GCL-Poly Energy Holdings Limited
Interim Report 2013

Bringing Green Power to LIFE

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

Contents

Performance Highlights

	Six months ended 30 June		Change	% of change
	2013	2012		
	HK$'000	HK$'000		
	(unaudited)	(unaudited)		
Revenue				
Sales of wafer	**5,995,053**	6,676,640	(681,587)	–10%
Sales of electricity	**1,797,818**	1,670,752	127,066	8%
Sales of polysilicon	**1,114,160**	1,624,061	(509,901)	–31%
Sales of steam	**935,205**	938,649	(3,444)	0%
Sales of coal	**527,760**	219,014	308,746	141%
Sales of project assets	**390,040**	—	390,040	N/A
Others (mainly comprise the sales of ingot, module and processing fees)	**539,498**	652,790	(113,292)	–17%
	11,299,534	11,781,906	(482,372)	–4%
Loss attributable to owners of the Company	**(917,316)**	(330,211)	(587,105)	178%

	HK Cents	HK Cents	Change	% of change
Basic and Diluted loss per share				
— Basic	**(5.93)**	(2.13)	(3.80)	178%
— Diluted	**(5.93)**	(2.13)	(3.80)	178%

	HK$'000	HK$'000	Change	% of change
EBITDA*	**1,821,048**	2,416,595	(595,547)	–25%

* The impairment losses on property, plant and equipment, deposits for acquisitions of property, plant and equipment and prepaid lease payments and goodwill, gain on disposal of an associate, and loss on fair value changes of held for trading investment were excluded in the calculation of EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)

The comparative figure has been restated to conform to current period presentation.

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)	Change	% of change
Extracts of consolidated statement of financial position				
Equity attributable to owners of the Company	**15,597,772**	16,210,027	(612,255)	–4%
Total assets	**70,913,070**	67,818,426	3,094,644	5%
Bank balances, cash, pledged and restricted bank deposits	**10,714,095**	9,716,165	997,930	10%
Indebtedness (bank borrowings, obligations under finance leases and long-term notes)	**38,736,427**	36,911,031	1,825,396	5%
Key financial ratios				
Current ratio	**0.61**	0.73	(0.12)	–16%
Quick ratio	**0.53**	0.62	(0.09)	–15%
Net debt to equity attributable to owners of the Company	**179.7%**	167.8%	N/A	11.9%

Chairman's Statement

On behalf of the Board of Directors, I hereby report that GCL-Poly achieved the following operating results for the first half of 2013. For the six months ended 30 June 2013, GCL-Poly recorded a revenue of approximately HK$11.3 billion, representing a 4.1% decrease as compared with the same period in 2012. Gross profit was approximately HK$0.75 billion, a 55.9% decrease as compared with the same period in 2012. Loss attributable to shareholders amounted to approximately HK$0.917 billion. Basic loss per share amounted to approximately HK5.93 cents. In early 2013, market prices of PV products began to show signs of stabilization and demand has picked up, with wafer shipments increased over 40% as compared with the second half of 2012. However, as the consolidation of the industry has not yet fully completed and imported polysilicon were dumped into the Chinese domestic market at a price below cost, therefore our business performance was materially impacted by the disorder in the polysilicon manufacturing sector.

Outlook

In 2012, the United States and EU launched "anti-dumping and countervailing" investigation on China's PV products. Amidst the overcapacity of downstream segment of supply-chain, dumping of polysilicon into China from overseas manufacturers, as well as other negative factors, the PV industry has gone through an unprecedented long period of price decline. In the first half of 2013, with the recovery of emerging markets such as China and Japan, market price showed signs of recovery as demand picked up steadily. With the declining cost of PV systems, improvement in conversion efficiency and introduction of incentive policies in numerous emerging markets, the PV industry presents tremendous market potentials and development prospect.

The Chinese government was highly concerned with EU's "anti-dumping and countervailing" investigation on PV products. Upon arduous and painstaking negotiations between the two parties, the representatives of China's PV industry and the European Commission reached a minimum price undertaking on PV products exported by China to EU so that China shall maintain around 70% shares in EU PV market. In the afternoon of 18 July, the Ministry of Commerce of China issued the Circular No. 48, officially announcing the preliminary ruling on the anti-dumping investigation against solar grade polysilicon imported from the United States and South Korea. The preliminary ruling finds that during the period of investigation, solar grade polysilicon products imported from the United States and South Korea constituted dumping and imposed material damage to China's domestic polysilicon industry. The Circular claims that from 24 July, China will levy an import deposit of up to 57% for solar grade polysilicon products originated in the United States and South Korea. This means that the United States and South Korea will have to significantly cut polysilicon export to China, thereby driving the recovery of market price of polysilicon products from lower than the production cost of world-class polysilicon enterprises to a reasonable level. The newly elected administration of the Chinese government has been promoting the development of the PV industry with balancing industry disciplines and stable growth. As the "anti-dumping and countervailing" investigation by EU coming to a conclusion, demand of the PV industry should be bottoming out. Supported by the "Six industry statements" issued by the State Council at a meeting to promote the healthy development of the PV industry, it is expected that the PV industry will start to recover from the current slump. In July, in order to regulate and stimulate the healthy development of the PV industry, the State Council promulgated "the Several Opinions of the State Council on Promoting the Healthy Development of Photovoltaic Industry". The Opinions proposed to intensify the development of the distributed PV power generation market, inhibiting the excessive expansion of PV production capacity, strengthening the construction of supporting electricity grids, improving tariff and subsidy policies, as well as expanding fiscal policy supports, etc.. With these supporting measures, we believe that China will transform from a powerful PV manufacturing hub to a large powerful market of solar application and achieve the installation target of about