whole PV value chain fell rapidly. In 2012, solar power will certainly see greater development. We expect that globally PV installed capacity will range between 25–30 GW this year. China, the United States and European countries such as Germany and Italy will be the major solar user markets. Other Asian and Middle East countries such as India, Japan, Korea, Saudi Arabia, Qatar, and Israel, have respectively launched their own national plans to develop solar power, which will provide new growth engines for the global PV industry.

China's renewable energy industry possesses future development and bright prospects, particularly with enormous potential and tremendous business opportunities in the PV sector. 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. We believe China will devote great effort to develop the PV industry in the future and will transform from a country which manufactures PV products to a major user of PV products. Market estimates suggest that China's PV installations may reach 4-5GW this year.

For our silicon material business, the project of technological improvement and capacity expansion of Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. has reached its full capacity. We are confident in lowering the polysilicon production cost to US$18 per kilogram by the end of 2012 through technological upgrades and reduction of energy consumption in order to ensure that our gross profit margin will be maintained at a level which is higher than the industry norm. In 2012, we will continue to devote all our efforts to develop our wafer business and further lower the wafer processing cost via excellent manufacturing capability, technological improvement and strong supply chain management.

GCL-Poly will continue to expand its system integration and solar farm business in China, the United States and other emerging markets, increase the PV project pipelines and satisfy the demand for rapid business development. We anticipate that we will become the global leading solar power generation company in three years.

While devoting all our effort to develop the solar business, we will ensure the healthy and stable development of our environmentally friendly power business. On one hand, we will adopt proactive measures to cope with fluctuations in fuel prices and ensure effective development of the power business. On the other hand, we will further optimise our business mix in accordance with carbon neutral principles by increasing our investments in clean and renewable energy, and raising the proportion of power generation from incineration and natural gas power plants.

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

Zhu Gong Shan
Chairman

Hong Kong, 15 March 2012

Mr. ZHU Gong Shan (朱共山), aged 54, has been an Executive Director of the Company since July 2006 and is the Chairman, Chief Executive Officer and a member of the Strategic Planning Committee of the Company. Mr. Zhu, the founder of the Group, and his family (including his son, Mr. Zhu Yu Feng, who is also a Director of the Company) are the beneficiaries of a trust which owns about 32.4% issued share capital of the Company at 31 December 2011. He is currently a member of the Chinese People's Political Consultative Conference of Jiangsu Province, the Deputy Chairman of China Fortune Foundation Limited, the Co-Chairman of China Photovoltaic Industry Alliance, the Vice Chairman of the Cogeneration Professional Committee of the Chinese Society for Electrical Engineering (中國電機工程學會熱電專業委員會), the Vice Chairman of China Overseas Entrepreneurs Association, the Honorable Chairman of the 4th Board of Directors of Nanjing University, the Vice Chairman of Jiangsu Chinese Overseas Friendship Association, the Vice Director-general of Jiangsu Foundation for the Wellbeing of the Youth, the Honorable Chairman of Jiangsu Residents Association in Hong Kong, the Honorable Chairman of Jiangsu Yancheng Residents Association in Hong Kong, the Chairman of Hong Kong Yancheng Chamber of Commerce Limited, the Honorable Chairman of Jiangsu Chamber of Commerce in Guangdong, the Honorable Chairman of Xuzhou Chamber of Commerce in Shenzhen, the Vice President of Chinese Renewable Energy Industries Association, a member of Chinese Entrepreneur Club on Renewable Energy, the Vice Director of The Prince's Charities Foundation, American Council on Renewable Energy and the Honorable Chairman of Africa Food Fund. Mr. Zhu has been awarded an Honorable Citizen of Texas of United States, an Honorable Citizen of Taicang, Jiangsu Province of the PRC, an Honorable Citizen of Xuzhou, Jiangsu Province of the PRC and an Honorable Citizen of Xilinheote, Inner Mongolia of the PRC. Mr. Zhu majored in electrical automation and holds a degree of Doctor of Philosophy in Business Administration.

Mr. SHA Hong Qiu (沙宏秋), aged 53, has been an Executive Director of the Company since November 2006. He is the Executive President (Power) and a member of the Strategic Planning Committee of the Company. Mr. Sha is responsible for the overall operation and management of the Group's power business. Mr. Sha had been awarded various titles, including the Outstanding Entrepreneur of Xuzhou (徐州市優秀企業家) in 2000 and the Outstanding Enterprise Manager of Taicang (太倉市優秀企業管理人才) in 2005. He graduated from the China University of Mining and Technology in 1986, majoring in enterprise management. Mr. Sha is a Senior Economist. He has over 10 years of experience in the operation and management of power plants.

Mr. SHU Hua (舒樺), aged 49, has been an Executive Director of the Company since October 2007. Mr. Shu was appointed as the Executive President of the Company in May 2010 and he is responsible for the overall operation and management of the polysilicon, wafer and solar system integration businesses, and development of overseas solar power plants of the Company. He has over 15 years of experience in the energy industry. Mr. Shu obtained a Master's degree in Business Administration for Senior Management from the Tongji University in the PRC.

Mr. JI Jun (姬軍), aged 64, has been an Executive Director of the Company since November 2006. He is a member of the Strategic Planning Committee of the Company. Mr. Ji focuses on strategic planning and business development of the Group. He has extensive experience in the power industry and has experience in handling corporate finance projects.

Mr. YU Bao Dong (于寶東), aged 48, has been an Executive Director of the Company since November 2006. He is a member of the Connected Transaction Committee and Corporate Governance Committee of the Company. Mr. Yu is responsible for the overall development strategy and project implementation for the Group. He has over 10 years of experience in project investment and corporate management. Mr. Yu holds a Doctorate degree in Economics from the Wuhan University in the PRC. Mr. Yu is also the chairman and a non-executive director of Asia Energy Logistics Group Limited.

Ms. SUN Wei (孫瑋), aged 40, re-joined the Company in October 2007 as an Executive Director. She is a member of the Nomination Committee and Strategic Planning Committee of the Company. Ms. Sun is responsible for the financial management of the Group, including participation in the budget planning process of the Group. Ms. Sun holds a Doctorate degree in Business Administration. Ms. Sun has over 10 years of experience in power plants investment and management. Ms. Sun is currently a non-executive director of Asia Energy Logistics Group Limited.

Mr. ZHU Yu Feng (朱鈺峰), aged 30, has been an Executive Director of the Company since September 2009. He graduated from George Brown College (Business Administration Faculty) in 2005. Mr. Zhu and his family (including his father, Mr. Zhu Gong Shan, who is also a Director of the Company) are the beneficiaries of a trust which owns about 32.4% issued share capital of the Company at 31 December 2011. Mr. Zhu joined a subsidiary of the Company in 2006. He is responsible for internal control, human resources, administration, and project tender of the power business of the Company.

Mr. CHAU Kwok Man, Cliff (周國民), aged 45, has been a Non-Executive Director of the Company since December 2009. He is a member of the Connected Transaction Committee of the Company. Mr. Chau is currently the Managing Director and Head of Finance Department of China Investment Corporation. China Investment Corporation, through its wholly-owned subsidiary, owns approximately 20% of the issued share capital of the Company. Mr. Chau was a partner in the Financial Advisory Services Department at KPMG before he joined China Investment Corporation. Before that Mr. Chau was a financial controller for various companies in the United States and was with KPMG Los Angeles for a number of years. Mr. Chau holds an MBA degree from the State University of New York and is also a Certified Public Accountant (USA).

Mr. ZHANG Qing (張勍), aged 43, has been a Non-Executive Director of the Company since March 2012. Mr. Zhang has been the managing director and head of the oil and gas team at the Department of Special Investment in China Investment Corporation in Beijing since April 2009. China Investment Corporation, through its wholly-owned subsidiary, owns approximately 20% of the issued share capital of the Company. Prior to that, Mr. Zhang held various senior level positions in the Norinco Group in China and was also a vice president at China Zhenhua Oil Co., Ltd. Mr. Zhang received an executive Master's degree in Business Administration from the School of Business at New York State University at Buffalo in 2003 and a Bachelor's degree from the Beijing University of Aeronautics & Astronautics in 1991.

Mr. QIAN Zhi Xin (錢志新), aged 66, has been an Independent Non-Executive Director of the Company since July 2007. He is a member of the Audit Committee, Remuneration Committee, Strategic Planning Committee and Nomination Committee of the Company. Prior to that, he was a principal of the Development and Reform Commission of the Jiangsu Province in February 2004. Mr. Qian holds a Doctorate degree in Management from the Nanjing Agricultural University in the PRC.

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

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

Mr. XUE Zhong Su (薛鍾甦), aged 72, has been an Independent Non-Executive Director of the Company since October 2007. He is the Chairman of the Nomination committee and a member of the Strategic Planning Committee of the Company. He graduated from Shanghai Jiaotong University in 1962. Mr. Xue worked for the Shanghai Municipal Power Company (上海市電力公司) in 1985 as the deputy general manager. From 1986 to 2000, Mr. Xue was the vice president of the Shanghai Municipal Power Bureau (上海市電力工業局) and deputy general manager of Shanghai Municipal Power Company. From 1994 to 2000, Mr. Xue was also the general manager of the Huaneng International Power Development Company, Shanghai Branch (華能國際電力開發公司上海分公司). From 2000 to 2005, Mr. Xue was the party secretary and general manager of the China Huaneng Group Company, Shanghai Branch (中國華能集團公司上海分公司). Mr. Xue has over 20 years of experience in the power industry.

Mr. YIP Tai Him (葉棣謙), aged 41, has been an Independent Non-Executive Director of the Company since March 2009. He is the Chairman of the Audit Committee and Connected Transaction Committee, he is also a member of the Remuneration Committee and the Corporate Governance Committee of the Company. Mr. Yip is a practising accountant in Hong Kong. He is an associate member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. He has over 15 years of experience in accounting, auditing and financial management. Mr. Yip is currently an independent non-executive director of the following listed companies in Hong Kong, namely, Wing Lee Holdings Limited, China Communication Telecom Services Company Limited, Vinco Financial Group Limited, KH Investment Holdings Limited and iOne Holdings Limited.

Mr. CHAU Tien Hsiang (周天白), aged 42, has been the Chief Financial Officer of the Company since January 2012. Mr. Chau joined the Company as the Chief Financial Officer of the Company's overseas solar business in June 2010 and was promoted to the Head of Finance of the Company in October 2011. He has also acted as the Director of Investor Relations of the Company since February 2011. Mr. Chau holds a Bachelor degree in Finance from the University of Texas and a degree of Master of Business Administration in Financial Engineering from Massachusetts Institute of Technology. Prior to joining the Company, Mr. Chau gained extensive experience in investment banking, management consultation, treasury and corporate finance from a number of multinational companies and has been the Chief Financial Officer of a Tokyo main board listed company.

Overview

Despite the fact that the selling prices of the solar products experienced substantial decline and the sentiment was increasingly deteriorating around the solar industry in 2011, we were still able to record growth in terms of revenue and net profit in the past year. Setting aside such tough challenges, GCL successfully ramped up its production capacity of polysilicon and wafer as well as implemented effective cost-cutting measures so that we were able to maintain our profitability under this negative solar sentiment in the market.

Results of the Group

Revenue amounted to HK$25,505.6 million for the year ended 31 December 2011, representing an increase of 38.1% compared with the revenue of HK$18,471.9 million for the year ended 31 December 2010. Increase in revenue was mainly due to significant growth in the volume of wafer sales.

The Group's net profit attributable to owners of the Company for 2011 was HK$4,274.9 million, as compared to HK$4,023.6 million in 2010.

Business Review

Solar Business

Solar Material Business

Production

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

During the second half of 2011, Jiangsu Zhongneng successfully completed its 40,000MT polysilicon expansion plan. Together with the technical improvement project that was completed in the first half of 2011, the annual production capacity of Jiangsu Zhongneng increased from 21,000 MT by end of 2010 to 65,000 MT by end of 2011.

As a result of the increase in polysilicon production capacity, our polysilicon production volume rose significantly. During the year ended 31 December 2011, GCL-Poly produced approximately 29,414 MT of polysilicon, representing an increase of 64.8% as compared to 17,853 MT for the year ended 31 December 2010.

GCL-Poly further expanded its own in-house wafer and ingot manufacturing facilities during the year, and the new wafer production capacity of the Group's manufacturing plants at Xuzhou, Changzhou, Taicang, Henan, Wuxi and Suzhou all ramped up to their designed capacities by end of July 2011. In December 2011, our annual wafer production capacity reached 8 GW. For the year ended 31 December 2011, approximately 4,488 MW of wafers were produced, representing an increase of 2.2 times as compared with 1,412 MW for the year ended 31 December 2010.

Production Costs

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

During the year, Jiangsu Zhongneng continued to deploy all its efforts into reducing raw material costs, the energy consumption and other overhead costs. As a result, our average polysilicon production costs decreased 24.7% from HK$214.7 (US$27.7) per kilogram for 2010 to HK$161.7 (US$20.8) per kilogram for 2011.

Attributed to our technical improvements, in-house sourcing of supplies, slurry recovery and other measures all helped to increase our production yield and reduce costs, GCL-Poly successfully reduces the wafer production cost to an extremely competitive level and has become one of the lowest cost wafer manufacturers in the world. For the year ended 31 December 2011, our average wafer production cost (before eliminating the internal profit of polysilicon) was approximately HK$3.33 (US$0.43) per W, representing a decrease of 22.6% as compared to HK$4.30 (US$0.57) per W for the year ended 31 December 2010.

Sales Volume and Revenue

Revenue of our solar material business for the year ended 31 December 2011 amounted to approximately HK$20,459.8 million, representing an increase of 45.7% from HK$14,043.3 million for the year ended 31 December 2010.

For the year ended 31 December 2011, GCL-Poly sold 2,812 MT of polysilicon and 4,451 MW of wafer, a decrease of 73.2% and an increase of 2.1 times respectively, as compared with the 10,507 MT of polysilicon and 1,451 MW of wafer for the corresponding period in 2010. The majority of the polysilicon produced during 2011 was consumed in-house for further production of ingots and wafers, which have a greater value. This led to a significant drop in the polysilicon sales volume as compared with 2010. The decline in revenue, resulting from a drop in polysilicon sales volume, was compensated by the significant increase in revenue generated from wafer sales.

The average selling prices of polysilicon and wafer were approximately HK$370.8 (US$47.7) per kilogram and HK$4.20 (US$0.54) per W respectively for the year ended 31 December 2011. The corresponding average selling prices of polysilicon and wafer for the year ended 31 December 2010 were HK$408.6 (US$52.1) per kilogram and HK$6.32 (US$0.82) per W respectively.

Solar Power Plant and Solar System Integration Business

Solar Power Plant Business

In the first half of 2011, there were approximately 4.8 MW of solar power plants on stream in the United States and all these projects were under the sales and leaseback transactions with Wells Fargo Finance LLC ("Wells Fargo"). These projects were all located in the Antelope Valley High School district, California. In the second half of 2011, there were approximately 4.9 MW solar farms on stream in the Palmdale School district in California. The sales and leaseback transactions for these projects were completed with Bank of America Merrill Lynch. The Group's total solar farm projects in operation in the United States reached 16 MW as at 31 December 2011. For the year ended 31 December 2011, revenue from sales of electricity generated by the photovoltaic ("PV") projects in United States was approximately HK$39.5 million (US$5.1 million).

As of 31 December 2011, the Group had over 200 MW projects which were ready to commence construction in 2012 and as of today, approximately 300 MW projects in the United States and Puerto Rico are currently in the planning stage.

Joint Programme with Wells Fargo

In November 2010, the Group signed a joint programme with Wells Fargo through which Wells Fargo would provide over US$100 million to facilitate the Group's development of solar power plant projects in the United States. To date, we have already completed approximately 11 MW of solar power plant projects with Wells Fargo under the sales and leaseback arrangement. Wells Fargo intends to continue providing funding to the Group on future solar power plant projects.

Partnership with Bank of America Merrill Lynch

In December 2011, Bank of America Merrill Lynch formed a long-term tax equity financing partnership with GCL to provide funding for over 1 GW solar power plant projects under development in the United States. The first transaction under this financing arrangement was the 4.9 MW Palmdale School district solar power plants.

Joint Venture with Solar Reserve

In 2011, we continued to develop the projects in the portfolio of the joint venture with Solar Reserve. The pipeline projects are mainly located in California, Nevada, Utah and Colorado in the United States with capacities over 1 GW.

In 2012, we will continue to develop the projects under the joint venture with the objective to begin construction in the near future.

Solar System Integration Business

In the fourth quarter of 2011, the GCL Solar System Integration Business Unit was formed and the objective of this new unit is to provide performance optimised turnkey system solutions to solar utility, commercial rooftop and residential rooftop projects.

We have also signed a joint venture agreement with NRG, a leading PV utility project developer in the United States. We also provide 70MW of PV equipment to NRG in 2012, with an option to provide additional 200MW in the next three years.

In addition to the NRG agreement, GCL has signed memorandum of understandings with several engineering, procurement and construction companies and project developers for the provision of over 2GW of PV equipment in regions such as North America, Europe, South Africa, and Asia. GCL is also the developer of 1GW PV project in the vicinity of Datong city in China. For the year ended 31 December 2011, revenue from trading of modules was approximately HK$17.8 million.

Power Business

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

As at 31 December 2011, the Group operates 22 power plants in the PRC which include its subsidiaries and associated companies. These comprised 14 coal-fired cogeneration plants and comprehensive resource utilisation cogeneration plants, 2 gas-fired cogeneration plants, 2 biomass cogeneration plants, 1 solid-waste incineration plant, 1 wind power plant and 2 solar farms. A 10 MW solar farm in Sangri County, the Tibet Autonomous Region was completed at the end of the year. The total installed capacity and attributable installed capacity were 1,135.5 MW and 783.3 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 year ended 31 December 2011, the Group sold 4,793,282 MWh of electricity and 7,565,162 tonnes of steam, representing an increase of 1.8% and 7.4%, respectively, as compared with 4,709,085 MWh of electricity and 7,042,493 tonnes of steam 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 31.12.2011**	Electricity Sales MWh 31.12.2010	**Steam Sales tonne 31.12.2011**	Steam Sales tonne 31.12.2010
Subsidiary power plants				
Kunshan Cogeneration Plant	**392,904**	391,866	**677,026**	692,116
Haimen Cogeneration Plant	**119,550**	117,320	**317,357**	482,847
Rudong Cogeneration Plant	**155,240**	165,525	**759,534**	651,420
Huzhou Cogeneration Plant	**144,695**	148,667	**342,959**	360,697
Taicang Poly Cogeneration Plant	**156,008**	214,634	**394,801**	423,697
Jiaxing Cogeneration Plant	**191,721**	209,871	**937,041**	909,017
Lianyungang Xinneng Cogeneration Plant	**67,509**	91,153	**462,334**	221,368
Puyuan Cogeneration Plant	**196,907**	204,167	**917,057**	840,530
Fengxian Cogeneration Plant	**79,884**	157,466	**575,976**	379,595
Yangzhou Cogeneration Plant	**295,442**	267,002	**265,195**	254,049
Dongtai Cogeneration Plant	**90,178**	143,089	**449,670**	449,191
Peixian Cogeneration Plant	**79,603**	180,448	**198,385**	168,129
Xuzhou Cogeneration Plant	**101,031**	152,248	**249,439**	264,555
Suzhou Cogeneration Plant	**2,253,877**	1,789,106	**700,414**	625,172
Baoying Cogeneration Plant	**146,201**	154,253	**183,802**	186,962
Lianyungang Xiexin Cogeneration Plant	**137,224**	144,120	**134,172**	133,148
Taicang Incineration Plant	**76,676**	72,224	**N/A**	N/A
Guotai Wind Power Plant	**86,825**	84,263	**N/A**	N/A
Xuzhou Solar Farm	**21,807**	21,663	**N/A**	N/A
Total subsidiary power plants	**4,793,282**	4,709,085	**7,565,162**	7,042,493
Associated power plants				
Funing Cogeneration Plant	**95,004**	103,179	**78,303**	88,167
China Resources Beijing Cogeneration Plant	**664,990**	642,701	**384,396**	358,272
Total subsidiary and associated power plants	**5,553,276**	5,454,965	**8,027,861**	7,488,932

Revenue for the power business for the year ended 31 December 2011 was approximately HK$4,988.6 million, an increase of 12.7% compared to HK$4,428.6 million for the same period last year. The increase was mainly due to increase in sales volume and selling price of electricity and steam during the year.

Average Utilisation Hours

Average utilisation hours for the Group's subsidiary power plants, defined as the amount of electricity produced during a specified period (in MWh) divided by the average installed capacity of the plants during the same period (in MW), was 5,540 hours for the year of 2011, representing an increase of 1.4% compared with 5,465 hours for the same period last year. The increase was due to the increase in electricity generation during the year.

Approved On-Grid Tariff

For electricity output, the major customers of our power plants are their respective local provincial power-grid companies. Prices are based on an approved on-grid tariff that is determined by the provincial price bureaus. The on-grid tariff depends on the fuel type of the relevant power plants and whether government-encouraged desulphurisation equipment has been installed. For the year ended 31 December 2011, the approved on-grid tariff of the Group excluding solar farm ranged from approximately HK$614.8/MWh to HK$916.1/MWh (2010: HK$584.2/MWh to HK$860.8/MWh).

Approved Steam Price

In response to the PRC-government incentive programmes, the Group sells steam to customers exclusively within a certain radius of where our cogeneration plants are located. Steam prices are negotiated commercially between customers and the cogeneration plants and are subject to local government pricing guidelines. Prices may vary according to market forces. In 2011, the approved steam price of our subsidiary and associated power plants ranged from approximately HK$180.8/tonne to HK$298.3/tonne (2010: HK$165.3/tonne to HK$283.5/tonne).

Cost of sales

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

For the Group's coal-fired cogeneration plants, comprehensive resource utilisation plants and biomass cogeneration plants, average unit fuel costs for electricity sales and steam sales were approximately HK$471.4/MWh and HK$154.3/tonne respectively for the year ended 31 December 2011. The corresponding average unit fuel costs for electricity sales and steam sales were HK$422.5/MWh and HK$131.6/tonne respectively for the same period last year.

In the case of the Group's gas-fired cogeneration plants, Suzhou Cogeneration Plant, natural gas was the major component of the cost of sales. Average unit fuel costs for electricity sales and steam sales were approximately HK$497.9/MWh and HK$194.2/tonne respectively for the year ended 31 December 2011. The corresponding average unit fuel costs for electricity sales and steam sales for the year ended 31 December 2010 were HK$448.6/MWh and HK$169.2/tonne respectively.

Recent Developments

The Ministry of Commerce of the United States launched an anti-dumping investigation into the export practices of Chinese solar cell manufacturers in the fourth quarter of 2011. As the Group is not involved in the manufacturing of solar panels, we anticipate that the results of the investigation will not have a substantial impact on the solar business of the Group. On the other hand, the Group will cooperate with other downstream manufacturers to mitigate the effect of potential duties on solar panels.

On 16 February 2012, GCL-Poly Limited, a wholly owned subsidiary of the Company issued the first tranche of the RMB1 billion notes with a tenor of three years. The principal amount of the first tranche notes is RMB400 million and the maturity date will be 16 February 2015. The proceeds will be used to fund our power business projects, the repayment of bank borrowings and general working capital requirement.

Outlook

The downgrading of the credit rating of the sovereign debts of the United States and the European debt crisis created uncertainties to the global economy. Liquidity of the capital markets was tightened because the banks in the United States and other European countries were not eager to be actively involved in commercial lending. As a result, it was difficult for the project developers to obtain the required amount of funding and resulting in slowing down the growth of the global solar markets. In 2011, global demand for new installations of PV systems increased slightly to approximately 23 GW and Germany and Italy continued to exhibit the largest demand for PV system installation. We anticipate that demand for PV system installation in Germany and Italy will remain steady in 2012, while countries such as China, the United States, Japan, India, Korea, Saudi Arabia, Qatar and Israel will grow due to various supporting policies from the governments. The market demand will no longer focus mainly on the European countries. The emerging markets will play a more important role in the solar industry in the future, leading to a more balanced growth in the geographical aspect.

The average selling prices of polysilicon, wafer, cell and module are expected to be stable in the coming year. Consolidation took place after the product prices had dropped substantially since the beginning of 2011. Many marginal manufacturers with their production costs even higher than the market selling prices were forced to close down. It is becoming obvious that the upstream solar industry is quickly evolving into an oligopoly market especially in the manufacturing of polysilicon. The lower costs of PV products and installation lead to an attractive project return, resulting in the increase of installation demand. However, demand is curtailed by the poor macro financing environment. Therefore we believe that the supply and demand for solar products will be more or less in equilibrium in 2012, limiting the volatility of the product prices.

China's Five-Year Plan for the solar sector addressed that the cumulative installed capacity target by end-2015 and end-2020 are 15GW and 50GW respectively. In addition, the National Development and Reform Commission launched the Feed-In-Tariff ("FiT") scheme in July 2011. For solar projects in which construction can be completed and connected to the state grid in 2012 and afterwards can enjoy the tariff of RMB1/kWh. Since the FiT scheme limits the downside risks of the projects, the solar installation in China increased significantly in 2011 to approximately 3 GW. We anticipate that the solar demand in China will continue to prosper, and the demand will be comparable with Germany and Italy in the next few years.

The cost and quality of PV products will continue to be the critical factors to the global demand in the solar industry. Continuous cost reduction enables affordable solar at grid parity in not only the developed countries but also the emerging markets. In addition, consumers demand higher system efficiency. The launch of "GCL Quasi-Mono Wafer" meets the requirement of our customers as the average conversion efficiency has already attained 18%. It helps our customers to reduce their manufacturing costs and will further lower the overall capital expenditure of solar power plants.

The co-location strategy of establishing our polysilicon and wafer manufacturing plants near our customers prove to be successful as we can build close ties with them in nearby regions. Our production expansion strategy will continue to follow this pattern, giving us a competitive edge in cost control.

The Group formally commenced the solar system integration business in October 2011, with an objective to provide solar farm investors with a one-stop solar system solution: from project development, engineering, procurement, construction, financing to operation and management. We will focus not only the domestic market but also the overseas markets. It is anticipated that global solar installation demand will show a mild growth in 2012, which will provide ample opportunities for us to expand our market share.

In 2012, we expect that the United States will continue to offer excellent investment opportunities in PV systems, with attractive government support programmes such as the federal Business Energy Investment Tax Credit ("ITC") — which provides a 30% tax credit on the investment cost of PV systems, and the Modified Accelerated Cost-Recovery System ("MACRS") — allowing accelerated depreciation of investments in PV systems. With over 1GW of pipeline projects on hand, coupled with the tax equity investment partnership with Wells Fargo and Bank of America Merrill Lynch, we are well positioned to capture investment opportunities in PV systems in the United States.

The Group proactively participates in solar farm construction in China. The cooperation with CGN Solar Energy Development Co., Ltd. to develop a 1GW solar farm in Datong City, Shanxi Province shows the first step of the Group in large-scale solar farm construction. The FiT scheme will strongly promote the development of solar industry in China.

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

For the power business, average coal prices in 2011 was higher than that in 2010 and the coal fired power plants in the PRC have all been affected accordingly. The price of coal is expected to stay at high level in 2012. In view of this, the National Development and Reform Commission announced an increase on grid-tariff at the end of 2011 and we believe that it will mitigate the effect of high fuel costs for the operation of the Group's power plants. We will continue to focus on steam sales as contract prices of steam can be negotiated with our customers directly, making it easier to maintain profit margins despite the continuous increases in fuel costs. The Group will try every possible ways to further enhance operation efficiency. In the long run, we will continue to emphasize on the development of renewable-energy power plants with an objective to expand capacity internally.

Health, Safety and Environmental Matters

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

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

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

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

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

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

Employees

We consider our employees to be our most important resource. As at 31 December 2011, the Group had approximately 17,124 employees in Hong Kong, the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees.

Financial Review

Segment Information

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

	Solar Business HK$ million	Power Business HK$ million	Corporate HK$ million	Consolidated HK$ million
Revenue	20,517	4,989	—	25,506
Segment profit	4,722	168	—	4,890
EBITDA	8,372	842	(250)	8,964

Revenue

Revenue for the year ended 31 December 2011 amounted to HK$25,505.6 million, representing an increase of 38.1% as compared with HK$18,471.9 million for the year ended 31 December 2010. The increase was mainly due to the increase in revenue attributable to the solar business as a result of significant growth in wafer sales volume.

Gross Profit Margin

The Group's gross profit margin for the year ended 31 December 2011 was 33.2%, as compared with 36.9% for the year ended 31 December 2010. Gross profit margin for the solar business decreased from 44.4% for the year ended 31 December 2010 to 38.6% for the year ended 31 December 2011. The decrease in gross profit margin was mainly due to the significant drop in average selling price of polysilicon and wafer since the first quarter of 2011, which was partly offset by the decrease in the polysilicon production cost and the wafer processing cost. For the power business, the gross profit margin for the year ended 31 December 2011 was 11.0%, which was lower than 13.1% for the year ended 31 December 2010 as a result of the increase in fuel costs.

Other Income

Other income mainly comprised government grants of HK$195.5 million, sales of scrap materials of HK$140.5 million, bank interest income amounting to HK$91.7 million, and waste processing management fee income of HK$31.4 million.

Distribution and Selling Expenses

Distribution and selling expenses amounted to HK$56.7 million for the year ended 31 December 2011, representing an increase of 22.5% from HK$46.3 million for the year ended 31 December 2010. Increases in distribution and selling expenses were due to more sales and marketing activities were carried out during the year.

Share-Based Payment Expenses

The amount mainly represented the share option expenses arising from the Company's employee share option scheme. During the year, 133.1 million new share options were granted by the Company which led to higher share-based payment expenses.

Other Administrative Expenses

Other administrative expenses amounted to HK$1,617.2 million for the year ended 31 December 2011, representing an increase of 62.3% from HK$996.3 million for the year ended 31 December 2010. The significant growth was due to expansion of our solar material business and solar power plant business.

Finance Costs

Finance costs of the Group in 2011 were HK$1,166.3 million, which rose by 92.3% from HK$606.4 million in 2010. A higher amount of bank borrowings together with higher interest rate led to the increase in interest expenses during the year.

Share of profit of Associates

The Group's share of profits of associates for the year ended 31 December 2011 was HK$15.2 million, which was derived solely from the power business.

Share of losses of Jointly Controlled Entities

The amount represented the Group's share of loss of our jointly controlled entity, GCL-SR Solar Energy, LLC, for the year ended 31 December 2011. This jointly controlled entity holds more than 1GW of pipeline solar projects in the United States.

Income Tax Expense

Income tax expense for the year ended 31 December 2011 stood at HK$1,269.2 million, representing an increase of 9.5% as compared with HK$1,159.3 million for the year ended 31 December 2010. The increase was mainly due to the increase in the PRC Enterprise Income Tax as a result of the increase in profits during the year.

Profit attributable to Owners of the Company

Profit attributable to Owners of the Company for the year ended 31 December 2011 was HK$4,274.9 million as compared with HK$4,023.6 million for the year ended 31 December 2010.

Liquidity and Financial Resources

	2011 **HK$ million**	2010 HK$ million
Net cash from operating activities	**2,763.8**	7,827.1
Net cash used in investing activities	**(18,245.3)**	(10,775.3)
Net cash from financing activities	**15,534.0**	3,938.3

For the year ended 31 December 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 in 2011 were HK$2,763.8 million and HK$15,534.0 million respectively. The decrease in net cash from operating activities was mainly attributable to increase in inventory level due to the increase in inventory of new solar farm projects, an increase in trade receivables as a result of more credit sales and increase in income taxes paid. The net cash used in investing activities primarily arose from payments for the purchase of property, plant and equipment due to the ramping up of our new polysilicon and wafer production facilities. The main financing activities of the Group in 2011 included newly raised bank borrowings of HK$24,415.9 million, issuance of long-term notes of HK$1,789.2 million, proceeds from finance leases HK$1,451.8 million and repayment of bank borrowings amounting to HK$9,941.2 million. The long-term notes was issued to institutional investors in November 2011 in an aggregate principal amount of RMB1,500 million and which will mature on 14 November 2018. The net proceeds of approximately HK$1,789.2 million will be used to fund capital expenditure for the expansion of our polysilicon production capacity, technical improvement and general working capital requirement.

The aggregate restricted and unrestricted cash and bank balances amounted to approximately HK$11,238.6 million as at 31 December 2011 (31 December 2010: HK$8,556.1 million). The Group's total assets as at 31 December 2011 were HK$67,488.2 million (31 December 2010: HK$40,580.9 million).

Indebtedness

The indebtedness of the Group mainly comprises bank borrowings, obligations under finance lease and long-term notes. As at 31 December 2011, the Group's total bank borrowings amounted to HK$29,286.3 million (31 December 2010: HK$13,790.2 million), obligations under finance lease amounted to HK$1,697.9 million (31 December 2010: HK$552.8 million) and long-term notes amounted to HK$1,831.2 million (31 December 2010: Nil). Below is a table showing the bank borrowing structure and maturity profile of the Group's total borrowings:

	2011 HK$ million	2010 HK$ million
Secured	**4,133.8**	1,823.6
Unsecured	**25,152.5**	11,966.6
	29,286.3	13,790.2
Maturity profile of bank borrowings		
On demand or within one year	**11,582.4**	6,410.8
After one year but within two years	**7,375.6**	1,876.2
After two years but within five years	**9,873.2**	4,852.1
After five years	**455.1**	651.1
Group's total bank borrowings	**29,286.3**	13,790.2
Bank borrowings are denominated in the following currencies		
RMB	**21,753.6**	11,568.4
USD	**7,339.5**	2,221.8
CHF	**193.2**	—
	29,286.3	13,790.2

As at 31 December 2011, 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 (SHIBOR). USD bank borrowings carried interest rates at rates with reference to the London Interbank Offer Rate (LIBOR). CHF bank borrowings carried fixed interest rates.

The long-term notes bear interest at a rate of 7.05% per annum for the first five years, payable annually in arrears on 15 November each year. The long-term notes denominated in RMB are listed on the Shanghai Stock Exchange on 12 January 2012.

Key Financial Ratios of the Group

	2011	2010
Current ratio	**1.03**	1.02
Quick ratio	**0.86**	0.89
Net debt to equity	**104.9%**	35.8%

Current ratio	=	Balance of current assets at the end of the year/balance of current liabilities at the end of the year
Quick ratio	=	(Balance of current assets at the end of the year – balance of inventories at the end of the year)/balance of current liabilities at the end of the year
Net debt to total equity	=	(Balance of total interest-bearing borrowings at the end of the year – balance of bank balances, cash and pledged bank deposits at the end of the year)/balance of equity attributable to equity holdings of the Company at the end of the year

Foreign Currency Risk

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

For the year ended December 2011, the Group did not purchase any material foreign currency or interest rate derivatives or related hedging instruments.

Pledge of Assets

As at 31 December 2011, property, plant and equipment and prepaid lease payments with a carrying value of approximately HK$10,353.4 million and HK$425.4 million respectively, were pledged as security for certain banking facilities and borrowings granted to the Group (31 December 2010: HK$3,004.0 million and HK$264.1 million respectively). Apart from these, bank deposits of an aggregate amount of HK$1,551.3 million (31 December 2010: HK$163.2 million) were pledged to the banks to secure borrowings granted to the Group and obligations under finance leases.

Capital Commitments

As at 31 December 2011, the Group had capital commitments in respect of the acquisition of property, plant and equipment contracted for but not provided in financial statements amounting to HK$3,811.8 million (31 December 2010: HK$3,036.3 million) and authorised but not contracted for capital commitments amounting to HK$6.6 million (31 December 2010: HK$566.4 million).

Contingent Liabilities

As at 31 December 2011, the Group provided guarantees of HK$111.0 million (31 December 2010: HK$17.6 million) to a bank in respect of the banking facilities granted to an associate company. The associate had utilised HK$96.2 million (2010: HK$17.6 million) of such banking facilities at the end of the reporting period.

As at 31 December 2011, the Group also provided guarantee of US$30.0 million (approximately HK$233.2 million) (31 December 2010: Nil) to a bank in respect of a banking facility granted to one of our third party long-term customer. In return for the guarantee, the third party customer provided a non-refundable and non-cancellable deposit to the Group with carrying amount of HK$246.7 million at the end of the reporting period.

Events After the End of Reporting Period

On 12 January 2012, the Group entered into a share purchase agreement with Sinopro Enterprises Limited, a company controlled by Mr. Zhu Gong Shan and his family, and agreed to purchase 100% equity interest in Charm Team Limited. Charm Team Limited indirectly holds 100% of the equity interest in 保利協鑫(徐州)再生能源發電有限公司 ("Xuzhou GCL-Poly Renewable Energy Company Limited"), a company engaged in operating a power plant and incorporated in the PRC. The cash consideration to be paid for the acquisition is RMB290 million (equivalent to approximately HK$356.7 million).

On the same day, the Group entered into an equity transfer agreement with 上海國能投資有限公司 ("Shanghai Guoneng Investment Company Limited"), a company controlled by Mr. Zhu Gong Shan and his family, and agreed to purchase 100% equity interest in 四川協鑫硅業科技有限公司 ("Sichuan Xie Xin Silicon Technology Company Limited"), a company engaged in manufacturing and sale of metallurgical grade silicon and incorporated in the PRC. The cash consideration to be paid for the acquisition is RMB91 million (equivalent to approximately HK$111.9 million).

On 20 December 2011, GCL-Poly Limited, a wholly owned subsidiary of the Company, completed the registration of a RMB1 billion notes with a tenor of three years with the National Association of Financial Market Institutional Investors. On 16 February 2012, GCL-Poly Limited issued the first tranche of the above notes. The aggregate principal amount of the first tranche notes are RMB400 million, bearing interest at a fixed rate of 6.9% per annum and the maturity date will be 16 February 2015. The proceeds will be used to fund our power business projects, the repayment of bank borrowings and general working capital requirement.

During 2011, the Group has strategically developed by entering into joint ventures and new businesses. The Company has reviewed, updated and monitored its various established systems as well as introduced new systems to cope with its continuous growth. With the setting up of the Connected Transaction Committee, Corporate Governance Committee and Nomination Committee, the Company is dedicated to achieve a high standard of corporate governance practice to maximize the Company's and the shareholders' value.

Corporate Governance Code Compliance

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 2011 with the exception of the following areas:

(1) Code Provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Subsequent to the acquisition of the polysilicon and wafer business on 31 July 2009, Mr. Zhu Gong Shan (the Chairman and a director of the Company) was appointed as the Chief Executive Officer. As Mr. Zhu has more than twenty years experience in power business and is the founder of our Xuzhou polysilicon production base, the Board considers 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 discharging his responsibilities to manage the Board as well as the Group's businesses. The Board will continuously monitor and make new appointments when appropriate.

(2) Code Provisions E.1.2

Code Provisions 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, the annual general meeting was chaired by an executive director accordingly.

The Board

Board Composition

As at 31 December 2011, the Board comprised thirteen Directors with professional background and/or extensive expertise in the Group's business related industries. The Board includes seven executive Directors, namely Mr. Zhu Gong Shan (Chairman and Chief Executive Officer), Mr. Sha Hong Qiu, Mr. Ji Jun, Mr. Shu Hua, Mr. Yu Bao Dong, Ms. Sun Wei and Mr. Zhu Yu Feng; two non-executive Directors, namely Mr. Chau Kwok Man, Cliff and Ms. Bai Xiaoqing; and four independent non-executive Directors, namely Mr. Yip Tai Him, Mr. Qian Zhi Xin, Ir. Dr. Raymond Ho Chung Tai and Mr. Xue Zhong Su. Biographical details of the Directors are set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report on pages 17 to 19. Mr. Tong Yee Ming resigned as an executive Director on 30 December 2011, he continues to serve the Group as Vice President — Corporate Development. Ms. Bai Xiaoqing resigned on 12 March 2012 as a non-executive Director of the Company due to her change of role and responsibility in China Investment Corporation, a substantial shareholder of the Company. Mr. Zhang Qing, was appointed as a non-executive Director of the Company on the same date, ie. 12 March 2012.

Mr. Zhu Yu Feng is the son of Mr. Zhu Gong Shan. Save for the above and to the best knowledge of the Company, there is no financial, business, family or other material or relevant relationships among members of the Board. Mr. Zhu Gong Shan is the founder of a trust which owns approximately 32.44% issued share capital of the Company as at 31 December 2011 for himself and his family, including Mr. Zhu Yu Feng. Mr. Chau Kwok Man, Cliff and Mr. Zhang Qing are employees of China Investment Corporation, which through its wholly-owned subsidiary, namely Chengdong Investment Corporation, controls approximately 20.1% issued share capital of the Company at 31December 2011. Save as disclosed in this paragraph and to the best knowledge of the Company, there is no relevant relationships between the members of the Board and the substantial shareholders of the Company.

Mr. Zhang Qing was appointed by the board of Directors as a non-executive Director on 12 March 2012. A Directors' handbook, which sets out the Company's business and a summary of all applicable laws, rules and regulations and key governance issues, has been provided to Mr. Zhang. A training regarding the rules and regulations applicable to directors of listed companies to observe during his services on Board has also been provided to Mr. Zhang.

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

Board Process and Effectiveness

The Board is responsible for leading the Group's activities by setting strategic directions and business plan, exercising a number of reserved powers to oversee the operations and monitor the financial performance of the Group by determination of the annual budget, approving significant capital investment and to review the adequacy of the resources. The management is responsible to implement the Board's decision within the delegated authority, to make investment proposal and report their performance regularly to the Board.

Key features of Board process:

- At least four regular Board meetings will be held each year, with additional meetings to be held as and when required. All Directors will be informed of the tentative dates of the regular Board meetings to be held within the year at the beginning of the year. In 2011, there were five board meetings being held;

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

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

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

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

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

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

Members of the Board	Number of meetings attended
Executive Directors	
Zhu Gong Shan *(Chairman and Chief Executive Officer)*	5
Sha Hong Qiu	5
Ji Jun	5
Shu Hua	5
Yu Bao Dong	5
Sun Wei	5
Tong Yee Ming *(resigned on 30 December 2011)*	5
Zhu Yu Feng	5
Non-Executive Directors	
Chau Kwok Man, Cliff	5
Bai Xiaoqing *(resigned on 12 March 2012)*	5
Independent Non-Executive Directors	
Yip Tai Him	5
Qian Zhi Xin	4
Ho Chung Tai, Raymond	4
Xue Zhong Su	5

Nomination of Director

Where vacancies arise at the Board or whenever any member of the Board considers any qualified professionals or individual with relevant expertise and experience is likely to be invited to join the Board, the qualifications, experience and awards (if any) of the proposed candidate(s) will be put forward to the Board for its consideration, selection and approval. On 15 March 2012, the Board set up a nomination committee, details of the constitution and duties of the committee was set out below under the section headed "Other Committee" of this report.

Appointment and Re-election of Directors

The independent non-executive Directors and non-executive Directors are appointed for a specific term of office for three years. The Board had renewed the term of service of the three independent non-executive Directors, namely Ir. Dr. Ho Chung Tai, Raymond, Mr. Qian Zhi Xin and Mr. Xue Zhong Su, for a term of three years commencing from 13 November 2010. Another independent non-executive Director, Mr. Yip Tai Him has his term of office for three years, commencing from 31 March 2009. The two non-executive Directors, namely Mr. Chau Kwok Man, Cliff and Mr. Zhang Qing, were appointed for a term of three years commencing from 23 December 2009 and 12 March 2012, respectively. All Directors, including the independent non-executive Directors and non-executive Directors as well as any newly appointed Directors within the year are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Articles of Association, provided that every Director shall be retired at least once every three years. In the annual general meeting held in May 2011, Mr. Zhu Gong Shan, Mr. Sha Hong Qiu, Mr. Ji Jun, Mr. Yu Bao Dong and Mr. Tong Yee Ming had been retired and re-elected as Directors.

Chairman and Chief Executive Officer

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

Delegation by the Board

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

On 17 March 2011, the Board set up the Connected Transaction Committee to review and recommend the Board on certain connected and continuing connected transactions of the Company. The Board further set up the Nomination Committee and Corporate Governance Committee on 15 March 2012 with the delegated duties as mentioned below to strengthen the corporate governance measures of the Company.

Accountability and Audit

The Directors acknowledge their responsibility for preparing the financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the profits and cash flows of the Group in accordance with the International Financial Reporting Standards, disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. In preparing the financial statements for the year ended 31 December 2011, the Directors have selected suitable accounting policies and applied them consistently; made judgements and estimates which are reasonable and have prepared the financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position, results of operations, cash flows and changes in equity of the Group. The Independent Auditor's Report relating to their reporting responsibilities on the financial statements of the Company is set out on pages 77 and 78 of this annual report.

Audit Committee

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

The Board has updated the terms of reference of the Committee on 15 March 2012 to include (i) the responsibility to review arrangements on raising, independent investigation and appropriate follow-up action in relation to possible improprieties in financial reporting and internal control are in place; and (ii) act as key representative body for overseeing the Company's relations with the external auditor. The other primary responsibilities of the Audit Committee include:

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

Three Audit Committee meetings were held in 2011 and the attendance is set out in the following table:

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

In addition to the aforesaid three meetings, the Audit Committee also held a meeting in March 2012. The following work was performed by the Audit Committee for and subsequent to the year ended 31 December 2011:

i. reviewed and approved the audit fees;

ii. assessed the independence of the external auditors;

iii. approved the scope of audit for the year ended 31 December 2011;

iv. reviewed the 2011 auditor's report from Deloitte Touche Tohmatsu;

v. reviewed the 2011 audited financial statements and the results announcement (including the unaudited financial statements and the results announcement for 1st half of 2011);

vi. reviewed the report on the continuing connected transactions for the financial year ended 31 December 2011;

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

viii. reviewed various aspects of risk management.

For the year ended 31 December 2011, the total remuneration in respect of services provided by Deloitte Touche Tohmatsu is analyzed as follows:

Nature of Service	**Fees** (HK$'000)
Audit services	
— 2011 Annual audit	8,180
Non-audit services	
— 2011 Interim review	1,150
— Others	4,149
	5,299

Internal Controls

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

In addition to the internal control function carried out internally by the Group, an external independent audit firm, Baker Tilly Hong Kong Business Services Ltd. has been appointed to review and appraise the internal control system of the Group. The semi-annual internal control review plan of the Group covers major activities and material controls (including operational, financial and compliance) of the Group's business and service units. During the year, Baker Tilly Hong Kong Business Services Ltd. had conducted site visits, walked through tests on various operational and financial cycles, assessed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, their training programmes and budget, and discussed directly with the executives of certain power plants and the polysilicon and wafer plants in Suzhou, Taicang and Wuxi for the purpose of assessing the effectiveness of the internal control systems of the Group. A report on the result of assessment and recommendations from Baker Tilly Hong Kong Business Services Ltd. was provided to the Audit Committee in August 2011 and March 2012, respectively.

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

Remuneration of Directors and Senior Management

Remuneration Committee

The Remuneration Committee comprises three independent non-executive Directors, namely Ir. Dr. Raymond Ho Chung Tai, Mr. Yip Tai Him and Mr. Qian Zhi Xin. Ir. Dr. Raymond Ho Chung Tai is the chairman of the committee. The Board resolved at a meeting held on 15 March 2012 to delegate to the Remuneration Committee with the duty to determine, the remuneration packages of individual executive directors and senior management. On the same day, the terms of reference was amended and adopted by the Board accordingly. The other primary responsibilities of the Remuneration Committee include:

- making remuneration recommendations of non-executive Directors to the Board;
- recommending the remuneration policy and structure for all Directors and senior management to the board for approval; and
- reviewing and approving the compensation arrangement to executive Directors and senior management for any loss or termination of officer appointment to ensure that it is consistent with contractual terms and is fair and not excessive.

Four meetings were held by the Remuneration Committee for the year ended 31 December 2011 and the attendance of the meetings is set out in the following table:

Members of Remuneration Committee	Number of Meetings Attended
Ir. Dr. Raymond Ho Chung Tai *(Chairman)*	4
Mr. Yip Tai Him	4
Mr. Qian Zhi Xin	3

During the year, the Remuneration Committee had performed the following work:

i. reviewed and recommended the Board on the remuneration policy of the executive Directors and management of the Company;

ii. reviewed, considered and approved the remuneration package and incentive scheme of the executive Directors;

iii. approved the amount of incentives paid to the Directors;

iv. recommended the granting of share options to employees and directors of the Company; and

v. ensured no individual Director was involved in decisions relating to his own remuneration.

Details of remuneration payable to each Director of the Company have been set out in note 12 to the consolidated financial statements.

Other Committee

Strategic Planning Committee

The Strategic Planning Committee comprises six members, three independent non-executive Directors and three executive Directors. The independent non-executive Directors include Ir. Dr. Raymond Ho Chung Tai (who is also the chairman of the committee), Mr. Qian Zhi Xin and Mr. Xue Zhong Su. The executive Directors who are also the committee members are Messrs. Zhu Gong Shan, Sha Hong Qiu and Ji Jun. Ms. Sun Wei (an executive Director) was appointed as an additional member of the committee by the Board on 15 March 2012.

The primary responsibilities of the Strategic Planning Committee include:

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

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

Members of Strategic Planning Committee	Number of meetings Attended
Ir. Dr. Raymond Ho Chung Tai *(Chairman)*	2
Mr. Zhu Gong Shan	1
Mr. Sha Hong Qiu	2
Mr. Ji Jun	2
Mr. Xue Zhong Su	2
Mr. Qian Zhi Xin	2

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

Nomination Committee

The Board has approved the establishment of the Nomination Committee and adopted its terms of reference on 15 March 2012. The Committee comprises two independent non-executive Directors, namely Mr. Xue Zhong Su (who is the chairman of the committee) and Mr. Qian Zhi Xin, and an executive Director, namely Ms. Sun Wei.

The duties of the committee includes reviewing the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board, identifying and making recommendations to the Board on the selection of individuals nominated for directorships, assessing the independence of independent non-executive Directors, the appointment or re-appointment of Directors and succession planning for Directors.

Prior to the establishment of the Nomination Committee, the Board is responsible for the above-mentioned duties.

Connected Transaction Committee

The Board resolved to establish the Connected Transaction Committee on 17 March 2011. The committee comprises three members, one independent non-executive Director (Mr. Yip Tai Him), one non-executive Director (Mr. Chau Kwok Man, Cliff) and one executive Director (Mr. Yu Bao Dong succeeded Mr. Tong Yee Ming upon his resignation on 30 December 2011). Mr. Yip Tai Him was appointed the chairman of the committee.

The main duties of the committee are to:

i. review and make recommendation to the Board on the connected/continuing connected transactions which are subject to announcement and reporting and/or shareholders' approval; and

ii. review and make recommendation to the Board on the Company's policies and practices on compliance with legal and regulatory requirements on connected/continuing connected transactions.

During 2011, the committee has held two meetings and attended by all members to review and analyse two continuing connected transactions of the Company. The independent financial adviser and other independent non-executive Directors were invited and had attended one of the meetings. The committee had reported to the Board and make recommendations to the Board on the two transactions after the meetings.

Corporate Governance Committee

The Board has also resolved to establish the Corporate Governance Committee and adopted its terms of reference on 15 March 2012. The committee comprises two independent non-executive Directors, namely Mr. Yip Tai Him and Ir. Dr. Raymond Ho Chung Tai, and an executive Director, namely Mr. Yu Bao Dong. Ir. Dr. Raymond Ho Chung Tai was appointed the chairman of the committee.

The duties of the committee include:

i. developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;

ii. reviewing and monitoring the training and continuous professional development of directors and senior management;

iii. reviewing and monitoring the Company and continuous professional development of directors and senior management;

iv. developing, reviewing and monitoring the code of conduct applicable to employees and directors; and

v. reviewing the Company's compliance with the code and disclosure in the Corporate Governance Report.

Prior to the establishment of the Corporate Governance Committee, the Board is responsible for the above-mentioned duties.

Compliance with Model Code

The Board has adopted the model code with terms no less exacting than the required standard as set out in Appendix 10 of the Listing Rules as its own model code of conduct regarding Directors' securities transactions (the "Model Code"). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2011.

Investor Relations and Communication with Shareholders

The Board recognizes the importance of providing timely full and accurate information with his shareholders, subject to the provisions of the Listing Rules. Apart from the statutory announcement, the Company has issued announcements from time to time to keep his shareholders and potential investors informed of the latest progress and development of the Group. Full information contained in the circulars, interim report and annual report (which were available on the Company's website: www.gcl-poly.com.hk) were also sent to the shareholders to ensure they have sufficient information and understanding of the business as well as the performance of the Group. Three shareholders' meetings in addition to the annual general meeting were held during the year 2011.

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

There is no change in the Company's Memorandum and Articles of Association during the year.

Shareholders' Rights

Procedures for members to convene extraordinary general meeting ("EGM")

The following procedures are subject to the Company's Articles of Association and applicable legislation and regulation.

1. Pursuant to Article 58 of the Articles of Association of the Company, any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

2. The requisitionist(s) shall deposit his/their requisition together with the proposals to be considered at such meeting at the principal place of business of the Company at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time and for the attention of the Chairman of the Board and the Company Secretary.

3. If the requisition is in order, the Company Secretary will ask the Board to convene an extraordinary general meeting by serving sufficient notice in accordance with the requirements under the Articles of Association to all the registered members. On the contrary, if the requisition is invalid, the members concerned will be advised of this outcome and accordingly, an extraordinary general meeting will not be convened as requested.

4. The notice period to be given to all the registered members for consideration of the proposal raised by the member(s) concerned at an extraordinary general meeting varies according to the nature of the proposal, as follows:

   — at least twenty-one (21) clear days' notice in writing if the proposal constitutes a special resolution of the Company, which cannot be amended other than to a mere clerical amendment to correct a patent error; and

   — at least fourteen (14) clear days' and not less than ten (10) clear business days' notice in writing if the proposal constitutes an ordinary resolution of the Company.

   Members who have enquires about the above procedures may write to the Company Secretary at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time.

Procedures for a member to propose a person for election as a director

The following procedures are subject to the Company's Articles of Association and applicable legislation and regulation.

1. If a member, who is duly qualified to attend and vote at the general meeting convened to deal with appointment/election of director(s), wishes to propose a person (other than the member himself/herself) for election as a director at that meeting, he/she can deposit a signed written notice at the Company's principal office at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time for the attention of the Company Secretary of the Company.

2 In order for the Company to inform all members of that proposal, the written notice must state the full name of the person proposed for election as a director, his/her biographical details as required by rule 13.51(2) of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited, and be signed by the member concerned and that person indicating his/her willingness to be elected.

3 The period for lodgment of such a written notice will commence on the day after the despatch of the notice of the general meeting and end no later than seven (7) clear days prior to the date of such general meeting. The Company shall assess whether or not it is necessary to adjourn the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the members at least fourteen (14) clear days and not less than ten (10) business days prior to the general meeting.

Members who have enquires about the above procedures may write to the Company Secretary at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time.

Enquiries to the Board

Members do not generally have any right to put forward enquiries to the Board. There is no procedure set out in the Articles of Association of the Company available for any member to put forward an enquiry to the Board. A member may, of course, at any time write to the Board at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time.

Major Investor Relations Activities

The Board and management of the Company believe that effective investor relations is instrumental in enhancing investors' understanding of the Company, improving the quality of corporate governance and creating shareholders' value. Last year, we, together with various investor relations intermediaries and the investor relations team, organised a series of investor relations activities aiming to promote capital markets' recognition towards the Company.

In 2011, we launched various non-deal roadshows in Hong Kong, Singapore, Japan, Korea, Taiwan, Europe and the United States. Since we expanded our polysilicon and wafer production capacity as well as focused on cost control in the past year, we felt the need to be more proactive in communicating with investors so that they get to know more about the latest developments and the business outlook of the Company. We have grasped every opportunity to take part in various investor seminars organised by the Royal Bank of Scotland, SIG, Goldman Sachs, Deutsche Bank, UBS, Nomura, Citigroup, DBS Vickers, Macquarie, Morgan Stanley, Piper Jaffray, CLSA, Barclays, BOCI, JP Morgan, JI Asia, CICC, Shenyin Wanguo, Guotai Junan, China Merchants, GF Securities and Standard Chartered, etc. We also held one-on-one meetings with investors whenever possible. Throughout last year, we participated in over 300 investor relations activities including non-deal roadshows, investor seminars and one-on-one meetings.

We also reached out to investors in Japan and South Korea because they had expressed strong interests in investing in sizable solar companies like us. We organised many non-deal roadshows in 2011 as we hoped that global investors would learn more about our competitive advantages in the solar industry. Representatives from major media groups, research analysts and fund managers all over the world were invited to visit our power plants and our polysilicon and wafer manufacturing facilities in the PRC. Through face-to-face meetings with our frontline staff, the media and investors were able to learn more about our operations and business strategies.

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

The Directors have pleasure in presenting their report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2011.

Principal Activities

The principal activities of the Group are principally engaged in the manufacturing of polysilicon and wafers for the solar industry, the development, management and operation of environmentally friendly power plants as well as operation of solar system integration business. The particulars of the Company's principal subsidiaries, associates and jointly controlled entities are set out in notes 45, 20 and 19 of the consolidated financial statements, respectively.

Results and Appropriations

The results of the Group for the year ended 31 December 2011 are set out in the consolidated statement of comprehensive income on page 79.

The Directors recommend the payment of a final dividend of HK5.5 cents per share for the year ended 31 December 2011 (2010: HK5.1 cents per share), which will be payable on or about 20 July 2012 to all persons registered as holders of ordinary shares of the Company on 4 June 2012 subject to approval at the forthcoming annual general meeting. The register of members will be closed from 1 June 2012 to 4 June 2012, both dates inclusive.

Financial Summary

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years is set out on page 4.

Property, Plant and Equipment

Movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

Share Capital

Details of movements in the issued share capital of the Company during the year are set out in note 35 to the consolidated financial statements.

Distributable Reserves

The distributable reserves of the Company as at 31 December 2011 amounted to HK$32,024.9 million (2010: HK$35,015.7 million).

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

Bank Borrowings

Particulars of the Group's bank borrowings are set out in note 32 to the consolidated financial statements.

Donations

Donations by the Group for charitable and other purposes as at 31 December 2011 amounted to HK$11,606,000.

Directors

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

Executive Directors

Mr. Zhu Gong Shan *(Chairman and Chief Executive Officer)*
Mr. Sha Hong Qiu *(Executive President)*
Mr. Shu Hua *(Executive President)*
Mr. Ji Jun
Mr. Yu Bao Dong
Ms. Sun Wei
Mr. Tong Yee Ming *(resigned on 30 December 2011)*
Mr. Zhu Yu Feng

Non-Executive Directors

Mr. Chau Kwok Man, Cliff
Ms. Bai Xiaoqing *(resigned on 12 March 2012)*
Mr. Zhang Qing *(appointed on 12 March 2012)*

Independent non-executive Directors

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

In accordance with Article 86(3) of the Articles of Association of the Company, Mr. Zhang Qing, being a director appointed by the board of Directors on 12 March 2012, will retire and being eligible, offer himself for re-election at the forthcoming annual general meeting.

In accordance with Articles 87(1) and (2) of the Articles of Association of the Company, Ms. Sun Wei, Mr. Zhu Yu Feng, Mr. Chau Kwok Man, Cliff, Mr. Qian Zhi Xin and Mr. Yip Tai Him will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

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

Directors' Services Contracts

Each of the non-executive Directors has entered into a service contract with the Company for an initial fixed term of three years and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Upon the expiry of the notice period, the appointment will be terminated.

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

Directors' Interest in Contracts

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

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

As at 31 December 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 Listing Rules:

Long position in the shares and underlying shares of the Company

Name of director/ chief executive	Number of ordinary shares: Beneficiary of a trust	Number of ordinary shares: Corporate interests	Number of ordinary shares: Personal interests	Number of underlying shares	Total	Approximate percentage of issued share capital of the Company
Zhu Gong Shan	5,018,843,327 *(note 1)*	—	—	—	5,018,843,327	32.44%
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%
Zhu Yu Feng	5,018,843,327 *(note 1)*	—	—	1,000,000 *(note 2)*	5,019,843,327	32.45%
Yip Tai Him	—	—	—	500,000 *(note 2)*	500,000	0.003%
Ho Chung Tai, Raymond	—	—	—	500,000 *(note 2)*	500,000	0.003%
Qian Zhi Xin	—	—	—	500,000 *(note 2)*	500,000	0.003%
Xue Zhong Su	—	—	—	500,000 *(note 2)*	500,000	0.003%

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 14 July 2021 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 of the Company as at 31 December 2011.

Save as disclosed above, as at 31 December 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.

Option Schemes

(A) Pre-IPO share option scheme

The Company adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") on 22 October 2007 which became effective on 13 November 2007. 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 outstanding and movements of the pre-IPO share options of the Company during the year are as follows:

Name or category of participant	Date of grant	Exercise period	Exercise Price HK$	Number of options: Outstanding as at 01.01.2011	Granted during the year	Lapsed or forfeited during the year	Exercised during the year	Outstanding as at 31.12.2011
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
				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 year, a total of 220,000 option shares were lapsed and no option was cancelled nor exercised.

(B) Share option scheme

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

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.

During the year, 133,100,000 option shares were granted by the Company, a total of 2,000,000 option shares were lapsed, 11,999,000 option shares were exercised and there were 158,053,000 option shares outstanding as at 31 December 2011.

Out of the 133,100,000 option shares granted during the year, an aggregate of 25,000,000 option shares were granted to the employees of the Group on 12 January 2011, and an aggregate of 108,100,000 option shares were granted to the employees and independent non-executive Directors on 15 July 2011, respectively.

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

Name or category of participant	Date of grant	Exercise period	Exercise Price HK$	Number of options: Outstanding as at 01.01.2011	Granted during the year	Lapsed or forfeited during the year	Exercised during the year	Outstanding as at 31.12.2011
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
Zhu Yu Feng	16.02.2009	01.04.2009 to 15.02.2019	0.59	1,000,000	—	—	—	1,000,000
Yip Tai Him	15.07.2011	01.09.2011 to 14.07.2021	4.10	—	500,000	—	—	500,000
Ho Chung Tai	15.07.2011	01.09.2011 to 14.07.2021	4.10	—	500,000	—	—	500,000
Qian Zhi Xin	15.07.2011	01.09.2011 to 14.07.2021	4.10	—	500,000	—	—	500,000
Xue Zhong Su	15.07.2011	01.09.2011 to 14.07.2021	4.10	—	500,000	—	—	500,000
Non-director employees (in aggregate)	16.02.2009	01.04.2009 to 15.02.2019	0.59	27,592,000	—	(200,000)	(11,375,000)	16,017,000 *(Note 1)*
	24.04.2009	01.05.2009 to 23.04.2019	1.054	2,680,000	—	—	(624,000)	2,056,000
	12.01.2011	01.03.2011 to 11.01.2021	3.32	—	25,000,000	(1,500,000)	—	23,500,000
	15.07.2011 *(Note 2)*	01.09.2011 to 14.07.2021	4.10	—	106,100,000	(300,000)	—	105,800,000
				38,952,000	133,100,000	(2,000,000)	(11,999,000)	158,053,000

Notes:

(1) Mr. Tong Yee Ming resigned as an executive Director on 30 December 2011. The 1,200,000 outstanding option shares granted to him was re-classified from the category of Directors to the category of employees.

(2) (i) The closing price of the shares of the Company immediately before 12 January 2011 on which the 25,000,000 option shares were granted is HK$3.14.

(ii) The closing price of the shares of the Company immediately before 15 July 2011 on which the 108,100,000 option shares were granted is HK$4.03.

(iii) Fair value of share options granted during the year ended 31 December 2011 and the assumptions are set out in Note 41 on the accounts.

(3) 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.

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

Interests and Short Positions of Substantial Shareholders

As at 31 December 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 recorded in the register kept pursuant to Section 336 of the SFO:

(A) Interests in the shares or underlying shares of the Company

Name	Note	Capacity/nature of interest	Number of ordinary shares/ underlying shares	Approximate percentage of issued share capital of the Company
Asia Pacific Energy Fund Limited	1	Interest in a controlled corporation	5,018,843,327	32.44
China Investment Corporation	2	Interest in a controlled corporation	3,111,103,054	20.11
Morgan Stanley	3	Interest in a controlled corporation	967,781,201	6.31

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 Mr. Zhang Qing (both the non-executive directors of the Company and Ms. Bai Xiaoqing (the non-executive Director of the Company who resigned on 12 March 2012)), are employees of CIC.

(3) Morgan Stanley holds 967,781,201 shares of the Company through its subsidiaries.

(4) The total number of ordinary shares of the Company in issue as at 31 December 2011 is 15,470,962,268.

(B) Short position in the shares and underlying shares of the Company

Name	Note	Capacity/nature of interest	Number of ordinary shares/ underlying shares	Approximate percentage of issued share capital of the Company
Morgan Stanley	1	Interest in a controlled corporation	627,275,335	4.05

Note:

(1) Morgan Stanley has a short position in 627,275,335 shares/underlying shares of the Company through its subsidiaries

Save as disclosed aforesaid, so far as is known to any Directors or chief executive of the Company, as at 31 December 2011, no other persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO.

Connected Transactions and Continuing Connected Transactions

(A) Connected Transactions

The following are summaries of connected transactions which were disclosed in the announcements during the year and subsequent to the financial year end:

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

It has been disclosed in the prospectus of the Company dated 31 October 2007 that pursuant to a non-competition deed entered into, among others, Mr. Zhu Gong Shan and Mr. Zhu Yu Feng (collectively the "Grantors", both are Directors of the Company) and the Company, the Grantors had granted to the Company an option at any time to purchase, among others, the whole or any part of the interest of the Grantors in 徐州龍固坑口矸石發電有限公司 *Xuzhou Longgu Mine-site Gangue Power Generation Co., Ltd.** ("Longgu Power Plant") and a right of first refusal in respect of, among others, any offer it receives in respect of the whole or any part of the interests of the Grantors in Longgu Power Plant.

On 12 October 2011, Sun World Far East Limited ("Sun World") notified the Company that it intended to dispose a 59% interest in Longgu Power Plant to an independent third party for a total consideration of RMB143,005,000. Pursuant to the above-mentioned non-competition deed, the Company had a right of first refusal to acquire such interest. On 17 October 2011, the independent non-executive Directors of the Company resolved that the Company would not exercise the right of first refusal to acquire the 59% equity interest in Longgu Power Plant.

Sun World is beneficially owned by the family trust of Mr. Zhu Gong Shan and Mr. Zhu Yu Feng (the Grantors and executive Directors). Mr. Zhu Gong Shan and Mr. Zhu Yu Feng are connected persons of the Company and Sun World is an associate of Mr. Zhu Gong Shan and Mr. Zhu Yu Feng and thereby a connected person of the Company. As such, the non-exercise of the right of first refusal to acquire the 59% equity interest in Longgu Power Plant also constitutes a connected transaction of the Company under Rule 14A.70(3) of the Listing Rules. Full details of the non-exercise of right of first refusal and call option was disclosed under an announcement of the Company dated 18 October 2011.

(2) Connection Agreement

On 8 November 2011, 江蘇協鑫硅材料科技發展有限公司 *Jiangsu GCL Silicon Material Technology Development Co., Ltd.* ("Jiangsu GCL", a wholly-owned subsidiary of the Company) and 徐州金山橋熱電有限公司 *Xuzhou Jinshanqiao Cogeneration Co., Ltd.** ("Jinshanqiao Cogeneration Plant") entered into a connection agreement, pursuant to which Jinshanqiao Cogeneration Plant charged Jiangsu GCL for an one-off connection fee of RMB500,000 per tonne for a volume of 30 tonnes of steam per hour (ie. in aggregate of RMB15,000,000) for the purpose of constructing and installing facilities in order to facilitate the steam supply to Jiangsu GCL. The fees was payable by Jiangsu GCL in one lump sum upon the commencement of steam supply and was fully paid by Jiangsu GCL. Mr. Zhu Yu Feng, an executive Director, indirectly owns the entire equity interest in Jinshanqiao Cogeneration Plant. Mr. Zhu Yu Feng is a connected person of the Company and Jinshanqiao Cogeneration Plant is an associate of Mr. Zhu Yu Feng and therefore a connected person of the Company. Accordingly, the transaction contemplated under the connection agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Full details of this transaction was disclosed under an announcement of the Company dated 8 November 2011.

(3) Acquisitions of the entire interests in 保利協鑫(徐州)再生能源有限公司 Xuzhou GCL-Poly Renewable Energy Company Limited* ("Xuzhou Incineration Power Plant") and 四川協鑫硅業科技有限公司 Sichuan Xie Xin Silicon Technology Company Limited* ("Sichuan Silicon")

On 12 January 2012, Macro Pace Limited (a wholly-owned subsidiary of the Company) entered into a share purchase agreement ("Share Purchase Agreement") with Sinopro Enterprises Limited, pursuant to which Macro Pace Limited agreed to purchase 100% of the equity interest in Charm Team Limited from Sinopro Enterprises Limited, subject to and in accordance with the terms and conditions of the Share Purchase Agreement, for a consideration of RMB290 million. As Charm Team Limited holds indirectly 100% of the equity interest in Xuzhou Incineration Power Plant, the acquisition will result in Xuzhou Incineration Power Plant becoming an indirectly wholly-owned subsidiary of the Company. 10% of the consideration has been paid in cash upon signing of the Share Purchase Agreement and the remaining 90% shall be paid in cash upon completion. Completion, which is subject to a number of conditions precedents being fulfilled, will be announced by the Company by a further announcement.

Sinopro Enterprises Limited is indirectly wholly owned by a trust, of which Mr. Zhu Gong Shan and Mr. Zhu Yu Feng, each an executive Director, and their family are beneficiaries. As each of Mr. Zhu Gong Shan and Mr. Zhu Yu Feng is a connected person of the Company, Sinopro Enterprises Limited is a connected person of the Company as defined under Rule 14A.11 of the Listing Rules. As such, the transaction contemplated under the Share Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

On 12 January 2012, 江蘇中能硅業科技發展有限公司 *Jiangsu Zhongneng Polysilicon Technology Development Co., Limited** ("Jiangsu Zhongneng", a wholly-owned subsidiary of the Company) entered into an equity transfer agreement ("Equity Transfer Agreement") with 上海國能投資有限公司 *Shanghai Guoneng Investment Company Limited** ("Shanghai Guoneng"), pursuant to which Jiangsu Zhongneng agreed to purchase 100% of the equity interest in 四川協鑫硅業科技有限公司 *Sichuan Xie Xin Silicon Technology Company Limited** ("Sichuan Silicon") from Shanghai Guoneng, subject to and in accordance with the terms and conditions of the Equity Transfer Agreement. The consideration paid by Jiangsu Zhongneng for the acquisition is RMB91 million. 10% of the consideration was paid in cash upon signing of the Equity Transfer Agreement and the remaining 90% shall be paid in cash upon completion, subject to the satisfaction of the conditions precedent. The acquisition of Sichuan Silicon was completed on 2 March 2012.

As Shanghai Guoneng is indirectly wholly-owned by Mr. Zhu Yu Feng, an executive Director and a connected person of the Company, Shanghai Guoneng is a connected person of the Company as defined under Rule 14A.11 of the Listing Rules. As such, the transaction contemplated under the Equity Transfer Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the Share Purchase Agreement and Equity Transfer Agreement was disclosed under an announcement of the Company dated 12 January 2012 and the completion of purchase of Sichuan Silicon was announced by the Company on 5 March 2012.

(B) Continuing Connected Transactions

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

The auditor has confirmed to the Board in writing that for the year ended 31 December 2011, the continuing connected transactions, which were entered into:

1. have received the approval of the Board;

2. have been entered into in accordance with the relevant agreement governing such transactions; and

3. have not exceeded the relevant announced cap amounts for the financial year ended 31 December 2011.

Details of the continuing connected transactions of the Company for the year ended 31 December 2011 and subsequent to the financial year end are as follows:

(1) Provision of operation and management services

(a) 南京協鑫生活污泥發電有限公司 *Nanjing Xiexin Life Sludge Power Co., Ltd.** ("Nanjing Cogeneration Plant") and 蘭溪協鑫環保熱電有限公司 *Lanxi Golden Concord Environmental Protection Cogen-Power Co., Ltd.** ("Lanxi Cogeneration Plant") are owned by a trust of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries. 徐州龍固坑口矸石發電有限公司 *Xuzhou Longgu Mine-site Gangue Power Generation Co., Ltd.** ("Longgu Cogeneration Plant"), in which Mr. Zhu Gong Shan and his family have a 59% deemed interest. Mr. Zhu Yu Feng, a Director of the Company owns the entire interest of Jinshanqiao Cogeneration Plant. Mr. Zhu Yu Feng and the above-mentioned family trust then owned as to 25% and 75% of 保利協鑫(徐州)再生能源有限公司 *Xuzhou GCL-Poly Renewable Energy Company Limited** ("Xuzhou Incineration Power Plant"), respectively. Thus Nanjing Cogeneration Plant, Lanxi Cogeneration Plant, Longgu Cogeneration Plant, Jinshanqiao Cogeneration Plant and Xuzhou Incineration Power Plant are associates of Mr. Zhu Yu Feng and/or Mr. Zhu Gong Shan, and therefore are connected persons of the Company under the Listing Rules.

上海保利協鑫電力運行管理有限公司 *Shanghai GCL-Poly Electricity Operating Management Co., Ltd.* (the "Management Company"), a subsidiary of the Company, entered into a renewed agreement on 7 January 2011 with each of Nanjing Cogeneration Plant (the "Renewed Nanjing Agreement"), Longgu Cogeneration Plant (the "Renewed Longgu Agreement"), Lanxi Cogeneration Plant (the "Renewed Lanxi Agreement"), Jinshanqiao Cogeneration Plant (the "the Renewed Jinshanqiao Agreement"), and Xuzhou Incineration Power Plant (the "Renewed Xuzhou Agreement") for a term of three years commencing from 1 January 2011 with an annual fees of RMB2,400,000, 1,200,000, 1,000,000, 2,000,000 and 1,200,000 respectively. Pursuant to the agreement, the Management Company agreed to provide operation and management services to each of the power plants. Each of the power plants may at its own discretion pay the Management Company a bonus which is payable in the first quarter of the following year if the actual profits of the power plants for the preceding year exceeds its profit forecast for that year mainly due to the efforts of the Management Company.

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

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

On 15 February 2012, the Management Company and Jinshanqiao Cogeneration Plant entered into a supplemental agreement to amend the terms of the Renewed Jinshanqiao Agreement by increasing the scope of the operation services and revising the annual management fee from RMB2,000,000 to RMB4,000,000, commencing from 1 January 2012 due to Jinshanqiao Cogeneration Plant has expanded its generation capacity by the construction of three 240 tonne/hour additional boilers by the end of 2011. Other terms of the Renewed Jinshanqiao Agreement remain unchanged. Such supplemental agreement was disclosed by the Company under the announcement dated 15 February 2012.

The fees and annual cap of the Operation and Management Services under each of the agreements for the year ended 31 December 2011 and the annual caps for the years ending 2012 and 2013 were as follows:

Agreement	Aggregate fee for the year ended 31 December 2011 (RMB)	Annual cap for the year ended 31 December 2011 (RMB)	Annual cap for the years ending 31 December 2012 (RMB)	2013 (RMB)
Renewed Nanjing Agreement	2,400,000	2,880,000	2,880,000	2,880,000
Renewed Longgu Agreement	1,200,000	1,440,000	1,440,000	1,440,000
Renewed Lanxi Agreement	1,000,000	1,200,000	1,200,000	1,200,000
Renewed Jinshanqiao Agreement (as amended by the supplemental agreement dated 15 February 2012)	2,000,000	2,260,000	4,400,000	4,800,000
Renewed Xuzhou Agreement	1,200,000	1,310,000	1,440,000	1,440,000
	7,800,000	9,090,000	11,360,000	11,760,000

(2) *Procurement of coal*

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

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

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

The aggregate amount of coal purchased for the year ended 31 December 2011 and the annual cap for the period ended 10 June 2011 were as follows:

	Transaction amount for the year ended 31 December 2011 (RMB)	**Annual Cap for the period from 1 January 2011 to 10 June 2011** (RMB)
Coal Supply Agreements	—	403,000,000

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

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

	Transaction amount for the year ended 31 December 2011 (RMB)	**Annual Cap for the year ended 31 December 2011** (RMB)	**Annual Cap for the year ending 31 December 2012** (RMB)
Coal Supply Framework Agreement	—	87,400,000	91,200,000

(3) Supply of coal

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

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

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

As the Previous Nanjing Coal Sale Agreement and the Previous Lanxi Coal Sale Agreement were expired on 30 June 2011, GCL-Poly Fuel Company renew these agreements by entering into an agreement with each of Nanjing Cogeneration Plant ("Nanjing Coal Sale Agreement") and Lanxi Cogeneration Plant ("Lanxi Coal Sale Agreement") on 10 June 2011 to supply coal to each of the power plants for a term of three years, commencing from 1 July 2011. The coal price (inclusive of tax and delivery charge) for July 2011 is RMB750/tonne for a net calorific value of 5000 kcal/kg, subject to adjustment.

On 10 June 2011, GCL-Poly Fuel Company also entered into an agreement ("Jinshanqiao Coal Sale Agreement") with Jinshanqiao Cogeneration Plant to supply coal to Jinshanqiao Cogeneration Plant for the period from 1 July 2011 to 30 June 2014. The coal price (inclusive of tax and delivery charge) for July 2011 is RMB750/tonne for a net calorific value of 5000 kcal/kg, su

Details of each of the Nanjing Coal Sale Agreement, Lanxi Coal Sale Agreement and Jinshanqiao Coal Sale Agreement were disclosed under the announcement of the Company dated 10 June 2011 and the circular of the Company dated 21 June 2011. The transactions contemplated under each of the agreements were approved by the shareholders of the Company on 12 July 2011.

The amount of coal sale for the year ended 31 December 2011, and the annual caps for the year ended 31 December 2011 and the year ending 31 December 2012 in respect of the Previous Agreements and the Nanjing Coal Sale Agreement, the Lanxi Coal Sale Agreement and the Jinshanqiao Coal Sale Agreement were as follows:

	Transaction amount for the year ended 31 December 2011 (RMB)	**Annual Cap for the year ended 31 December 2011** (RMB)	**Annual Cap for the year ended 31 December 2012** (RMB)
Previous Nanjing Coal Sale Agreement	56,626,000	198,900,000+	—
Previous Lanxi Coal Sale Agreement	42,291,000	76,020,000+	
Previous Dongwu Coal Sale Agreement	—	76,020,000+	—
Nanjing Coal Sale Agreement	56,400,000	90,000,000++	187,200,000
Lanxi Coal Sale Agreement	14,947,000	45,000,000++	93,600,000
Jinshanqiao Coal Sale Agreement	—	107,800,000++	624,000,000

Notes: + for the period from 1 January 2011 to 30 June 2011

++ for the period from 1 July 2011 to 31 December 2011

(4) Steam supply

(a) Steam supply to Huarun Tianneng

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

The transaction amount under the Peixian Steam Supply Agreement and the annual cap for the year ended 31 December 2011 were set out below:

	Transaction Amount for the year ended 31 December 2011 (RMB)	**Annual Cap for the year ended 31 December 2011** (RMB)
Pexian Steam Supply Agreement	563,000	2,650,000

(b) Steam Supply to 江蘇中能硅業科技發展有限公司 Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. ("Jiangsu Zhongneng") & 江蘇協鑫硅材料科技發展有限公司 Jiangsu GCL Silicon Material Technology Development Co., Ltd. ("Jiangsu GCL")

On 26 November 2010, Jiangsu Zhongneng entered into an agreement with each of 徐州金山橋熱電有限公司 *Xuzhou Jinshanqiao Cogeneration Co., Ltd.** ("Jinshanqiao Cogeneration Plant") ("Jinshanqiao Steam Supply Agreement") and 保利協鑫(徐州)再生能源有限公司 *Xuzhou GCL-Poly Renewable Energy Company, Limited** ("Xuzhou Incineration Power Plant") ("Xuzhou Steam Supply Agreement") to purchase steam from Jinshanqiao Cogeneration Plant and Xuzhou Incineration Power Plant for a period from 1 January 2011 to 31 October 2013. Under the Jinshanqiao Steam Supply Agreement, the then agreed steam price for steam with pressure of 0.8 Mpa at about 200°C was RMB180 per tonne, which was adjustable and cannot exceed the price approved by the Xuzhou Price Bureau. The steam supply price under the Xuzhou Steam Supply Agreement was RMB185 per tonne, which was adjustable and cannot exceed the price approved by the Xuzhou Price Bureau. Mr. Zhu Yu Feng, a Director of the Company, indirectly owns the entire equity interest of Jinshanqiao Cogeneration Plant. Mr. Zhu Yu Feng then indirectly owned 75% of Xuzhou Incineration Power Plant with the remaining 25% held by a trust of which both Mr. Zhu Gong

Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries. Mr. Zhu Yu Feng is a connected person of the Company and both Jinshanqiao Cogeneration Plant and Xuzhou Incineration Power Plant were associates of Mr. Zhu Yu Feng and therefore connected persons of the Company.

On 26 November 2010, Jiangsu GCL (a wholly-owned subsidiary of the Company) also entered into a steam supply agreement ("Jiangsu GCL Steam Supply Agreement") with Xuzhou Incineration Power Plant, pursuant to which Xuzhou Incineration Power Plant agreed to supply steam to Jiangsu GCL for the period from 26 November 2010 to 31 October 2013 at a steam price of RMB190 per tonne. The steam price, which cannot exceed the price approved by the Xuzhou Price Bureau, was adjustable and subject to the application and approval by Xuzhou Price Bureau. As mentioned-above that Xuzhou Incineration Power Plant is a connected person of the Company, the transactions contemplated under the steam supply agreement would be continuing connected transactions.

Details of the Jinshanqiao Steam Supply Agreement, Xuzhou Steam Supply Agreement and the Jiangsu GCL Steam Supply Agreement were disclosed in the announcement of the Company dated 26 November 2010. A circular dated 15 December 2010 contained information of the three agreements had been dispatched to the shareholders of the Company and the independent shareholders had approved the transactions contemplated under the three agreements at a meeting held on 5 January 2011.

The transaction amount and the annual cap for the year ended 31 December 2011 and the annual cap for the year ending 31 December 2012 under the Jinshanqiao Steam Supply Agreement, the Xuzhou Steam Supply Agreement and the Jiangsu GCL Steam Supply Agreement were as follows:

	Transaction amount for the year ended 31 December 2011 (RMB)	**Annual cap for the year ended 31 December 2011** (RMB)	**Annual cap for the year ending 31 December 2012** (RMB)
Jinshanqiao Steam Supply Agreement	596,118,000	1,359,000,000	2,240,000,000
Xuzhou Steam Supply Agreement	57,930,000	148,000,000	152,040,000
Jiangsu GCL Steam Supply Agreement	10,870,000	27,314,000	35,848,000

(c) Steam Supply to "Jiangsu GCL" from Jinshanqiao Cogeneration Plant

On 8 November 2011, Jiangsu GCL (a wholly-owned subsidiary of the Company) entered into a steam supply agreement (the "Steam Supply Agreement") with Jinshanqiao Cogeneration Plant, pursuant to which Jiangsu GCL purchased steam from Jinshanqiao Cogeneration Plant for the period from 8 November 2011 to 31 October 2014 at a price of RMB195 per tonne, to be payable monthly in arrears. Any change to the steam supply price in future will be subject to the application and approval by the Xuzhou Price Bureau. As Mr. Zhu Yu Feng, an executive Director of the Company, indirectly owns the entire interests in Jinshanqiao Cogeneration Plant, it is an associate of Mr. Zhu Yu Feng and a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Steam Supply Agreement are continuing connected transactions of the Company. An announcement of the Company dated 8 November 2011 contained details of the transaction was disclosed.

The transaction amount and the annual caps for the year ended 31 December 2011 and for the year ending 31 December 2012 under the Steam Supply Agreement were as follows:

	Transaction amount for the year ended 31 December 2011 (RMB)	**Annual cap for the year ended 31 December 2011** (RMB)	**Annual cap for the year ending 31 December 2012** (RMB)
Steam Supply Agreement	—	8,416,000	21,521,000

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

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

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

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

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

The transaction amount under the Aggregate Consultation Agreements and the annual caps for the year ended 31 December 2011 and the period from 1 January 2012 to 31 May 2012 are set out below:

	Aggregate fee for the year ended 31 December 2011 (RMB)	**Annual cap for the year ended 31 December 2011** (RMB)	**Annual cap for the period from 1 January 2012 to 31 May 2012** (RMB)
Aggregate Consultation Agreements	1,396,000	3,878,000	3,278,000

(6) Utility supply to Konca Solar Cells Co., Ltd. ("Konca Solar")

Konca Solar, a subsidiary of the Company, entered into an energy supply agreement with Wuxi Huilian Cogeneration Company Limited ("Wuxi Huilian") on 7 January 2011, pursuant to which Wuxi Huilian agreed to supply utility, including power and steam at RMB210.60 per tonne to Konca Solar for the period from 1 January 2011 to 31 December 2013. The charges are adjustable with reference to the price approved by the Jiangsu Price Bureau. Wuxi Huilian is a subsidiary of Wuxi Guolian Development (Group) Co., Ltd., a substantial shareholder of Konca Solar. As Wuxi Huilian is an associate of Wuxi Guolian, and thus a connected person of the Company under the Listing Rules. An announcement of the Company with full details of the utility energy supply was published by the Company on 7 January 2011. The aggregate transaction amount for the year ended 31 December 2011 was RMB87,848,000. The annual caps for the year ended 31 December 2011 and the years ending 31 December 2012 and 2013 were RMB181,898,000, RMB201,240,000 and RMB202,800,000, respectively.

(7) Silicon Block supply to 江蘇中能硅業科技發展有限公司 Jiangsu Zhongneng Polysilicon Technology Development Co., Limited ("Jiangsu Zhongneng ")*

Jiangsu Zhongneng, a subsidiary of the Company, entered into an agreement on 7 November 2011 with 四川協鑫硅業科技有限公司 *Sichuan Xie Xin Silicon Technology Company Limited** ("Sichuan Silicon"). Pursuant to the agreement, Sichuan Silicon agreed to sell and Jiangsu Zhongneng agreed to purchase silicon block of 25–100mm for the period from 7 November 2011 to 31 December 2012 at a price to be determined and adjustable with reference to the domestic market price. The initial price for November 2011 was RMB14,800/tone (inclusive of tax and transportation fees to Jiangsu Zhongneng). Mr. Zhu Yu Feng, being an executive Director, indirectly owns the entire equity interest of Sichuan

Silicon. As Mr. Zhu Yu Feng is a connected person of the Company, Sichuan Silicon is an associate of Mr. Zhu Yu Feng and thereby a connected person of the Company pursuant to Rule 14A.11 of the Listing Rules. An announcement of the transactions contemplated under the above-mentioned agreement was disclosed by the Company on 7 November 2011.

The aggregate transaction amount for the year ended 31 December 2011 was RMB7,646,000. The annual caps for the year ended 31 December 2011 and the year ending 31 December 2012 were RMB64,000,000, RMB412,000,000, respectively.

On 12 January 2012, Jiangsu Zhongneng entered into an equity transfer agreement to acquire the entire equity interests in Sichuan Silicon, which was completed on 2 March 2012. Please refer to paragraph (c) under the section head "Connected Transactions" in this report for details of such acquisition.

(8) Natural gas supply to Suzhou Industrial Park Cogeneration Plant Gas Cogen-Power Co., Ltd. ("Suzhou Cogeneration Plant")

On 19 October 2011, Suzhou Cogeneration Plant (a non-wholly owned subsidiary of the Company), established a joint venture company for the purpose to develop, construct and operate a gas-fired power plant in Suzhou, the Peoples' Republic of China. Suzhou Cogeneration Plant owns 73% equity interest of the joint venture company and the remaining 27% equity interest is being owned by CNPC Kunlun Natural Gas Exploitation Company Limited ("Kunlun"). Prior to the setting up of the joint venture company, Suzhou Cogeneration Plant entered into a natural gas supply agreement (the "Gas Supply Agreement") with Petro China Company Limited ("PetroChina") dated 29 December 2004, pursuant to which PetroChina agreed to supply natural gas to Suzhou Cogeneration Plant for a period from September 2005 to 31 December 2023, subject to the terms of the agreement.

Kunlun, being a substantial shareholder of the joint venture company, is a connected person of the Company. PetroChina, the holding company of Kunlun, is an associate of the Kunlun and became a connected person of the Company on 19 October 2011 under Rule 14A.11 of the Listing Rules. Upon establishment of the joint venture company, the transactions contemplated under the Gas Supply Agreement became continuing connected transactions for the Company. The annual cap for the year ending 31 December 2012 is RMB1,147,000,000. Details of the Gas Supply Agreement was disclosed under the announcement of the Company dated 10 January 2012.

It was noted that the relevant ratios (as defined under the Listing Rules) of the joint venture company for the financial year ended 31 December 2011 are less than 5% and shall be an exempt continuing connected transaction under Rule 14A.31(9) of the Listing Rules.

Note: * English name for identification only

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

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

The Company (as borrower) entered into a facility agreement ("Facility I 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 I") to the Company. The Facility I Agreement was amended by a supplemental agreement dated 29 December 2010, pursuant to which the Facility I 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 I and other consequential amendments, all the other terms of the Facility I Agreement remain unchanged.

Under the Facility I Agreement (as amended by the supplemental agreement dated 29 December 2010), it shall be a change of control event if at any time Mr. Zhu Gong Shan, Mr. Zhu Yu Feng and other members of their family and their associates (as defined in the Listing Rules) either (i) cease to collectively remain as the single largest shareholder of the Company or (ii) cease to control the Company. If any of the above change of control event occurs, the Bank may, by notice to the Company, immediately cancel the Facility I and declare the outstanding principal together with accrued interest and all other amounts accrued under the Facility I 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 I Agreement.

On 1 September 2011, the Company (as borrower) entered into a facility agreement ("Facility II Agreement") with the Bank in relation to the provision to the Company of a US$400 million facility and a RMB2 billion facility (together, the "Facility II") with a term of three years.

Under the Facility II 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 immediate family and their associates (as defined in the Listing Rules) either cease to (i) beneficially own at least 30% of the issued share capital of the Company; or (ii) remain as the single largest shareholder of the Company; or (iii) 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 II and declare the outstanding principal together with accrued interest and all other amounts accrued under the Facility II 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 II Agreement, unless the Bank otherwise agreed.

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

Directors' Interests in Competing Business

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

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

Names of the Company's Directors	Name of company in which the relevant Director has interest	Principal activities of the competing company	% interest in competing company
	Lanxi Cogeneration Plant	Operation of the cogeneration power plant in Lanxi, Jiangsu Province, the PRC	100% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Guohua Taicang Power Plant	Operation of a power plant in Taicang, Jiangsu, the PRC	An effective interest of 36% is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Jinshanqiao Cogeneration Plant	Operation of the cogeneration plant in Jinshaqiao, Xuzhou, the PRC	Mr. Zhu Yu Feng, through companies controlled by him, holds 100% interest
	Xuzhou Incineration Power Plant	Operation of an incineration power plant in Xuzhou, Jiangsu Province, the PRC	100% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Dongwu Cogeneration Plant	Operation of the cogeneration plant in Dongwu, Jiangsu Province, the PRC	Mr. Zhu Yu Feng, through companies controlled by him, holds 9% interest
	Jiema Hydropower Station	Operation of the hydro-power station in Sichuan, the PRC	Mr. Zhu Yu Feng, through companies controlled by him, holds 70% interest
	Inner Mongolia Ingot Plant	Ingot Plant is in the pre-construction stage	Mr. Zhu Yu Feng, through companies controlled by him, holds 100% interest

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

Deed of Non-Competition

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

Two meetings were held in 2011 and attended by all the four independent non-executive Directors. Representative(s) from the Covenantors had also attended these two meetings. During these meetings, the independent non-executive Directors reviewed the business portfolios of the Covenantors which is deemed, have competition with the business of the Group (which is listed under the section headed "Directors' Interests in Competing Business" of this report) and noted that under the Non-Competition Deed, the Company is entitled to a subscription right to acquire such business portfolios. Full information on the status of operation or development, shareholders and financial position of each of the projects under the business portfolios was provided by the Covenantors to the independent non-executive Directors for their review and consideration.

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

Emolument Policy

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

The Company has adopted a Pre-IPO Share Option Scheme and a Share Option Scheme as an incentive to Directors and eligible employees, details of the schemes are set out under the section headed "Pre-IPO Share Option Scheme" and "Share Option Scheme" in this report and in note 41 to the consolidated financial statements.

Pre-Emptive Rights

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

Major Customers and Suppliers

In 2011, the Group's largest supplier accounted for 18% of total purchases. The five largest suppliers accounted for 47% of the Group's total purchases, evidencing the purchasing department's commitment to ensuring that the Group is not dependent on any one supplier, and that our purchases are at fair market terms.

The Group's largest customer accounted for 14% of our revenue for the year 2011. In 2011, the Group's five largest customers accounted for 47% of our revenue. To the best knowledge of the Directors, there is no Directors or any of their associates or any shareholder who holds more than 5% of the ordinary shares of the Company has any interests in the suppliers or customers disclosed above.

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

During the year, the Company repurchased 15,000,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited for an aggregate amount of HK$43,400,000. The repurchases were made by the directors for the enhancement of shareholders' value. Details of the repurchases are as follows:

Month of the repurchases	Highest price paid per share	Lowest price paid per share	Number of ordinary Shares repurchased	Aggregate amount
	HK$	HK$		HK$
June 2011	3.45	3.26	5,000,000	16,850,000
Sept 2011	2.79	2.52	10,000,000	26,550,000
Total			15,000,000	43,400,000

The 15,000,000 shares repurchased were cancelled during the year. The nominal value of HK$1,500,000 of all the shares cancelled during the year was debited to share capital and the remaining relevant consideration of HK$41,900,000 was debited to 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 year.

Related Party Transactions

Details of the related party transactions undertaken in normal course of business are set out in note 44 to the consolidated financial statements. In relation to those related party transactions that constituted connected transactions under the Listing Rules, they have complied with applicable requirements in accordance with the Listing Rules.

Public Float

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

Auditor

The consolidated financial statements for the year ended 31 December 2011 have been audited by Messrs. Deloitte Touche Tohmatsu who will retire on conclusion of the forthcoming annual general meeting. A resolution for re-appointment of Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting.

Events after the end of reporting period

Details of the post balance events of the Group are set out in the note 42 to the consolidated financial statements.

On behalf of the Board
Zhu Gong Shan
Chairman

Hong Kong, 15 March 2012

Deloitte.
德勤

TO THE MEMBERS OF GCL-POLY ENERGY HOLDINGS LIMITED
保利協鑫能源控股有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 79 to 171, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2011 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
15 March 2012

For the year ended 31 December 2011

	NOTES	2011 HK$'000	2010 HK$'000
Revenue	7	**25,505,564**	18,471,924
Cost of sales		**(17,039,258)**	(11,661,227)
Gross profit		**8,466,306**	6,810,697
Other income	8	**613,221**	575,194
Distribution and selling expenses		**(56,712)**	(46,346)
Administrative expenses			
— Share-based payment expenses	41	**(82,287)**	(12,658)
— Other administrative expenses		**(1,617,240)**	(996,317)
Finance costs	9	**(1,166,322)**	(606,427)
Other expenses		**(321,038)**	(187,455)
Share of profit of associates	20	**15,173**	10,681
Share of losses of jointly controlled entities	19	**(11,969)**	—
Profit before tax		**5,839,132**	5,547,369
Income tax expense	10	**(1,269,174)**	(1,159,320)
Profit for the year	11	**4,569,958**	4,388,049
Other comprehensive income			
Exchange differences arising from translation to presentation currency		**948,951**	536,231
Total comprehensive income for the year		**5,518,909**	4,924,280
Profit for the year attributable to:			
Owners of the Company		**4,274,893**	4,023,577
Non-controlling interests		**295,065**	364,472
		4,569,958	4,388,049
Total comprehensive income for the year attributable to:			
Owners of the Company		**5,158,492**	4,522,758
Non-controlling interests		**360,417**	401,522
		5,518,909	4,924,280
		HK	HK
Earnings per share	14		
Basic		**27.62 cents**	26.01 cents
Diluted		**27.58 cents**	25.96 cents

Consolidated Statement of Financial Position

At 31 December 2011

	NOTES	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**41,181,267**	23,662,411
Prepaid lease payments	16	**1,127,999**	980,186
Goodwill	17	**995,210**	1,036,297
Other intangible assets	18	**66,467**	110,202
Interests in jointly controlled entities	19	**167,869**	120,644
Interests in associates	20	**220,577**	223,958
Deferred tax assets	21	**45,362**	39,835
Deposits for acquisitions of property, plant and equipment and prepaid lease payments		**1,361,994**	1,444,584
Pledged and restricted bank deposits	27	**306,202**	90,211
		45,472,947	27,708,328
CURRENT ASSETS			
Inventories	22	**3,626,703**	1,646,734
Trade and other receivables	23	**7,040,143**	2,599,280
Amounts due from related companies	24	**95,151**	36,205
Loan to a related company	25	**46,206**	90,150
Prepaid lease payments	16	**26,781**	22,797
Tax recoverable		**225,946**	11,484
Held for trading investment	26	**21,964**	—
Pledged and restricted bank deposits	27	**4,049,733**	1,960,798
Bank balances and cash	27	**6,882,663**	6,505,089
		22,015,290	12,872,537
CURRENT LIABILITIES			
Trade and other payables	28	**7,628,097**	4,383,986
Amounts due to related companies	29	**630,002**	125,979
Advances from customers	30	**1,022,400**	988,786
Deferred income		**75,620**	41,418
Tax payables		**80,203**	567,678
Bank borrowings — due within one year	32	**11,582,443**	6,410,831
Obligations under finance leases — due within one year	33	**433,302**	111,288
		21,452,067	12,629,966
NET CURRENT ASSETS		**563,223**	242,571
TOTAL ASSETS LESS CURRENT LIABILITIES		**46,036,170**	27,950,899

	NOTES	2011 HK$'000	2010 HK$'000
NON-CURRENT LIABILITIES			
Amounts due to related companies	29	**23,585**	—
Advances from customers	30	**2,068,009**	1,977,998
Deferred income		**404,608**	320,366
Bank borrowings — due after one year	32	**17,703,856**	7,379,352
Obligations under finance leases — due after one year	33	**1,264,617**	441,475
Long-term notes	34	**1,831,172**	—
Deferred tax liabilities	21	**606,191**	452,422
		23,902,038	10,571,613
NET ASSETS		**22,134,132**	17,379,286
CAPITAL AND RESERVES			
Share capital	35	**1,547,096**	1,547,396
Reserves		**19,020,014**	14,604,806
Equity attributable to owners of the Company		**20,567,110**	16,152,202
Non-controlling interests		**1,567,022**	1,227,084
TOTAL EQUITY		**22,134,132**	17,379,286

The consolidated financial statements on pages 79 to 171 were approved and authorised for issue by the Board of Directors on 15 March 2012 and are signed on its behalf by:

DIRECTOR

DIRECTOR

Consolidated Statement of Changes in Equity

For the year Ended 31 December 2011

	Attributable to owners of the Company											
	Share capital HK$'000	Other reserve HK$'000 (Note i)	Share premium HK$'000	Capital reserve HK$'000 (Note ii)	Statutory reserve fund HK$'000 (Note iii)	Special reserves HK$'000 (Note iv)	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	1,547,155	2,433,178	8,583,651	62,470	404,126	(2,680,931)	6,220	(43,882)	1,303,263	11,615,250	602,995	12,218,245
Exchange differences arising from translation to presentation currency	—	—	—	—	—	—	—	499,181	—	499,181	37,050	536,231
Profit for the year	—	—	—	—	—	—	—	—	4,023,577	4,023,577	364,472	4,388,049
Total comprehensive income for the year	—	—	—	—	—	—	—	499,181	4,023,577	4,522,758	401,522	4,924,280
Recognition of share-based payment expenses in respect of share options (note 41)	—	—	—	—	—	—	12,658	—	—	12,658	—	12,658
Acquisition of Konca Solar (note 36)	—	—	—	—	—	—	—	—	—	—	220,502	220,502
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	104,625	104,625
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(102,560)	(102,560)
Transfer to reserves	—	—	—	—	494,410	—	—	—	(494,410)	—	—	—
Exercise of share options	241	(564)	1,859	—	—	—	—	—	—	1,536	—	1,536
At 31 December 2010 and 1 January 2011	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	—	—	—	—	—	—	—	883,599	—	883,599	65,352	948,951
Profit for the year	—	—	—	—	—	—	—	—	4,274,893	4,274,893	295,065	4,569,958
Total comprehensive income for the year	—	—	—	—	—	—	—	883,599	4,274,893	5,158,492	360,417	5,518,909
Recognition of share-based payment expenses in respect of share options (note 41)	—	—	—	—	—	—	82,287	—	—	82,287	—	82,287
Exercise of share options	1,200	(2,573)	8,742	—	—	—	—	—	—	7,369	—	7,369
Repurchase of ordinary shares	(1,500)	—	(42,096)	—	—	—	—	—	—	(43,596)	—	(43,596)
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	83,113	83,113
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(103,592)	(103,592)
Dividends recognised as distribution (note 13)	—	—	(789,644)	—	—	—	—	—	—	(789,644)	—	(789,644)
Transfer to reserves	—	—	—	—	719,130	—	—	—	(719,130)	—	—	—
At 31 December 2011	1,547,096	2,430,041	7,762,512	62,470	1,617,666	(2,680,931)	101,165	1,338,898	8,388,193	20,567,110	1,567,022	22,134,132

Notes:

(i) Other reserve represents the equity (other than share capital) attributable to owners of the Company prior to the reverse acquisition, including share premium, capital reserve, contribution from a shareholder, other reserve, share options reserve, investment revaluation reserve and deficit. As the Company was accounted for as reverse acquisition by GCL Solar Energy Technology Holdings Inc. ("GCL Solar") in 2009, such reserves attributable to owners of the Company were reclassified to other reserve upon the completion of the reverse acquisition. For more details, please refer to 2009 annual report of the Group.

(ii) Capital reserve represents the amount of contribution from immediately holding company of GCL Solar of US$15,009,000 (equivalent to HK$117,070,000) net of the 500,000 ordinary shares of GCL Solar repurchased for a consideration of US$7,000,000 (equivalent to HK$54,600,000) and cancelled.

(iii) Pursuant to the relevant laws in the PRC, each of the subsidiaries established in the PRC is required to transfer 5%–10% (2010: 5%–10%) of its profit after tax as per statutory financial statements (as determined by the management of the subsidiary) to the reserve fund (including the general reserve fund and enterprise development fund where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the subsidiary. The enterprise development fund can only be used for development and is not available for distribution to shareholder.

(iv) Special reserves represent (1) to the difference of RMB2,593,483,000 (equivalent to HK$2,894,969,000) between the consideration to acquire 36% of Jiangsu Zhongneng and 30% of Taixing Zhongneng and the carrying amounts of net assets acquired in prior years and (2) reserves arising from the reverse acquisition of the Company in 2009 amounting to RMB188,276,000 (equivalent to HK$214,038,000). For more details, please refer to 2009 annual report of the Group.

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

For the year ended 31 December 2011

	2011	2010
	HK$'000	HK$'000
OPERATING ACTIVITIES		
Profit before tax	**5,839,132**	5,547,369
Adjustments for:		
Finance costs	**1,166,322**	606,427
Interest income	**(95,896)**	(47,803)
Depreciation of property, plant and equipment	**1,856,370**	1,264,778
Amortisation of prepaid lease payments	**37,356**	19,924
Amortisation of other intangible assets	**64,347**	66,086
Amortisation of deferred income	**(61,679)**	(40,288)
(Gain) loss on disposal of property, plant and equipment	**(5,563)**	5,354
Share of profit of associates	**(15,173)**	(10,681)
Share of loss of jointly controlled entities	**11,969**	—
Share-based payment expenses	**82,287**	12,658
Allowance for trade and other receivables	**4,809**	759
Recovery of bad and doubtful debts	**(9,869)**	(2,272)
Write-down of inventories	**120,965**	—
Waiver of other payables	**(1,005)**	(30,878)
Loss on fair value changes of held for trading investment	**26,504**	—
Impairment loss on property, plant and equipment	**96,434**	—
Impairment loss on prepayments	**97,790**	—
Impairment loss on goodwill	**90,407**	—
Impairment loss on amount due from an associate	**12,436**	—
Impairment loss on available-for-sale investment	**—**	6,886
Gain on disposal of prepaid lease payments	**—**	(1,310)
Operating cash flows before movements in working capital	**9,317,943**	7,397,009
Increase in inventories	**(1,808,735)**	(760,724)
Increase in trade and other receivables	**(4,249,375)**	(594,102)
Increase in amounts due from related companies	**(71,383)**	(22)
Increase in trade and other payables	**887,623**	1,661,044
Increase (decrease) in amounts due to related companies	**552,466**	(82,782)
(Decrease) increase in advances from customers	**(23,061)**	522,141
Increase in deferred income	**63,492**	196,910
Addition of held for trading investment	**(47,968)**	—
Cash generated from operations	**4,621,002**	8,339,474
Income taxes paid	**(1,857,245)**	(512,371)
NET CASH FROM OPERATING ACTIVITIES	**2,763,757**	7,827,103

For the year ended 31 December 2011

	NOTE	2011 HK$'000	2010 HK$'000
INVESTING ACTIVITIES			
Addition of property, plant and equipment		**(14,850,073)**	(7,662,615)
Addition of prepaid lease payments		**(137,060)**	(213,720)
Addition of other intangible assets		**(16,264)**	(6,274)
Acquisition of subsidiaries	36	**—**	(703,364)
Investments in jointly controlled entities		**(59,457)**	(120,644)
Interest received		**108,413**	47,454
Withdrawal of pledged and restricted bank deposits		**2,011,261**	812,171
Placement of pledged and restricted bank deposits		**(4,164,267)**	(1,619,508)
Repayment from related companies		**51,426**	79,949
Advances to related companies		**—**	(95,391)
Repayment of entrusted loan receivables		**33,752**	120,508
Addition of entrusted loan receivables		**(97,399)**	(32,135)
Deposits paid for acquisitions of property, plant and equipment and prepaid lease payments		**(1,185,394)**	(1,410,795)
Dividend received from associates		**28,324**	13,071
Proceeds from disposal of property, plant and equipment		**31,453**	13,989
Proceeds from disposal of prepaid lease payments		**—**	2,025
NET CASH USED IN INVESTING ACTIVITIES		**(18,245,285)**	(10,775,279)
FINANCING ACTIVITIES			
Interest paid		**(1,075,279)**	(600,785)
New bank borrowings raised		**24,415,919**	14,214,479
Repayment of bank borrowings		**(9,941,217)**	(10,069,672)
Net proceeds from sale and finance leaseback arrangements		**1,451,807**	511,141
Repayment of obligation under finance leases		**(270,602)**	—
Net proceeds from issuance of long-term notes		**1,789,158**	—
Payment for repurchase of ordinary shares		**(43,596)**	—
Exercise of share options		**7,369**	1,536
Dividends paid to non-controlling interests		**(93,025)**	(93,436)
Dividends paid to the owners of the Company		**(789,644)**	—
Contribution from non-controlling interests		**83,113**	104,625
Advances from related companies		**—**	3,437
Repayment to related companies		**—**	(133,023)
NET CASH FROM FINANCING ACTIVITIES		**15,534,003**	3,938,302
NET INCREASE IN CASH AND CASH EQUIVALENTS		**52,475**	990,126
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**6,505,089**	5,311,337
Effect of foreign exchange rate change		**325,099**	203,626
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash		**6,882,663**	6,505,089

1. General Information

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

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company collectively the "Group"), associates and jointly controlled entities are principally engaged in manufacturing of polysilicon and wafers for the solar industry, development, management and operation of environmentally friendly power plants and trading of coal in the People's Republic of China (the "PRC") as well as development, management and operation of solar power plant business and solar farm system integration business in PRC and overseas.

The functional currency of the Company is Renminbi ("RMB") as the principal operations of the Group are carried out in the PRC in which those transactions are predominantly denominated in RMB. The directors of the Company considered it is more appropriate to use Hong Kong dollars ("HK$") as the presentation currency of the consolidated financial statements because the Company is listed on the Stock Exchange in Hong Kong.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs")

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

Amendments to IFRSs	Improvement in IFRSs issued in 2010
IAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to IAS 32	Classification of Rights Issues
Amendments to IFRIC — Int 14	Prepayments of a Minimum Funding Requirement
IFRIC — Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") *(Continued)*

New and revised IFRSs issued but not yet effective

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

Amendments to IFRS 1	Government Loans[2]
Amendments to IFRS 7	Disclosures — Transfers of Financial Assets[1]
	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to IFRS 7 & IFRS 9	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 9	Financial Instruments[3]
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]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets[4]
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]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[6]
IFRIC — Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 July 2012.
6 Effective for annual periods beginning on or after 1 January 2014.

Amendments to IFRS 7 Disclosures — Transfers of Financial Assets

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors anticipate that the application of the amendments to IFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future. Based on the analysis of the Group's financial assets at the end of the reporting period, the application of such amendment has no impact to the Group's disclosure.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") *(Continued)*

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") *(Continued)*

IFRS 9 Financial Instruments *(Continued)*

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

The directors anticipate that the adoption of IFRS 9 in the future may not have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC — Int 12 *Consolidation — Special Purpose Entities*. 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) the 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.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC — Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted 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.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") *(Continued)*

New and revised Standards on consolidation, joint arrangements, associates and disclosures *(Continued)*

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The directors are currently assessing the impact of the application of these five standards.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 *Financial Instruments: Disclosures* will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") *(Continued)*

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

3. Significant Accounting Policies

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

3. Significant Accounting Policies *(Continued)*

Basis of consolidation *(Continued)*

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance (effective from 1 January 2010 onwards).

Business combinations

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

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

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

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

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

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

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

3. Significant Accounting Policies *(Continued)*

Goodwill

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

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

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

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

Investments in associates

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

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

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

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

3. Significant Accounting Policies *(Continued)*

Investments in associates *(Continued)*

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

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

Jointly controlled entities

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

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

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

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

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

3. Significant Accounting Policies *(Continued)*

Jointly controlled entities *(Continued)*

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

Revenue recognition

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

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

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

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

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

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

Dividend income from investments is recognised when the shareholders' rights to receive payments have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. Significant Accounting Policies *(Continued)*

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Property, plant and equipment

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

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

3. Significant Accounting Policies *(Continued)*

Prepaid lease payments

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

Leasing

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

The Group as lessor

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

The Group as lessee

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

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

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

Leasehold land and building

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

3. Significant Accounting Policies *(Continued)*

Leasing *(Continued)*

Leasehold land and building (Continued)

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

Sale and leaseback resulting in a finance lease

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

Foreign currencies

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

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

Translation of functional currency to presentation currency

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

3. Significant Accounting Policies *(Continued)*

Borrowing costs

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

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

Retirement benefit costs

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

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effective of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

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

Research and development expenditure

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

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

3. Significant Accounting Policies *(Continued)*

Intangible assets *(Continued)*

Research and development expenditure (Continued)

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. Significant Accounting Policies *(Continued)*

Taxation

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

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

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

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. Significant Accounting Policies *(Continued)*

Financial instruments

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

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

Financial assets

The Group's financial assets are classified into one of the two categories, including financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at fair value through profit or loss (Continued)

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the other income/other expenses line item in the consolidated statement of comprehensive income. Fair value is determined in the manner described in note 26.

Loans and receivables

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

Impairment of financial assets

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

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

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

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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

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

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to related companies, bank borrowings and long-term notes are subsequently measured at amortised cost, using the effective interest method.

Transaction costs of equity transaction

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Significant Accounting Policies *(Continued)*

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

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

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

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

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

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

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. Significant Accounting Policies *(Continued)*

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

4. Key Sources of Estimation Uncertainty

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

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than previously estimated, a material impairment loss may arise. As at 31 December 2011, the carrying amount of goodwill is HK$995,210,000 (2010: HK$1,036,297,000), net of accumulated impairment loss of HK$210,857,000 (2010: HK$112,750,000). Details of the recoverable amount calculation are disclosed in note 17.

Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are expected to be shorter than previously estimated, or it will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold. As at 31 December 2011, the carrying amount of property, plant and equipment is HK$41,181,267,000 (2010: HK$23,662,411,000).

4. Key Sources of Estimation Uncertainty *(Continued)*

Estimated impairment of trade and other receivables and amounts due from related companies

Where there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2011, the carrying amount of trade and other receivables is HK$7,040,143,000 (2010: HK$2,599,280,000), net of allowance for doubtful debts of HK$6,330,000 (2010: HK$11,281,000) and impairment loss on prepayments of HK$97,790,000 (2010: Nil). Additionally, as at 31 December 2011, the carrying amount of amounts due from related companies is HK$95,151,000 (2010: HK$36,205,000), net of impairment loss on amount due from an associate of HK$12,436,000 (2010: Nil).

5. Capital Risk Management

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

The capital structure of the Group consists of debt, which mainly includes amounts due to related companies, bank borrowings, obligations under finance leases and long-term notes disclosed in notes 29, 32, 33 and 34, respectively, and equity attributable to owners of the company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a periodical basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debt.

6. Financial Instruments

6a. Categories of financial instruments

	2011 **HK$'000**	2010 HK$'000
Financial assets		
FVTPL		
Held for trading	**21,964**	—
Loans and receivables (including cash and cash equivalents)	**15,820,729**	10,511,693
Financial liabilities		
Amortised cost	**39,173,713**	18,015,919

6. Financial Instruments *(Continued)*

6b. Financial risk management objectives and policies

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

Market risk

Currency risk

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

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

	Assets		**Liabilities**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Euro ("EUR")	**1,518**	49,147	**68,485**	26,294
Hong Kong dollar ("HK$")	**147,797**	419,614	**18,927**	7,552
United States dollar ("US$")	**2,674,021**	1,348,596	**8,256,686**	2,760,346
Japanese Yen ("JPY")	**2,044**	11,494	**1,781**	1,423
Swiss Franc ("CHF")	**181,268**	78,447	**321,624**	13,966

The foreign currency assets in 2011 and 2010 mainly relate to the US$ trade and other receivables, pledged and restricted bank deposits and bank balances as set out in notes 23 and 27.

The foreign currency liabilities in 2011 and 2010 mainly relate to the US$ bank borrowings as set out in note 32.

6. Financial Instruments *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Currency risk (Continued)

Sensitivity analysis

The following sensitivity analysis details the Group's sensitivity to a 5% (2010: 5%) increase and decrease in functional currency of respective entities against the relevant foreign currencies. 5% (2010: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2010: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit where functional currency of respective entities had strengthened 5% (2010: 5%) against the relevant foreign currency. For a 5% (2010: 5%) weakening of functional currency of respective entities against the relevant foreign currency, there would be an equal and opposite impact on the profit for the year (2010: profit for the year).

	EUR	**HK$**	**US$**	**JPY**	**CHF**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2011					
Increase (decrease) in profit for the year	**2,511**	**(4,833)**	**209,350**	**(10)**	**5,263**
2010					
(Decrease) increase in profit for the year	(857)	(15,452)	52,941	(378)	(2,418)

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

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate and interest-bearing loan to a related company, pledged and restricted bank deposits, bank borrowings, obligations under finance leases and long-term notes (see notes 25, 27, 32, 33 and 34 for details of loan to a related company, pledged and restricted bank deposits, bank borrowings, obligations under finance leases and long-term notes, respectively). The Group currently has not entered into interest rate swaps to hedge against its exposure to changes in fair values of the loan to a related company, pledged and restricted bank deposits, bank borrowings, obligations under finance leases and long term notes.

6. Financial Instruments *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Interest rate risk (Continued)

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 32). It is the Group's policy to keep its borrowing at floating rate of interests so as to minimise the fair value interest rate risk.

The management have considered the Group's exposure to cash flow interest rate risk in relation to variable-rate pledged and restricted bank deposits and bank balances (see note 27) to be limited because the current market interest rates on general deposits are relatively low and stable.

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

Sensitivity analysis

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

Variable-rate borrowings

If interest rates had been 50 basis points higher/lower on London Interbank Offer Rate ("LIBOR"), Shanghai Interbank Offered Rate ("SHIBOR") and lending benchmark interest rate stipulated by the People's Bank of China ("Benchmark Rate") and all other variables were held constant, the Group's profit for the year ended 31 December 2010 would decrease/increase by approximately HK$39,179,000; and the Group's profit for the year ended 31 December 2011 would decrease/increase by approximately HK$85,942,000. This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

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

6. Financial Instruments *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Other price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The Group's equity price risk is mainly concentrated on equity instruments operating in securities and financing industry sector quoted in the Stock Exchange of Hong Kong Limited.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If the equity prices had been 15% higher/lower, post-tax profit for the year ended 31 December 2011 would increase/decrease by HK$2,751,000. This is mainly due to the changes in fair value of the held for trading investments.

Credit risk

As at 31 December 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 39.

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade debt periodically to ensure that adequate impairment losses are made for irrecoverable amounts. Each major operating business has a policy of credit control in place under which credit evaluations of customers are performed on all customers requiring credit.

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

6. Financial Instruments *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

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

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

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

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

The Group has concentration of credit risk on loan to a related company amounting to HK$46,206,000 (2010: HK$90,150,000). Credit risk is considered as limited because the associates are with positive operating results/cash flows.

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

6. Financial Instruments *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity and interest risk tables

	Weighted average interest rate %	On demand and less than 3 months HK$'000	3 months to 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2011								
Trade and other payables	—	6,148,367	1,254,288	—	—	—	7,402,655	7,402,655
Amounts due to related companies	—	590,994	39,008	23,585	—	—	653,587	653,587
Borrowings								
— fixed-rate	5.37	1,299,253	2,808,450	727,766	1,909,461	—	6,744,930	6,368,459
— variable-rate	5.73	2,436,914	6,355,954	7,532,261	8,546,803	500,217	25,372,149	22,917,840
Long-term notes	7.05	31,917	95,751	127,667	383,002	2,089,495	2,727,832	1,831,172
Financial guarantee contracts	—	344,180	—	—	—	—	344,180	—
Obligations under finance leases	7.36	111,470	415,995	524,324	686,520	326,222	2,064,531	1,697,919
		10,963,095	10,969,446	8,935,603	11,525,786	2,915,934	45,309,864	40,871,632

	Weighted average interest rate %	On demand and less than 3 months HK$'000	3 months to 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2010								
Trade and other payables	—	3,789,887	309,870	—	—	—	4,099,757	4,099,757
Amounts due to related companies	—	95,236	30,743	—	—	—	125,979	125,979
Borrowings								
— fixed-rate	5.20	1,538,107	1,792,771	41,351	54,274	—	3,426,503	3,342,391
— variable-rate	5.19	819,878	2,767,441	2,200,132	5,196,101	713,942	11,697,494	10,447,792
Financial guarantee contracts	—	17,628	—	—	—	—	17,628	—
Obligations under finance leases	6.55	33,800	104,419	131,070	361,324	—	630,613	552,763
		6,294,536	5,005,244	2,372,553	5,611,699	713,942	19,997,974	18,568,682

6. Financial Instruments *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity and interest risk tables (Continued)

Bank loans with a repayment on demand clause are included in the "on demand or less than 3 months" time band in the above maturity analysis. As at 31 December 2011, the aggregate undiscounted principal amounts of these bank loans amounted to HK$271,370,000 (2010: HK$246,789,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid in three months to one year after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$282,270,000 (2010: HK$260,141,000).

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

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

6c. Fair value

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

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices;
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

6. Financial Instruments *(Continued)*

6c. Fair value *(Continued)*

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	
	2011	2010
	HK$'000	HK$'000
Financial assets at FVTPL		
Non-derivative financial asset held for trading	**21,964**	—

7. Segment Information

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

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

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

(a) Solar business — manufacture and sale of polysilicon and wafer to companies operating in the solar industry. It is also engaged in development, management and operation of overseas solar power plant business and solar farm system integration business.

7. Segment Information *(Continued)*

(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.

Segment revenue and results

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

Year ended 31 December 2011

	Solar business HK$'000	Power business HK$'000	Total HK$'000
Revenue from external customers (Note a)	**20,517,009**	**4,988,555**	**25,505,564**
Segment profit	**4,721,658**	**167,896**	**4,889,554**
Unallocated income			**4,925**
Unallocated expense			**(61,144)**
Fair value adjustments (Note b)			**(64,179)**
Share-based payment expenses			**(82,287)**
Impairment loss on goodwill			**(90,407)**
Loss on fair value changes for held for trading investment			**(26,504)**
Profit for the year			**4,569,958**

7. Segment Information *(Continued)*

Segment revenue and results *(Continued)*

Year ended 31 December 2010

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

Notes:

(a) No inter-segment revenue was noted for both years.

(b) 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 lives of the relevant assets.

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"), fair value changes on held for trading investment, impairment of goodwill and share-based payment expenses incurred by the Group. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.

7. Segment Information *(Continued)*

Segment assets and liabilities

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

	2011 HK$'000	2010 HK$'000
Segment assets		
Solar business	**55,108,278**	30,187,591
Power business	**8,894,334**	8,346,608
Total segment assets	**64,002,612**	38,534,199
Fair value adjustments (Note)	**428,867**	489,457
Goodwill	**995,210**	1,036,297
Unallocated bank balances and cash	**1,762,019**	509,628
Unallocated corporate assets	**299,529**	11,284
Consolidated total assets	**67,488,237**	40,580,865

	2011 HK$'000	2010 HK$'000
Segment liabilities		
Solar business	**38,529,586**	18,696,822
Power business	**4,635,967**	4,365,873
Total segment liabilities	**43,165,553**	23,062,695
Fair value adjustments (Note)	**129,918**	120,478
Unallocated bank borrowings	**2,005,504**	—
Unallocated corporate liabilities	**53,130**	18,406
Consolidated total liabilities	**45,354,105**	23,201,579

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 lives of the relevant assets.

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

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

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

7. Segment Information *(Continued)*

Other segment information

2011

	Solar business HK$'000	Power business HK$'000	Adjustment HK$'000 (Note)	Total HK$'000
Amount included in the measure of segment profit or loss or segment assets:				
Addition to property, plant and equipment, prepaid lease payments and other intangible assets	**17,829,213**	**442,746**	**—**	**18,271,959**
Depreciation of property, plant and equipment	**(1,649,919)**	**(349,606)**	**(24,127)**	**(2,023,652)**
Amortisation of prepaid lease payments	**(14,041)**	**(5,606)**	**(17,709)**	**(37,356)**
Amortisation of other intangible assets	**(15,487)**	**(3,306)**	**(45,554)**	**(64,347)**
Gain on disposal of property, plant and equipment	**7,707**	**(2,144)**	**—**	**5,563**
Allowance on trade and other receivables	**—**	**(4,809)**	**—**	**(4,809)**
Impairment loss on prepayments	**(97,790)**	**—**	**—**	**(97,790)**
Impairment loss on property, plant and equipment	**(96,434)**	**—**	**—**	**(96,434)**
Write-down of inventories	**(120,965)**	**—**	**—**	**(120,965)**

2010

	Solar business HK$'000	Power business HK$'000	Adjustment HK$'000 (Note)	Total HK$'000
Amount included in the measure of segment profit or loss or segment assets:				
Addition to property, plant and equipment, prepaid lease payments and other intangible assets				
— arising from acquisition of subsidiaries	788,775	—	145,962	934,737
— other additions	7,829,140	141,404	—	7,970,544
Depreciation of property, plant and equipment	(814,010)	(330,747)	(13,614)	(1,158,371)
Amortisation of prepaid lease payments	(8,621)	(4,963)	(6,340)	(19,924)
Amortisation of other intangible assets	(1,368)	(852)	(63,866)	(66,086)
Loss on disposal of property, plant and equipment	(509)	(4,845)	—	(5,354)
Allowance on trade and other receivables	—	(759)	—	(759)

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 lives of the relevant assets.

7. SEGMENT INFORMATION *(Continued)*

Revenue from major products

The following is an analysis of the Group's revenue from its major products and services:

	2011 **HK$'000**	2010 HK$'000
Sales of wafer	**18,702,567**	9,181,692
Sales of polysilicon	**1,049,267**	4,293,233
Sales of electricity	**3,003,847**	2,673,061
Sales of steam	**1,690,072**	1,397,254
Sales of coal	**334,158**	358,324
Others (comprise the sales of ingot and processing fees)	**725,653**	568,360
	25,505,564	18,471,924

Geographical information

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

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

	Revenue from external customers		**Non-current assets**	
	2011 **HK$'000**	2010 HK$'000	**2011** **HK$'000**	2010 HK$'000
The PRC	**22,369,409**	18,471,924	**44,431,439**	27,442,218
Taiwan	**1,728,339**	—	**—**	—
Germany	**900,521**	—	**—**	—
The USA	**207,317**	—	**687,427**	133,084
Hong Kong	**8,913**	—	**2,517**	2,980
Others	**291,065**	—	**—**	—
	25,505,564	18,471,924	**45,121,383**	27,578,282

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

7. Segment Information *(Continued)*

Information about major customers

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

	2011 **HK$'000**	2010 HK$'000
Customer A[1]	**2,964,324**	2,673,061
Customer B[2]	**N/A[3]**	2,092,443
Customer C[2]	**N/A[3]**	1,889,534

[1] Revenue from power business.

[2] Revenue from solar business.

[3] The corresponding revenue does not contribute over 10% of the total sales of the Group.

8. Other Income

	2011 **HK$'000**	2010 HK$'000
Government grants (note 31)	**195,461**	288,668
Sales of scrap materials	**140,503**	61,390
Bank interest income	**91,695**	43,346
Insurance compensation income	**31,920**	564
Waste processing management fee	**31,362**	27,835
Consultancy fee income	**29,160**	65,012
Management fee income	**17,004**	15,425
Amortisation of deferred income in relation to sale and finance leaseback of solar farms (note 33)	**12,821**	—
Bad debts recovered	**9,869**	2,272
Amortisation of connection fee income	**4,399**	1,881
Interest income from related companies	**4,201**	4,457
Waiver of other payables	**1,005**	30,878
Others	**43,821**	33,466
	613,221	575,194

9. Finance Costs

	2011 HK$'000	2010 HK$'000
Interest on:		
Bank borrowings		
— wholly repayable within five years	**1,225,723**	629,520
— not wholly repayable within five years	**36,932**	43,258
Loans from related companies	**—**	11,329
Discounted bills	**89,646**	16,044
Long-term notes	**16,210**	—
Obligations under finance leases	**74,466**	3,071
Total borrowing costs	**1,442,977**	703,222
Less: Interest capitalised (Note)	**(276,655)**	(96,795)
	1,166,322	606,427

Note: Borrowing cost capitalised during the year arose on the general borrowings pool and are calculated by applying a capitalisation rate of 5.83% (2010: 5.56%) per annum to expenditure on qualifying assets.

10. Income Tax Expense

	2011 HK$'000	2010 HK$'000
PRC Enterprise Income Tax ("EIT")		
Current tax	**1,118,662**	990,664
Overprovision in prior years	**(57,159)**	(16,715)
	1,061,503	973,949
PRC dividend withholding tax	**82,811**	40,998
Deferred tax (note 21)	**124,860**	144,373
	1,269,174	1,159,320

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

10. Income Tax Expense *(Continued)*

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

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries are exempted from PRC EIT for two years starting from their first profit making year, followed by a 50% reduction 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 EIT 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 commencing on 1 January 2008. The tax exemption and deduction from EIT for these entities are still applicable until the end of the five-year transitional period under the New EIT Law based on the revised income tax rate and expires in 2013.

A subsidiary operating in the PRC has been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Jiangsu Province and other authorities in March 2012 for a term of three years, and has been registered with the local tax authority to be eligible to the reduced 15% enterprise income tax rate from 2011 to 2013. Accordingly, the subsidiary is subject to 15% enterprise income tax rate for the year ended 31 December 2011. The qualification as a High and New Technology Enterprise will be subject to annual review by the relevant government authorities in the PRC.

In addition, certain PRC subsidiaries were granted income tax deduction in current year 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 both years. No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profit arising in Hong Kong for the year ended 31 December 2011 and 2010.

Taxation arising in the USA is calculated at a prevailing rate of 40.7% for both years. No provision for Federal Income Tax and State and Local Income Tax has been made as the Group did not have any assessable profit arising in the USA for the year ended 31 December 2011 and 2010.

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 of HK$147,874,000 (note 21) in respect of withholding tax on undistributed earnings has been recognised during the year ended 31 December 2011 (2010: HK$185,210,000).

10. Income Tax Expense *(Continued)*

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

	2011 **HK$'000**	2010 HK$'000
Profit before tax	**5,839,132**	5,547,369
Tax at the PRC EIT rate of 25%	**1,459,783**	1,386,842
Tax effect of non-deductible share-based payment expenses	**20,572**	3,165
Tax effect of other expenses not deductible for tax purpose	**148,702**	89,037
Tax effect of income not taxable for tax purpose	**(7,409)**	(12,448)
Tax effect of impairment loss on goodwill	**22,602**	—
Tax effect of temporary difference not recognised	**78,797**	—
Tax effect of share of profit of associates	**(3,793)**	(2,670)
Tax effect of share of loss of jointly controlled entities	**2,992**	—
Effect of additional tax deduction for procuring domestic plant and machinery in the PRC	**(24,217)**	(15,891)
Effect of tax exemption and tax concessions granted to certain subsidiaries in the PRC	**(650,307)**	(496,079)
Effect of different tax rates of group companies	**(4,193)**	(3,266)
Utilisation of deductible temporary difference previously not recognised	**—**	(16,683)
Utilisation of tax losses previously not recognised	**(1,755)**	—
Tax effect of tax losses not recognised	**53,874**	17,820
Withholding tax	**230,685**	226,208
Overprovision in prior years	**(57,159)**	(16,715)
Income tax expense for the year	**1,269,174**	1,159,320

11. Profit for the Year

	2011 HK$'000	2010 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**1,288,951**	929,874
Retirement benefit scheme contributions	**42,417**	36,999
Share-based payment expenses	**82,287**	12,658
Total staff costs	**1,413,655**	979,531
Depreciation of property, plant and equipment	**2,023,652**	1,158,371
Amortisation of prepaid lease payments	**37,356**	19,924
Amortisation of other intangible assets (included in administrative expenses)	**64,347**	66,086
Total depreciation and amortisation	**2,125,355**	1,244,381
Add/less: Amounts included in inventories	**(167,282)**	106,407
Amounts of depreciation and amortisation charged to profit or loss	**1,958,073**	1,350,788
Auditor's remuneration	**13,863**	12,328
Cost of inventories recognised as expenses	**16,342,892**	11,087,637
Allowance for trade and other receivables	**4,809**	759
(Gain) loss on disposal of property, plant and equipment	**(5,563)**	5,354
Gain on disposal of prepaid lease payments	**—**	1,310
Write-down of inventories (included in cost of sales)	**120,965**	—
Impairment loss on amount due from an associate (included in administrative expenses)	**12,436**	—
Amounts included in other expenses:		
Exchange (gain) loss, net	**(102,896)**	96,094
Research and development cost recognised as expenses	**112,799**	12,186
Impairment loss on property, plant and equipment	**96,434**	—
Impairment loss on goodwill	**90,407**	—
Impairment loss on prepayments	**97,790**	—
Impairment loss on available-for-sale investment	**—**	6,886
Loss on fair value changes of held for trading investments	**26,504**	—

12. Directors' and Employees' Emoluments

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

(a) Directors' emoluments

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

Year ended 31 December 2011

Name of director	Directors' fee HK$'000	Bonuses HK$'000	Salaries and other benefit HK$'000	Retirement benefits scheme contributions HK$'000	Share-based payment HK$'000	Total HK$'000
Mr. ZHU Gong Shan	—	3,450	5,000	—	—	8,450
Mr. SHA Hong Qiu	—	12,415	3,000	138	536	16,089
Mr. JI Jun	—	1,099	1,495	69	479	3,142
Mr. SHU Hua	—	18,676	3,000	138	479	22,293
Mr. YU Bao Dong	—	7,560	2,200	102	479	10,341
Ms. SUN Wei	—	5,660	3,000	138	479	9,277
Mr. TONG Yee Ming (Note 1)	—	7,380	2,340	108	42	9,870
Mr. ZHU Yu Feng	—	5,159	1,802	55	28	7,044
Mr. QIAN Zhi Xin	160	—	—	—	269	429
Ir. Dr. HO Raymond Chung Tai	320	—	—	—	269	589
Mr. XUE Zhong Su	160	—	—	—	269	429
Mr. YIP Tai Him	220	—	—	—	269	489
Mr. CHAU Kwok Man	—	—	—	—	—	—
Ms. BAI Xiaoqing (Note 2)	—	—	—	—	—	—
	860	61,399	21,837	748	3,598	88,442

Note 1: Mr. Tong Yee Ming resigned as executive director on 30 December 2011.

Note 2: Ms. Bai Xiaoqing resigned as non-executive director on 12 March 2012.

12. Directors' and Employees' Emoluments *(Continued)*

(a) Directors' emoluments *(Continued)*

Year ended 31 December 2010

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

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

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

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, five (2010: four) were directors of the Company whose emoluments are included in (a) above.

The emoluments of the remaining one individual in 2010 was as follows:

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

13. Dividends

	2011 HK$'000	2010 HK$'000
Dividends recognised as distribution during the year:		
2010 Final — HK5.1 cents (2010: 2009 final dividend — nil) per share	**789,644**	—

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 and has been paid on 26 July 2011.

A final dividend of HK5.5 cents in respect of the year ended 31 December 2011 per share has been proposed by the directors and is subject to approval by the shareholders in the coming annual general meeting.

14. 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:

	2011 HK$'000	2010 HK$'000
Earnings		
Earnings for the purposes of calculation of basic and diluted earnings per share — Profit for the year attributable to owners of the Company	**4,274,893**	4,023,577

	2011 '000	2010 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**15,476,804**	15,472,199
Effect of dilutive potential ordinary shares on share options	**24,934**	28,364
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	**15,501,738**	15,500,563

15. Property, Plant and Equipment

	Buildings HK$'000	Plant and machinery HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST						
At 1 January 2010	2,566,521	12,779,984	74,526	40,271	695,040	16,156,342
Acquisition of subsidiaries (note 36)	63,958	600,007	4,844	1,522	120,954	791,285
Additions	52,817	40,569	54,115	44,495	7,558,554	7,750,550
Transfer	566,109	6,920,688	16,948	—	(7,503,745)	—
Disposals	(7,886)	(10,834)	(1,776)	(2,903)	—	(23,399)
Exchange realignment	105,889	630,219	4,409	2,445	29,470	772,432
At 31 December 2010 and 1 January 2011	3,347,408	20,960,633	153,066	85,830	900,273	25,447,210
Additions	538,624	782,941	166,722	51,771	16,578,577	18,118,635
Transfer	2,076,818	9,823,596	120,392	—	(12,020,806)	—
Disposals	(13,891)	(20,589)	(7,273)	(3,068)	(711)	(45,532)
Exchange realignment	226,697	1,286,676	14,112	5,393	150,803	1,683,681
At 31 December 2011	6,175,656	32,833,257	447,019	139,926	5,608,136	45,203,994
DEPRECIATION/IMPAIRMENT						
At 1 January 2010	115,907	442,459	16,053	8,186	—	582,605
Provided for the year	174,385	951,598	20,810	11,578	—	1,158,371
Eliminated on disposals	(837)	(757)	(963)	(1,499)	—	(4,056)
Exchange realignment	8,182	38,138	1,033	526	—	47,879
At 31 December 2010 and 1 January 2011	297,637	1,431,438	36,933	18,791	—	1,784,799
Provided for the year	188,584	1,763,660	51,999	19,409	—	2,023,652
Eliminated on disposals	(2,672)	(12,161)	(2,214)	(2,595)	—	(19,642)
Impairment losses recognised in profit or loss	22,622	70,555	527	412	2,318	96,434
Exchange realignment	19,626	113,466	3,004	1,334	54	137,484
At 31 December 2011	525,797	3,366,958	90,249	37,351	2,372	4,022,727
CARRYING VALUES						
At 31 December 2011	5,649,859	29,466,299	356,770	102,575	5,605,764	41,181,267
At 31 December 2010	3,049,771	19,529,195	116,133	67,039	900,273	23,662,411

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

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

15. Property, Plant and Equipment *(Continued)*

The carrying value of plant and machinery as at 31 December 2011 includes plant and machinery located in the PRC held under sale and finance leaseback transactions of approximately HK$1,643,809,000 (2010: HK$620,753,000).

The carrying value of the plant and machinery as at 31 December 2011 includes solar farms in the USA held under sale and finance leaseback transaction of approximately HK$473,345,000 (2010: Nil).

Taixing Zhongneng Far East Polysilicon Technology Development Co., Ltd. ("Taixing Zhongneng") is a subsidiary of solar business that mainly produces Trichlorosilane ("TCS"), a raw material for polysilicon production. Due to the technology obsolescence and the significant drop in market price of TCS as a result of the downturn of polysilicon market. There is an indication that Taixing Zhongneng's property, plant and equipment may be impaired. During the year, the directors conducted a review of the recoverable amounts of the property, plant and equipment at Taixing Zhongneng using the value in use calculation and determined that the impairment losses of HK$96,434,000 (2010: Nil) is recognised in respect of property, plant and equipment.

16. Prepaid Lease Payments

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

	2011 **HK$'000**	2010 HK$'000
Analysed for reporting purposes as:		
Current asset	**26,781**	22,797
Non-current asset	**1,127,999**	980,186
	1,154,780	1,002,983

17. Goodwill

	2011 HK$'000	2010 HK$'000
COST		
At 1 January	**1,149,047**	654,451
Arising from acquisition of subsidiaries (note 36)	**—**	456,686
Exchange realignment	**57,020**	37,910
At 31 December	**1,206,067**	1,149,047
IMPAIRMENT		
At 1 January	**112,750**	108,966
Impairment loss recognised in the year	**90,407**	—
Exchange realignment	**7,700**	3,784
At 31 December	**210,857**	112,750
CARRYING VALUES		
At 31 December	**995,210**	1,036,297

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

	2011 HK$'000	2010 HK$'000
Power Group	**499,925**	564,428
Konca Solar	**495,285**	471,869
	995,210	1,036,297

17. Goodwill *(Continued)*

As at 31 December 2011, the Group carried out the annual goodwill impairment testing in relation to goodwill for Power Group and Konca Solar.

During the year, coal prices continued to rise, operating profits and cash flows were lower than expected for the Power Group. The management of the Group recognised an impairment loss of HK$90,407,000 (2010: Nil) in relation to goodwill allocated to the Power Group. The management determines there is no impairment for Konca Solar for the year ended 31 December 2011 since Konca Solar has been profitable and has strong financial position as at 31 December 2011.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

The recoverable amounts of Power Group and Konca Solar are determined based on a value in use calculation by the management of the Company by reference to the business valuation reports prepared by Jones Lang LaSalle Sallmanns Limited ("Sallmanns"), an independent and recognised international business valuer, on the Power Group and Konca Solar as at 31 December 2011. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period at a discount rate of 12.23% (2010: 13.59%) and 16.19% (2010: 18.51%) for Power Group and Konca Solar, respectively. Cash flows beyond the five-year period are extrapolated using zero growth rates. 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 Power Group and Konca Solar and management's expectations for the market development. Impairment loss of RMB75,000,000 (equivalent to HK$90,407,000) in relation to goodwill allocated to the Power Group is recognised, while management of the Group believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of subsidiaries in Konca Solar to exceed the aggregate recoverable amount of subsidiaries in Konca Solar.

18. Other Intangible Assets

	Licences HK$'000	Customer lists HK$'000	Total HK$'000
COST			
At 1 January 2010	28,394	12,743	41,137
Additions	6,274	—	6,274
Acquired on acquisition of subsidiaries (note 36)	—	125,085	125,085
Exchange realignment	1,137	4,601	5,738
At 31 December 2010 and 1 January 2011	35,805	142,429	178,234
Additions	16,264	—	16,264
Exchange realignment	2,155	7,067	9,222
At 31 December 2011	54,224	149,496	203,720
AMORTISATION			
1 January 2010	—	351	351
Charged for the year	1,368	64,718	66,086
Exchange realignment	33	1,562	1,595
At 31 December 2010 and at 1 January 2011	1,401	66,631	68,032
Charged for the year	15,487	48,860	64,347
Exchange realignment	430	4,444	4,874
At 31 December 2011	17,318	119,935	137,253
CARRYING VALUES			
At 31 December 2011	36,906	29,561	66,467
At 31 December 2010	34,404	75,798	110,202

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

Customer lists are acquired through the reverse acquisition of the Power Group in 2009 and acquisition of Konca Solar (note 36) in 2010.

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

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

19. Interests in Jointly Controlled Entities

	2011 HK$'000	2010 HK$'000
Cost of unlisted investment in jointly controlled entities	**180,101**	120,644
Share of post-acquisition loss	**(11,969)**	—
Exchange realignment	**(263)**	—
	167,869	120,644

As at 31 December 2011, the Group has interests in the jointly controlled entities incorporated and operated in the USA as follows:

Name of company	Proportion of nominal value of issued capital held by the Group 2011	2010	Proportion of voting power held 2011	2010	Principal activity
GCL-SR Solar Energy, LLC	**50%**	50%	**50%**	50%	Development of photovoltaic power generation projects in the USA
Sunora Energy Solutions I LLC	**50%**	—	**50%**	—	Development of photovoltaic power generation projects in the USA

During the year, the Group set up a new jointly controlled entity, Sunora Energy Solutions I LLC, to develop of photovoltaic power generation projects in the USA with a joint venture partner.

19. Interests in Jointly Controlled Entities *(Continued)*

The summarised financial information in respect of the Group's interests in the jointly controlled entities which is accounted for using equity method is set out below:

	2011 HK$'000	2010 HK$'000
Current assets	**83,697**	61,436
Non-current assets	**87,357**	59,793
Current liabilities	**3,185**	585
Non-current liabilities	**—**	—

	2011 HK$'000	2010 HK$'000
Income recognised in profit or loss	**—**	—
Expenses recognised in profit or loss	**11,969**	—
Other comprehensive expense	**(263)**	—

20. INTERESTS IN ASSOCIATES

	2011 HK$'000	2010 HK$'000
Cost of unlisted investments in associates	**204,977**	204,977
Share of post-acquisition (loss) profit, net of dividends received	**(3,142)**	11,022
Exchange realignment	**18,742**	7,959
	220,577	223,958

20. Interests in Associates *(Continued)*

As at 31 December 2011 and 2010, the Group had interests in associates established and operated in the PRC as follows:

Name of company	Equity interests held by the Group		Proportion of board composition held		Principal activity
	2011	2010	**2011**	2010	
阜寧協鑫環保熱電有限公司 Funing Golden Concord Environmental Protection Co-generation Co., Ltd ("Funing Cogeneration Plant") (Note)	**60%**	60%	**6/11**	6/11	Operation of a power station and trading of coal
華潤協鑫(北京)熱電有限公司 China Resources Golden Concord (Beijing) Co-generation Power Co., Ltd ("Beijing Cogeneration Plant")	**49%**	49%	**3/7**	3/7	Operation of a power station

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

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

	2011 **HK$'000**	2010 HK$'000
Total assets	**927,483**	949,026
Total liabilities	**(490,753)**	(511,499)
Net assets	**436,730**	437,527
Group's share of net assets of associates	**220,577**	223,958
Revenue	**516,964**	454,297
Profit for the year	**37,876**	27,688
Group's share of profits of associates for the year	**15,173**	10,681
Group's share of other comprehensive income of associates for the year	**10,783**	7,676

21. Deferred Taxation

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

	2011 **HK$'000**	2010 HK$'000
Deferred tax assets	**45,362**	39,835
Deferred tax liabilities	**(606,191)**	(452,422)
	(560,829)	(412,587)

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

	Property, plant and equipment HK$'000	**Prepaid lease payments** HK$'000	**Other intangible assets** HK$'000	**Withholding tax on undistributed profits** HK$'000	**Unrealised profits on inventories** HK$'000	**Provision** HK$'000	**Total** HK$'000
At 1 January 2010	(24,110)	(67,570)	(2,934)	(127,273)	—	—	(221,887)
Acquisition of subsidiaries (note 36)	(4,853)	—	(21,760)	(7,420)	—	—	(34,033)
(Charge) credit to profit or loss	(7,385)	1,243	8,076	(185,210)	38,903	—	(144,373)
Exchange realignment	(1,176)	(2,316)	(632)	(9,102)	932	—	(12,294)
At 31 December 2010 and 1 January 2011	(37,524)	(68,643)	(17,250)	(329,005)	39,835	—	(412,587)
Credit (charge) to profit or loss	4,714	4,360	10,470	(147,874)	(491)	3,961	(124,860)
Exchange realignment	(1,752)	(3,305)	(612)	(19,770)	1,965	92	(23,382)
At 31 December 2011	(34,562)	(67,588)	(7,392)	(496,649)	41,309	4,053	(560,829)

At the end of the reporting period, the Group has unused tax losses of HK$355,325,000 (2010: HK$146,849,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses of approximately HK$112,000, HK$25,707,000, HK$26,731,000, HK$81,567,000 and HK$221,208,000 will expire in 2012, 2013, 2014, 2015 and 2016, respectively.

At the end of reporting period, the Group has deductible temporary differences in respect of impairment of certain assets in aggregate of HK$315,189,000 (2010: Nil). No deferred tax asset has been recognised due to the unpredictability of future profit streams.

22. Inventories

	2011 HK$'000	2010 HK$'000
Raw materials	**645,789**	536,389
Work in progress	**220,527**	352,578
Semi-finished goods (Note a)	**908,380**	182,251
Finished goods	**439,596**	87,317
Spare parts	**66,853**	96,435
Solar module for trading	**191,731**	—
	2,472,876	1,254,970
Solar farm development in progress for sale (Note b)	**1,153,827**	391,764
	3,626,703	1,646,734

Notes:

(a) Semi-finished goods mainly represented polysilicon.

(b) Solar-farm development in progress represented development costs for large-scale photovoltaic systems that are under installation and for sales purpose. Such solar farm development in progress are expected to be completed within one year.

For the year ended 31 December 2011, inventories of approximately HK$120,965,000 (2010: Nil) in relation to solar products were written down because the costs of certain scrap materials were higher than their net realisable value.

23. Trade and Other Receivables

	2011 HK$'000	2010 HK$'000
Trade receivables (Note a)	**2,739,765**	1,015,734
Less: allowance for doubtful debts	**(4,748)**	(11,257)
	2,735,017	1,004,477
Other receivables	**327,022**	254,915
Less: allowance for doubtful debts	**(1,582)**	(24)
	325,440	254,891
Value-added tax receivables	**1,513,638**	463,707
Bills receivable (Note a)	**1,280,650**	536,967
Prepayments (Note c)	**1,085,731**	306,333
Entrusted loan receivables (Note b)	**99,667**	32,905
	7,040,143	2,599,280

23. Trade and Other Receivables *(Continued)*

Notes:

(a) The Group generally allows a credit period ranging from 0 to 90 days for trade receivables and 0 to 180 days for bills receivable.

The following is an aged analysis of trade receivables, net of allowances for doubtful debts, presented based on the invoice date at the end of the reporting period:

	2011 **HK$'000**	2010 HK$'000
Trade receivables:		
0–90 days	**2,509,839**	970,742
91–180 days	**204,886**	16,100
Over 180 days	**20,292**	17,635
	2,735,017	1,004,477

The following is an aged analysis of bills receivable (trade-related), presented based on the bills issue date at the end of the reporting period:

	2011 **HK$'000**	2010 HK$'000
Bills receivable — trade:		
0–90 days	**910,231**	331,780
91–180 days	**370,419**	205,187
	1,280,650	536,967

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

Included in bills receivable, an amount of HK$658,666,000 (2010: HK$229,064,000) were either endorsed for settlement of trade and other payables and amounts due to related companies or discounted at banks with recourse to the Group.

Over 94.4% (2010: 97.8%) of the trade and bills receivables are neither past due nor impaired. Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK$225,178,000 (2010: HK$33,735,000) which are past due as at the reporting date for which the Group has not provided allowance for doubtful debts as such amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these receivables. The average age of these receivables is 99 days (2010: 169 days).

23. Trade and Other Receivables *(Continued)*

Notes: *(Continued)*

(a) *(Continued)*

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

	2011	2010
	HK$'000	HK$'000
Balance at beginning of the year	**11,281**	12,399
Allowance for trade and other receivables	**4,809**	759
Amounts recovered during the year	**(9,869)**	(2,272)
Amounts written off as uncollectible	**(325)**	—
Exchange realignment	**434**	395
Balance at end of the year	**6,330**	11,281

Included in the allowance for trade and other receivables are individually impaired trade receivables with an aggregate balance of HK$3,251,000 (2010: HK$759,000) and other receivables with an aggregate balance of HK$1,558,000 (2010: Nil) which have either been placed under liquidation or in severe financial difficulties and it is not likely that such amounts will be recovered in the future.

(b) The entrusted loan receivables were arranged by banks in the PRC, are unsecured, interest bearing at fixed rates of 6.94%, 6.67%, 7.22% and 7.32% per annum and mature on 8 January 2012, 10 January 2012, 22 March 2012 and 31 December 2012, respectively (2010: interest bearing at 5.576% per annum and matured on 29 January 2011, and 24 June 2013, respectively). The credit risk on the entrusted loan receivables is limited because the underlying counterparties are companies with good historical repayment record.

(c) Given the financial difficulties of a supplier and under the process of liquidation, during the year, the Group recognised an impairment loss in full on a prepayment for the purchase of polysilicon to such supplier amounting to approximately HK$97,790,000 (2010: Nil).

24. Amounts due from Related Companies

	Balance at 31.12.2011 HK$'000	Balance at 31.12.2010 HK$'000	Maximum amount outstanding during 2011 HK$'000
Non-trade related:			
Companies in which Mr. Zhu Gong Shan and his family have control#:			
江蘇協鑫房地產有限公司 Jiangsu Golden Concord Property Co., Ltd.*	**7,023**	6,691	35,899
中環(中國)工程有限公司 GCL Engineering Limited*	**4**	719	719
太倉港協鑫發電有限公司 Taicang Harbour Golden Concord Electric-Power Generation Co. Ltd.*	**9,058**	—	9,058
上海津森工程管理有限責任公司 Shanghai Jinsen Construction Management Company Limited*	**212**	—	212
	16,297	7,410	
Associates of the Group:			
Funning Cogeneration Plant	**—**	12,007	
Beijing Cogeneration Plant	**15,317**	13,607	
	15,317	25,614	
Trade-related:			
Companies in which Mr. Zhu Gong Shan and his family have control#	**38,936**	2,469	
Non-controlling shareholder of a subsidiary	**679**	558	
Subsidiary of non-controlling shareholder of a subsidiary	**23,922**	154	
	63,537	3,181	
	95,151	36,205	

24. Amounts due from Related Companies *(Continued)*

Mr. Zhu Gong Shan is a director and a deemed substantial shareholder of the Company and can exercise significant influence over the Company.

* English name for identification purpose only

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

For trade related amounts due from related companies, the amounts are unsecured, non-interest bearing and with a credit period ranging from 0 to 90 days.

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:

	2011	2010
	HK$'000	HK$'000
0–90 days	**60,448**	154
91–180 days	**220**	131
181–365 days	**2,869**	2,896
	63,537	3,181

Management of the Group closely monitors the credit quality of amounts due from related companies that are neither past due nor impaired to be of a good credit quality in view of the good historical repayment records of such parties.

25. Loan to a Related Company

Particulars of the loan to a related company disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

Name of related company	Terms of the loan	**Balance at 31.12.2011 HK$'000**	Balance at 31.12.2010 HK$'000	**Maximum amount outstanding during 2011** HK$'000
Associate of the Group:				
Funing Cogeneration Plant	Unsecured, interest-bearing at fixed rate of 6.56% (2010: 5.31%) per annum and payable within one year	**46,206**	90,150	90,150

26. Held for Trading Investment

	2011 HK$'000	2010 HK$'000
Listed securities:		
— Equity securities listed in Hong Kong	**21,964**	—

27. Pledged and Restricted Bank Deposits and Bank Balances

Bank balances

Bank balances carry interest at floating rates which range from 0.001% to 0.50% (2010: 0.001% to 0.36%) per annum or fixed rates which range from 0.18% to 3.1% (2010: 0.01% to 2.25%) per annum.

Pledged bank deposits

These bank deposits carry fixed interest rates ranging from 0% to 5.49% (2010: 2.5% to 5.49%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$1,245,091,000 (2010: HK$73,007,000) have been pledged to secure short-term borrowings granted to the Group and obligations under finance leases in the USA and are therefore classified as current assets. The remaining deposits amounting to HK$306,202,000 (2010: HK$90,211,000) have been pledged to secure long-term borrowings granted to the Group and obligations under finance leases in the PRC and the USA and are therefore classified as non-current assets.

27. Pledged and Restricted Bank Deposits and Bank Balances *(Continued)*

Restricted bank deposits

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

Restricted bank deposits amounting to HK$2,804,642,000 (2010: HK$1,887,791,000) have been restricted to secure bills payable, short-term letters of credit for trade and payables for purchase of property, plant and equipment and are therefore classified as current assets.

28. Trade and Other Payables

	2011 **HK$'000**	2010 HK$'000
Trade payables	**2,412,806**	1,147,698
Bills and notes payable (trade)	**724,978**	489,744
Bills and notes payable (non-trade)	**27,896**	267,574
Construction payables	**3,604,207**	1,634,243
Other payables	**486,487**	514,421
Dividend payable to non-controlling shareholders of subsidiaries	**36,588**	24,556
Other tax payables	**51,483**	194,350
Interest payables	**109,693**	21,521
Accruals	**173,959**	89,879
	7,628,097	4,383,986

The credit period for trade payables and bills and notes payable (trade) are normally within 90 days and 180 days, respectively. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

The following is an aged analysis of trade payables, presented based on the invoice date at the end of the reporting period:

	2011 **HK$'000**	2010 HK$'000
Trade payables:		
0–90 days	**2,069,763**	1,035,052
91–180 days	**228,711**	84,873
Over 180 days	**114,332**	27,773
	2,412,806	1,147,698

28. Trade and Other Payables *(Continued)*

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

	2011 **HK$'000**	2010 HK$'000
Bills and notes payable (trade):		
0–90 days	**485,164**	304,329
91–180 days	**239,814**	185,415
	724,978	489,744

29. Amounts due to Related Companies

	2011 **HK$'000**	2010 HK$'000
Current		
Non-trade related:		
Companies in which Mr. Zhu Gong Shan and his family have control (Note a)	**11,982**	48,046
Subsidiary of a non-controlling shareholder of a subsidiary	**2,938**	8,064
	14,920	56,110
Trade-related:		
Companies in which Mr. Zhu Gong Shan and his family have control (Note b)	**39,068**	69,673
Non-controlling shareholder of a subsidiary	**162**	64
Subsidiary of non-controlling shareholder of a subsidiary	**31,800**	132
Joint venture partner of a jointly controlled entity (Note c)	**544,052**	—
	615,082	69,869
	630,002	125,979
Non-current		
Non-trade-related:		
Subsidiary of a non-controlling shareholder of a subsidiary (Note d)	**23,585**	—
	653,587	125,979

29. Amounts due to Related Companies *(Continued)*

Notes:

(a) The amounts are unsecured, non-interest bearing and repayable on demand. Mr. Zhu Gong Shan is a director and a deemed substantial shareholder of the Company and can exercise significant influence over the Company.

(b) The amounts are unsecured, non-interest bearing and the credit period are normally within 90 days. Mr. Zhu Gong Shan is a director and a substantial shareholder of the Company and can exercise significant influence over the Company.

(c) The amount is unsecured and non-interest bearing. The amount represented prepayment received for the sale of solar modules.

(d) The amount is unsecured and non-interest bearing. The amount represented a non-cancellable deposit received for a wafer long-term sales contract and such deposit would be utilised for future sales according to the contract term.

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

	2011 **HK$'000**	2010 HK$'000
0–90 days	**600,301**	35,293
91–180 days	**13,815**	34,140
181–365 days	**966**	436
	615,082	69,869

30. Advances from Customers

The Group entered into goods supply contracts with customers and received advance payments from customers which are interest-free. As of 31 December 2011, the advances of HK$1,022,400,000 (2010: HK$988,786,000) and HK$2,068,009,000 (2010: HK$1,977,998,000) are included in current liabilities and non-current liabilities based on the estimated amounts of purchase of goods within one year and after one year, respectively.

31. Government Grants

	2011 **HK$'000**	2010 HK$'000
Amounts credited to profit or loss during the year		
Incentive subsidies (Note a)	**147,314**	248,482
Subsidies related to property, plant and equipment (Note b)	**38,990**	29,776
Value-added tax refund related to depreciable assets (Note c)	**9,157**	10,410
	195,461	288,668
Deferred income related to government grants:		
Subsidies related to property, plant and equipment (Note b)	**257,678**	225,311
Value-added tax refund related to depreciable assets (Note c)	**126,659**	129,598
Total	**384,337**	354,909
Less: current portion	**54,003**	41,105
Non-current portion	**330,334**	313,804

Notes:

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

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

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

32. Bank Borrowings

	2011 HK$'000	2010 HK$'000
Short-term bank borrowings	**9,052,273**	4,475,541
Long-term bank borrowings	**20,234,026**	9,314,642
	29,286,299	13,790,183
Less: current portion	**(11,582,443)**	(6,410,831)
Non-current portion	**17,703,856**	7,379,352

Details of the bank borrowings are as follows:

	2011 HK$'000	2010 HK$'000
Secured	**4,133,816**	1,823,640
Unsecured	**25,152,483**	11,966,543
	29,286,299	13,790,183
Carrying amount repayable*:		
Within one year	**11,311,073**	6,164,042
More than one year, but not exceeding two years	**7,375,557**	1,876,189
More than two years, but not exceeding three years	**7,930,706**	3,593,406
More than three years, but not exceeding four years	**1,475,215**	653,990
More than four years, but not exceeding five years	**467,215**	604,715
More than five years	**455,163**	651,052
	29,014,929	13,543,394
Carrying amount of bank loans that are repayable within one year from the end of the reporting period and contain a repayment on demand clause (shown under current liabilities)	**271,370**	246,789
	29,286,299	13,790,183
Less: Amounts due within one year shown under current liabilities	**(11,582,443)**	(6,410,831)
	17,703,856	7,379,352
Analysed as:		
Fixed-rate borrowings	**6,368,459**	3,342,391
Variable-rate borrowings	**22,917,840**	10,447,792
	29,286,299	13,790,183

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

32. Bank Borrowings *(Continued)*

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are analysed as follows:

	2011	2010
Fixed-rate borrowings	**2.5% to 7.22%**	3.46% to 5.58%
Variable-rate borrowings		
US$ borrowings	**LIBOR + 1.9% to 6%**	LIBOR + 1.9% to 3.5%
RMB borrowings	**90% to 120% of Benchmark Rate**	90% to 105% of Benchmark Rate
RMB borrowings	**SHIBOR + 2%**	SHIBOR + 2%

The Group's borrowings that are denominated in currencies other the functional currency of the relevant group entities are set out below:

	2011 **HK$'000**	2010 HK$'000
US$	**7,339,475**	2,221,821
CHF	**193,191**	—

Certain borrowings are secured by property, plant and equipment, prepaid lease payments and bank deposits as set out in note 40.

Included in the bank borrowings are bills receivable discounted to banks with recourse with aggregate carrying amount of approximately HK$743,585,000 (2010: Nil). The amounts of bill receivable discounted to banks with recourse are discounted with the interest rates ranged from 8.42% to 10.20%.

During the year, in respect of a bank loan with a carrying amount of HK$7,940,000,000 as at 31 December 2011 with certain covenant terms of the bank loan, the directors of the Company had reviewed the covenant terms of such loan and no sign of breach of covenants was noted at 31st December 2011.

33. Obligations under Finance Leases

The Group entered into sale and leaseback agreements with lessors in respect of its manufacturing equipment in the PRC and solar farms in the USA.

	2011 **HK$'000**	2010 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**433,302**	111,288
Non-current liabilities	**1,264,617**	441,475
	1,697,919	552,763

	Minimum lease payments		**Present value of minimum lease payments**	
	2011 **HK$'000**	2010 HK$'000	**2011** **HK$'000**	2010 HK$'000
Amounts payable under finance leases				
Within one year	**527,465**	138,219	**433,302**	111,288
In more than one year but not more than two years	**524,324**	131,070	**455,646**	109,513
In more than two years but not more than five years	**686,520**	361,324	**597,071**	331,962
In more than five years	**326,222**	—	**211,900**	—
	2,064,531	630,613	**1,697,919**	552,763
Less: future finance charges	**(366,612)**	(77,850)	**N/A**	N/A
Present value of lease obligations	**1,697,919**	552,763	**1,697,919**	552,763
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(433,302)**	(111,288)
Amount due for settlement after 12 months			**1,264,617**	441,475

33. Obligations under Finance Leases *(Continued)*

Finance lease agreements in the USA

GCL Solar Energy Inc. ("GCL Solar"), an indirect wholly-owned subsidiary of the Company, and its subsidiaries ("Project Companies"), entered into master lease agreements and various related agreements with Wells Fargo & Company and Bank of America Merrill Lynch ("Lease Agreements") to fund 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 & Company ("Wells Fargo") and Bank of America Merrill Lynch ("Bank of America"), who in turn, lease back the Solar Projects to the Project Companies. Separately, Project Companies entered into power purchase agreements with end customers, who buy the electricity directly from the Project Companies.

During the year ended 31 December 2011, the Project Companies sold 11 MW Solar Projects to Wells Fargo and 4.9 MW Solar Projects to Bank of America Merrill Lynch. Concurrent with the sale, the Project Companies entered into agreements to lease the Solar Projects back from Wells Fargo and Bank of America 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 twelve Solar Projects resulted in finance leases. The profit on the sale of the Solar Projects of US$12,691,000 (equivalent to HK$98,636,000) is deferred and amortised over the lease terms. The average effective interest rate of the finance lease is 6.34% (2010: Nil) per annum after adjusting the initial direct costs.

As at 31 December 2011, such finance leases are denominated in US$ and with an outstanding obligation of US$56,304,000 (equivalent to HK$437,607,000) (2010: Nil). The Group's obligations under finance leases are secured by a pledged and restricted bank deposits of approximately HK$149,727,000 (2010: Nil) made to lessors at the inception of the lease.

Finance lease agreements in the PRC

The Group entered into several finance lease agreements with 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 sale and leaseback arrangement resulted in finance leases. As at 31 December 2011, such finance leases have outstanding obligations of HK$1,260,312,000 (2010: HK$552,763,000). The average effective interest rate of the finance leases is 7.71% (2010: 6.55%) per annum after adjusting the effect of initial direct costs.

As at 31 December 2011, the Group's obligations under finance leases are secured by a pledged and restricted deposit of approximately HK$187,492,000 (2010: HK$73,400,000) made to lessors at the inception of the lease.

34. Long-term Notes

The carrying amount of the Group's long-term notes is as follow:

	2011 **HK$'000**	2010 HK$'000
Nominal value of 7.05% fixed rate bonds maturing in November 2018	**1,850,253**	—
Less: Unamortised issuance cost	**(19,081)**	—
Net carrying amount	**1,831,172**	—

Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. ("Jiangsu Zhongneng"), a wholly owned subsidiary of the Group, has issued RMB1,500,000,000 (equivalent to HK$1,850,000,000) notes (the "Notes") in the PRC on 15 November 2011, which mature on 14 November 2018, unless there is earlier resale pursuant to the terms of the Notes. The Notes bear interest at a fixed rate of 7.05% per annum for the first five years, payable annually in arrears on 15 November each year, commencing from 15 November 2012.

Jiangsu Zhongneng has the absolute right (but not the obligation) to adjust upward the annual interest rate within the range from 0 to 100 basis point upon the end of five years from the date of issue. The interest rate for the last two years will be 7.05% per annum plus any of the upward adjustment.

Any investors of the Notes has the right to register within 5 business days from the date of announcement of any upward adjustment of the interest rate upon the end of five years from the date of issue in order to qualify for resale of the whole or part of the Notes held by them to Jiangsu Zhongneng at par.

35. Share Capital

	Number of shares '000	**Amount** HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2010, 31 December 2010 and 31 December 2011	20,000,000	2,000,000

35. Share Capital *(Continued)*

	Number of shares '000	Amount HK$'000
Issued and fully paid:		
At 1 January 2010	15,471,549	1,547,155
Exercise of share options (Note a)	2,414	241
At 31 December 2010 and 1 January 2011	15,473,963	1,547,396
Exercise of share options (Note b)	11,999	1,200
Shares repurchased and cancelled (Note c)	(15,000)	(1,500)
At 31 December 2011	15,470,962	1,547,096

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

(b) During the year ended 31 December 2011, share option holders exercised their rights to subscribe for 11,375,000 and 624,000 ordinary shares in the Company at HK$0.59 and HK$1.054 per share, respectively, with the net proceeds of HK$7,369,000.

(c) During the year ended 31 December 2011, the Company had repurchased and cancelled 15,000,000 ordinary shares in the Company at an average price of HK$2.89 per share from open market with net cash outflow of HK$43,596,000, including transaction costs.

During the year, the Company repurchased its own shares through the Stock Exchange as follows:

Date of repurchase	No. of ordinary shares '000	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid HK$'000
10 June 2011	5,000	3.45	3.26	16,850
19 September 2011	5,000	2.79	2.79	13,950
20 September 2011	5,000	2.52	2.52	12,600

35. Share Capital *(Continued)*

The above shares were cancelled upon repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

All shares rank pari passu in all respects.

36. Acquisition of Subsidiaries

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

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

The Acquisition has been accounted for using the purchase method.

* English name for identification only

36. Acquisition of Subsidiaries *(Continued)*

Assets and liabilities recognised at the date of acquisition

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

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

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

Acquisition related costs amounting to approximately HK$2,853,000 in 2010 have been excluded from the consideration transferred and have been recognised as an expense, within the administrative expenses in the consolidated statement of comprehensive income.

36. Acquisition of Subsidiaries *(Continued)*

Non-controlling interests

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

Goodwill arising on acquisition

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

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

Net cash outflow arising on acquisition of Konca Solar

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

37. Operating Leases

The Group as lessee

	2011 **HK$'000**	2010 HK$'000
Minimum lease payments paid under operating leases during the year:		
Buildings	**34,910**	19,120
Natural gas transmission network	**11,799**	9,387
Staff quarters	**4,440**	873
Motor vehicle	**11,811**	—
Others	**3,943**	1,104
	66,903	30,484

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

	2011 **HK$'000**	2010 HK$'000
Within one year	**56,766**	35,438
In the second to fifth year inclusive	**85,408**	81,496
After five years	**310**	6,939
	142,484	123,873

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

37. Operating Leases *(Continued)*

The Group as lessor

	2011 HK$'000	2010 HK$'000
Rental income credited to profit or loss during the year:		
Land use rights	**1,411**	1,714
Building	**178**	161
Staff quarters	**27**	194
Others	**36**	24
	1,652	2,093

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

	2011 HK$'000	2010 HK$'000
Within one year	**1,142**	1,504
In the second to fifth years inclusive	**1,543**	2,416
After five years	**2,130**	3,053
	4,815	6,973

38. Capital Commitments

	2011 HK$'000	2010 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment:		
Contracted for but not provided	**3,811,782**	3,036,285
Authorised but not contracted for	**6,633**	566,398
	3,818,415	3,602,683

39. Contingent Liabilities

At 31 December 2011, the Group provided guarantees of HK$111,015,000 (2010: HK$17,628,000) to a bank in respect of banking facilities of an associate, which will be expired on 10 March 2012 and 31 December 2012. The associate had utilised HK$96,213,000 (2010: HK$17,628,000) of such banking facilities at the end of the reporting period. The directors of the Company consider that the fair value of the financial guarantees at date of inception and at year end date is insignificant.

Additionally, the Group also provided a guarantee of US$30,000,000 (equivalent to HK$233,165,000) (2010: Nil) to a bank in respect of a banking facility, which will be expired on 9 March 2012, made by the bank to a third party long-term customer of the Group. In return for the guarantee, the third party customer provided a non-refundable and non-cancellable deposit to the Group with a carrying amount of HK$246,700,000, which is included in advances from customers on the consolidated statement of position at the end of the reporting period (see note 30). The director considers that the fair value of the financial guarantees at date of inception and at year end date is insignificant as the guarantee given by the Group is covered by the advances received.

40. Pledge of Assets

At 31 December 2011, the Group has pledged buildings with carrying values of approximately HK$2,206,369,000 (2010: HK$754,369,000) and plant and machinery with carrying values of approximately HK$8,147,025,000 (2010: HK$2,249,671,000) to secure borrowings granted to the Group.

The Group has pledged prepaid lease payments with carrying values of approximately HK$425,363,000 (2010: HK$264,121,000) at 31 December 2011 to secure banking facilities granted to the Group.

The Group has pledged bank deposits with carrying value of approximately HK$1,551,293,000 (2010: HK$163,218,000) at 31 December 2011 to secure borrowings granted to the Group and obligations under finance leases.

41. Share-Based Payment Transactions

Equity settled share option scheme

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

At 31 December 2011, the number of shares in respect of which options had been granted and remained outstanding under the schemes is 184,393,000 (2010: 65,512,000) shares, representing 1.19% of the issued share capital of the Company at that date.

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

41. Share-Based Payment Transactions *(Continued)*

Equity settled share option scheme *(Continued)*

The options granted on 12 January 2011 under the Share Option Scheme 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 grant, respectively.

The options granted on 15 July 2011 under the share option scheme are subject to a vesting scale in tranches of one-fifth of the shares on 1 September 2011 and the first, second, third and fourth anniversary dates of the date of grants, respectively.

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

			Number of share options					
			Outstanding at	During the year				Outstanding at
	Exercise price	Date of grant	1 January 2011	Granted	Exercised	Forfeited	Transferred	31 December 2011
Directors	HK$4.1	13.11.2007	7,680,000	—	—	—	—	7,680,000
	HK$0.59	16.02.2009	9,880,000	—	—	—	(1,200,000)	8,680,000
	HK$4.1	15.07.2011	—	2,000,000	—	—	—	2,000,000
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	—	(11,375,000)	(200,000)	1,200,000	16,017,000
	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
	HK$4.1	15.07.2011	—	106,100,000	—	(300,000)	—	105,800,000
			65,512,000	133,100,000	(11,999,000)	(2,220,000)	—	184,393,000
Exercisable at the end of the year			18,728,000					49,239,000
Weighted average Exercise price			2.03	3.95	0.61	3.26	—	3.50

			Number of share options				
			Outstanding at	During the year			Outstanding at
	Exercise price	Date of grant	1 January 2010	Granted	Exercised	Forfeited	31 December 2010
Directors	HK$4.1	13.11.2007	7,680,000	—	—	—	7,680,000
	HK$0.59	16.02.2009	9,880,000	—	—	—	9,880,000
Employees and others	HK$4.1	13.11.2007	19,280,000	—	—	(400,000)	18,880,000
	HK$0.59	16.02.2009	29,066,000	—	(2,174,000)	(500,000)	26,392,000
	HK$1.054	24.04.2009	3,040,000	—	(240,000)	(120,000)	2,680,000
			68,946,000	—	(2,414,000)	(1,020,000)	65,512,000
Exercisable at the end of the year			7,442,000				18,728,000
Weighted average Exercise price			1.98	—	0.64	2.02	2.03

41. Share-Based Payment Transactions *(Continued)*

Equity settled share option scheme *(Continued)*

The closing price of the Company's shares immediately before 12 January 2011 and 15 July 2011, the dates of the options were granted, were HK$3.32 per share and HK$4.10 per share, respectively.

The fair value of the options measured at the date of grant on 12 January 2011 is HK$1.264 per option, which is calculated based on the weighted average fair value of options for each tranche of options to be vested from the grant date. The fair value of option for each tranche of options to be vested in 0.13 year, 1 year, 2 years, 3 years and 4 years from the grant date are HK$0.998, HK$1.143, HK$1.290, HK$1.402 and HK$1.487 per option, respectively.

The fair value of the options measured at the date of grant on 15 July 2011 is HK$1.535 per option, which is calculated based on the weighted average fair value of options for each tranche of options to be vested from the grant date. The fair value of option for each tranche of options to be vested in 0.13 year, 1 year, 2 years, 3 years and 4 years from the grant date are HK$1.229, HK$1.389, HK$1.560, HK$1.696 and HK$1.802 per option, respectively.

The following inputs were used to derive the fair value of the share options, using the Binomial model:

	12 January 2011	15 July 2011
Spot price (closing price of grant date)	HK$3.32	HK$4.1
Exercise price	HK$3.32	HK$4.1
Expected volatility	50.5%	48.05%
Dividend yield	1.65%	1.24%
Risk-free interest rate	2.77%	2.23%
Suboptimal exercise factor	1.5	1.5

Expected volatility was determined by using the volatility of the stock return of the Company and comparable listed companies as at the valuation date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in estimating the fair value of the share options are based on the director's best estimate. Change in subjective input assumptions can materially affected the fair value.

During the year, an amount of relevant share-based payment expenses of HK$82,287,000 (2010: HK$12,658,000) has been recognised in profit or loss.

The weighted average closing price of the Company's shares at dates on which the options were exercised during the year was HK$4.26 (2010: HK$2.29) per share.

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

42. Events after the end of Reporting Period

On 12 January 2012, the Group entered into a share purchase agreement with Sinopro Enterprises Limited, a company controlled by Mr. Zhu Gong Shan and his family, and agreed to purchase 100% equity interest in Charm Team Limited. Charm Team Limited indirectly holds 100% of the equity interest in 保利協鑫(徐州)再生能源發電有限公司 ("Xuzhou GCL-Poly Renewable Energy Company Limited"), a company engaged in operating a power plant and incorporated in the PRC. The cash consideration to be paid for the acquisition is RMB290 million (equivalent to approximately HK$356.7 million).

On the same day, the Group entered into an equity transfer agreement with 上海國能投資有限公司 ("Shanghai Guoneng Investment Company Limited"), a company controlled by Mr. Zhu Gong Shan and his family, and agreed to purchase 100% equity interest in 四川協鑫硅業科技有限公司 ("Sichuan Xie Xin Silicon Technology Company Limited"), a company engaged in manufacturing and sale of metallurgical grade silicon and incorporated in the PRC. The cash consideration to be paid for the acquisition is RMB91 million (equivalent to approximately HK$111.9 million).

On 20 December 2011, GCL-Poly Limited, a wholly owned subsidiary of the Company, completed the registration of a RMB1 billion notes with a tenor of three years with the National Association of Financial Market Institutional Investors. On 16 February 2012, GCL-Poly Limited issued the first tranche of the above notes. The aggregate principal amount of the first tranche notes are RMB400 million, bearing interest at a rate of 6.9% per annum and the maturity date will be 16 February 2015. The proceeds will be used to fund our power business projects, the repayment of bank borrowings and general working capital requirement.

43. Retirement Benefits Scheme

(a) The PRC

The Group's full-time employees in the PRC are covered by a government sponsored defined contribution pension scheme, and are entitled to a monthly pension from their retirement dates. The PRC Government is responsible for the pension liability to these retired employees. The Group is required to make annual contributions to the retirement plan at a rate of 14% to 22% (2010: 14% to 22%) of employees' salaries, which are charged to operations as an expense when the contributions are due.

43. Retirement Benefits Scheme *(Continued)*

(a) The PRC *(Continued)*

During the year, the total amounts contributed by the Group to the scheme in the PRC and charged to profit or loss represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme are as follows:

	2011	2010
	HK$'000	HK$'000
Amounts contributed and expensed	**36,801**	34,851

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Scheme Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

During the year, the total amounts contributed by the Group to the scheme in Hong Kong and charged to profit or loss represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme are as follows:

	2011	2010
	HK$'000	HK$'000
Amounts contributed and expensed	**2,552**	2,024

44. Related Party Disclosures

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

	2011 **HK$'000**	2010 HK$'000
Transactions with companies in which Mr. Zhu Gong Shan and his family have control:		
Construction related services expense	**47,572**	12,679
Construction related service income	**2,073**	—
Sales of wafer	**105,993**	—
Proceeds on disposal of property, plant and equipment	**22,750**	—
Purchase of coal	**—**	1,580
Purchase of property, plant and equipment	**41,375**	4,412
Purchase of raw material	**7,877**	—
Purchase of gas	**248,865**	—
Purchase of steam	**711,235**	379,611
Purchase of electricity	**88,641**	62,939
Rental expense	**4,010**	3,824
Rental income	**108**	103
Sales of coal	**175,420**	191,731
Sales of steam	**33,861**	2,119
Consultancy service fee	**1,686**	—
Interest income	**—**	1,186
Interest expense	**—**	11,329
Management fee income	**15,028**	13,026
Management fee expense	**1,808**	4,581
Deposit paid for acquisition of property, plant and equipment	**92,818**	284,629
Transactions with associates:		
Management fee income	**180**	746
Sales of coal	**31,121**	29,809
Interest income	**4,201**	3,271
Transactions with non-controlling shareholders of subsidiaries:		
Construction related services expense	**2,163**	9
Rental expense	**4,219**	4,017
Sales of steam	**600**	585

Details of balances and other arrangements with related parties are disclosed in the consolidated statement of financial position on pages 80 and 81 and notes 24, 25, 29, 36 and 39.

44. Related Party Disclosures *(Continued)*

The remuneration of key management personnel, including directors' remuneration during the year is as follows:

	2011 **HK$'000**	2010 HK$'000
Short-term benefits	**93,729**	50,492
Post-employment benefits	**1,138**	896
Other long-term benefits	**—**	—
Share-based payments	**3,597**	3,639
	98,464	55,027

The remuneration of directors and other key management members is determined by the remuneration committee having regard to the performance of individuals and market trends.

45. Particulars of Subsidiaries

Name of subsidiary	**Place of operation**	**Issued and fully paid share/ registered capital**	**Attributable equity interest of the Group** **2011** **%**	2010 %	**Principal activity**
The Power Group **Established in the PRC**					
Huzhou Golden Concord Environmental Protection Cogen-Power Co., Ltd. 湖州協鑫環保熱電有限公司	PRC	US$10,710,000	**94.77**	94.77	Operation of a power station
Tongxiang City Wu Town Xiexin Thermal Power Company Limited* 桐鄉市烏鎮協鑫熱力有限公司	PRC	RMB3,000,000	**94.77**	94.77	Operation of boilers and trading of steam
Fengxian Xinyuan Biological Environmental Heat and Power Co., Ltd 豐縣鑫源生物質環保熱電有限公司	PRC	RMB100,000,000	**51**	51	Operation of a power station
Haimen Xinyuan Environmental Protection Co-generation Co., Ltd. 海門鑫源環保熱電有限公司	PRC	US$8,000,000	**51**	51	Operation of a power station
Kunshan Xinyuan Environmental Protection Cogen-Power Co., Ltd. 昆山鑫源環保熱電有限公司	PRC	RMB116,200,000	**51**	51	Operation of a power station
Yangzhou Harbour Sludge Power Co., Ltd. 揚州港口污泥發電有限公司	PRC	US$14,068,000	**51**	51	Operation of a power station

45. Particulars of Subsidiaries *(Continued)*

Name of subsidiary	Place of operation	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2011 %	2010 %	Principal activity
The Power Group *(Continued)* **Established in the PRC** *(Continued)*					
Suzhou Industrial Park Blue Sky Gas Cogen-Power Co., Ltd. 蘇州工業園區藍天燃氣熱電有限公司	PRC	RMB300,000,000	**51**	51	Operation of a power station
Fengxian Xincheng Environmental Cogeneration Co. Ltd.* 豐縣鑫成環保熱電有限公司	PRC	RMB46,000,000	**40.8**	40.8	Operation of boilers and trading of steam
Jiaxing Golden Concord Environmental Cogeneration Co., Ltd. 嘉興協鑫環保熱電有限公司	PRC	RMB98,400,000	**95**	95	Operation of a power station
Xuzhou Western Environmental Protection Co-generation Power Co., Ltd. 徐州西區環保熱電有限公司	PRC	RMB99,200,000	**75**	75	Operation of a power station
Suzhou Industrial Park Northern Gas Turbine Cogeneration Co. Ltd* 蘇州工業園區北部燃機熱電有限公司	PRC	RMB325,000,000	**37.23**	—	Operation of a power station
Shanghai GCL-Poly Electricity Operating Management Co., Ltd.* 上海保利協鑫電力運行管理有限公司	PRC	RMB1,000,000	**100**	100	Provision of management services
GCL-Poly (Sangri) Solar Power Co., Ltd.* 保利協鑫(桑日)光伏電力有限公司	PRC	RMB42,000,000	**100**	—	Operation of a solar farm
Xuzhou GCL Solar Energy Co., Ltd* 徐州協鑫光伏電力有限公司	PRC	RMB84,000,000	**100**	100	Operation of a solar farm
Taicang Xiexin Refuse Incineration Power Co., Ltd.* 太倉協鑫垃圾焚燒發電有限公司	PRC	RMB88,000,000	**100**	100	Operation of a power station
Lianyungang Xinneng Sludge Power Co., Ltd.* 連雲港鑫能污泥發電有限公司	PRC	US$9,550,000	**100**	100	Operation of a power station
Dongtai Suzhong Environmental Protection Co-generation Co., Ltd. 東台蘇中環保熱電有限公司	PRC	US$8,000,000	**100**	100	Operation of a power station

45. Particulars of Subsidiaries *(Continued)*

Name of subsidiary	Place of operation	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2011 %	2010 %	Principal activity
The Power Group *(Continued)* **Established in the PRC** *(Continued)*					
Tongxiang Puyuan Xiexin Environmental Protection Cogeneration Co., Ltd.* 桐鄉濮院協鑫環保熱電有限公司	PRC	US$14,800,000	**100**	100	Operation of a power station
GCL-Poly Power Fuel Co., Ltd. 保利協鑫電力燃料有限公司	PRC	US$7,000,000	**100**	100	Coal trading
Xilingol Guotai Wind Power Generation Co., Ltd* 錫林郭勒國泰風力發電有限公司	PRC	RMB100,000,000	**100**	100	Operation of a wind power station
Peixian Mine-site Environmental Cogen-Power Co., Ltd. 沛縣坑口環保熱電有限公司	PRC	US$8,000,000	**100**	100	Operation of a power station
Taicang Poly Xiexin Thermal Power Co., Ltd. 太倉保利協鑫熱電有限公司	PRC	US$15,200,000	**100**	100	Operation of a power station
Baoying Xiexin Biomass Electric-Power Co., Ltd.* 寶應協鑫生物質發電有限公司	PRC	US$17,700,000	**100**	100	Operation of a power station
Lianyungang Xiexin Biomass Electric-Power Generation Co., Ltd. 連雲港協鑫生物質發電有限公司	PRC	RMB$105,500,000	**100**	100	Operation of a power station
Rudong Golden Concord Environmental Protection Cogen-Power Co., Ltd.* 如東協鑫環保熱電有限公司	PRC	RMB81,960,000	**100**	100	Operation of a power station
GCL-Poly Limited 保利協鑫有限公司	PRC	RMB1,083,000,000	**100**	100	Investment holding
Incorporated in the British Virgin Islands					
Macro Pace Limited 鴻迅有限公司	Hong Kong	US$1	**100**	100	Investment holding
Hugesuccess Investments Limited 宏成投資有限公司	Hong Kong	US$1	**100**	100	Investment holding
Wise Able Investments Limited 智能投資有限公司	Hong Kong	US$1	**100**	100	Investment holding

45. Particulars of Subsidiaries *(Continued)*

Name of subsidiary	Place of operation	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2011 %	2010 %	Principal activity
The Solar Group					
Established in the PRC					
Taixing Zhongneng Far East Polysilicon Technology Development Co., Ltd* 泰興中能遠東硅業有限公司 ("Taixing Zhongneng")	PRC	US$11,600,000	**100**	100	Manufacture and sales of TCS
Konca Solar Cell Co., Ltd. 高佳太陽能股份有限公司	PRC	RMB614,000,000	**70.19**	70.19	Manufacture and sale of ingot and wafer
Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* 江蘇中能硅業科技發展有限公司	PRC	RMB3,486,960,000	**100**	100	Manufacture and sale of polysilicon
Jiangsu GCL Silicon Material Technology Development Co., Ltd. 江蘇協鑫硅材料科技發展有限公司	PRC	RMB2,487,800,000	**100**	100	Manufacture and sale of ingot and wafer
Changzhou GCL Photovoltaic Technology Co., Ltd.* 常州協鑫光伏科技有限公司	PRC	US$61,000,000	**100**	100	Manufacture and sale of wafer
Suzhou GCL Photovoltaic Technology Co., Ltd. 蘇州協鑫光伏科技有限公司	PRC	US$60,500,000	**100**	100	Manufacture and sale of wafer
GCL (Nanjing) Solar Energy Technology Company Limited* 南京協鑫光伏電力科技有限公司	PRC	RMB3,000,000	**100**	100	Sale of polysilicon and wafer
GCL-Poly (Suzhou) New Energy Limited* 保利協鑫(蘇州)新能源有限公司	PRC	RMB2,600,000,000	**100**	100	Investment holding
Henan GCL Photovoltaic Technology Co., Ltd.* 河南協鑫光伏科技有限公司	PRC	RMB200,000,000	**100**	100	Manufacture and sale of ingot
Jiangsu GCL Software Control Equipment Technology Development Co., Ltd* 江蘇協鑫軟控設備科技發展有限公司	PRC	RMB16,000,000	**100#**	—	Manufacture and sale of equipment

45. Particulars of Subsidiaries *(Continued)*

Name of subsidiary	Place of operation	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2011 %	2010 %	Principal activity
The Solar Group *(Continued)* **Established in the PRC** *(Continued)*					
GCL-Poly (Suzhou) Electrical Complete Co., Ltd* 保利協鑫(蘇州)電器成套有限公司	PRC	RMB3,000,000	**100#**	—	Manufacture and sale of equipment
GCL Photovoltaic Materials (Xuzhou)., Co Ltd.* 徐州協鑫太陽能材料有限公司	PRC	RMB108,000,000	**100**	100	Manufacture of crucible
GCL Solar Power (Suzhou) Limited 協鑫太陽能電力(蘇州)有限公司	PRC	US$4,400,000	**100#**	—	Sales of wafer
GCL Solar System (Suzhou) Ltd. 協鑫太陽能系統集成(蘇州)有限公司	PRC	US$2,200,000	**100#**	—	Trading of solar cell and module
Taicang GCL Photovoltaic Technology Co., Ltd 太倉協鑫光伏科技有限公司	PRC	US$63,640,000	**100**	100	Manufacture and sale of wafer
Incorporated in Hong Kong					
GCL Solar Energy Technology Holdings Limited 協鑫光伏電力科技控股有限公司	Hong Kong	HK$1	**100**	100	Investment holding
Konca Solar Cell (H.K.) Co., Ltd. 高佳太陽能(香港)有限公司	Hong Kong	HK$20,000,000	**70.19**	70.19	Sale of wafer
GCL Solar Energy Trading Limited 協鑫光伏貿易有限公司	Hong Kong	HK$1	**100#**	—	Trading of module
Incorporated in the Cayman Islands					
GCL Solar Energy Technology Holdings Inc. 協鑫光伏電力科技控股有限公司	Hong Kong	US$10,500	**100**	100	Investment holding
Incorporated in the United States					
GCL Solar Energy, Inc.	USA	US$200	**100**	100	Construction and sales of solar farm projects
GCL Technology Research Center, LLC	USA	US$350,000	**100**	100	Research and development centre

* English name for identification only

\# Newly established subsidiaries in current year

45. Particulars of Subsidiaries *(Continued)*

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

46. Reclassification of Comparative Information

Certain comparative information has been reclassified to conform to current year presentation in the statement of financial position.

Chairman & Chief Executive Officer

Zhu Gong Shan

Executive Directors

Zhu Gong Shan
Shu Hua
Sha Hong Qiu
Ji Jun
Yu Bao Dong
Sun Wei
Zhu Yu Feng

Non-Executive Directors

Chau Kwok Man, Cliff
Zhang 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

Nomination Committee

Xue Zhong Su *(Chairman)*
Qian Zhi Xin
Sun Wei

Corporate Governance Committee

Raymond Ho Chung Tai *(Chairman)*
Yip Tai Him
Yu Bao Dong

Strategic Planning Committee

Raymond Ho Chung Tai *(Chairman)*
Zhu Gong Shan
Sha Hong Qiu
Ji Jun
Sun Wei
Xue Zhong Su
Qian Zhi Xin

Connected Transaction Committee

Yip Tai Him *(Chairman)*
Chau Kwok Man, Cliff
Yu Bao Dong

Company Secretary

Chan Yuk Chun

Authorized Representatives

Yu Bao Dong
Chan Yuk Chun

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Registered Office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Unit 1703B–1706, Level 17
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Legal Advisers to the Company

As to Hong Kong law

Freshfields Bruckhaus Deringer
11th Floor, Two Exchange Square
Hong Kong

As to Cayman Islands law

Conyers Dill & Pearman
Boundary Hall, 2nd Floor
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

As to PRC law

Grandall Legal Group (Beijing)
9th Floor, Taikang Financial Tower
No. 38 North Road East Third Ring
Chaoyang District
Beijing, 100026
PRC

Company's Website

www.gcl-poly.com.hk

Listing Information

Listing: Main Board of the Hong Kong Stock Exchange
Stock Code: 3800

Share Information

Board Lot Size: 1,000 shares
Shares Outstanding as at 31 December 2011: 15,470,962,268 shares

Financial Calendar

15 March 2012:
Announcement of 2011 Final Results
18 April 2012:
Publication of Annual Report
28 May 2012:
Annual General Meeting

Enquiries Contact

Investor Relations Department

Telephone:	(852) 2526 8368
Fax:	(852) 2536 9638
E-mail:	info@gcl-poly.com.hk
Address:	Unit 1703B–1706, Level 17 International Commerce Centre 1 Austin Road West Kowloon, Hong Kong

"Baoying Cogeneration Plant"	寶應協鑫生物質發電有限公司 (Baoying Xiexin Biomass Electric Power Co., Ltd.*)
"Board" or "Board of Directors"	our board of Directors
"China" or "PRC"	the People's Republic of China, but for the purposes of this announcement, excludes Hong Kong and Macau Special Administrative Region of the PRC
"China Resources Beijing Cogeneration Plant"	華潤協鑫(北京)熱電有限公司 (China Resources Golden Concord (Beijing) Co-generation Power Co., Ltd.*)
"Company"	GCL-Poly Energy Holdings Limited
"Director(s)"	director(s) of the Company or any one of them
"Dongtai Cogeneration Plant"	東台蘇中環保熱電有限公司 (Dongtai Suzhong Environmental Protection Co-generation Co., Ltd.)
"Fengxian Cogeneration Plant"	豐縣鑫源生物質環保熱電有限公司 (Fengxian Xinyuan Biological Environmental Heat and Power Co., Ltd.)
"Funing Cogeneration Plant"	阜寧協鑫環保熱電有限公司 (Funing Golden Concord Environmental Protection Co-generation Co., Ltd.)
"Group"	the Company and its subsidiaries
"Guotai Wind Power Plant"	錫林郭勒國泰風力發電有限公司 (Xilingol Guotai Wind Power Generation Co., Ltd.*)
"GW"	gigawatts
"Haimen Cogeneration Plant"	海門鑫源環保熱電有限公司 (Haimen Xinyuan Environmental Protection Co-generation Co., Ltd.)
"Huzhou Cogeneration Plant"	湖州協鑫環保熱電有限公司 (Huzhou Golden Concord Environmental Protection Cogen-Power Co., Ltd.)
"Jiangsu Zhongneng"	江蘇中能硅業科技發展有限公司 (Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.)
"Jiaxing Cogeneration Plant"	嘉興協鑫環保熱電有限公司 (JiaXing Golden Concord Environmental Cogeneration Co., Ltd.)
"Kunshan Cogeneration Plant"	昆山鑫源環保熱電有限公司 (Kunshan Xinyuan Environmental Protection Cogen-Power Co., Ltd.)
"kWh"	Kilowatt hour
"Lianyungang Xiexin Cogeneration Plant"	連雲港協鑫生物質發電有限公司 (Lianyungang Xiexin Biomass Electric-Power Generation Co., Ltd.)

"Lianyungang Xinneng Cogeneration Plant"	連雲港鑫能污泥發電有限公司(Lianyungang Xinneng Sludge Power Co., Ltd.*)
"MT"	metric tonnes
"MW"	megawatts
"Peixian Cogeneration Plant"	沛縣坑口環保熱電有限公司(Peixian Mine-site Environmental Cogen-Power Co., Ltd.)
"Puyuan Cogeneration Plant"	桐鄉濮院協鑫環保熱電有限公司(Tongxiang Puyuan Xiexin Environmental Protection Cogeneration Co., Ltd.*)
"Rudong Cogeneration Plant"	如東協鑫環保熱電有限公司(Rudong Golden Concord Environmental Protection Cogen-Power Co. Ltd.*)
"Suzhou Cogeneration Plant"	蘇州工業園區藍天燃氣熱電有限公司(Suzhou Industrial Park Blue Sky Gas Cogen-Power Co., Ltd.)
"Taicang Incineration Plant"	太倉協鑫垃圾焚燒發電有限公司(Taicang Xiexin Refuse Incineration Power Co. Ltd.*)
"Taicang Poly Cogeneration Plant"	太倉保利協鑫熱電有限公司(Taicang Poly Xiexin Thermal Power Co., Ltd.)
"W"	watts
"Xuzhou Cogeneration Plant"	徐州西區環保熱電有限公司(Xuzhou Western Environmental Protection Co-generation Power Co., Ltd.)
"Xuzhou Solar Farm"	徐州協鑫光伏電力有限公司(Xuzhou GCL Solar Energy Co., Ltd.*)
"Yangzhou Cogeneration Plant"	揚州港口污泥發電有限公司(Yangzhou Harbour Sludge Power Co., Ltd.)

* *for identification only*

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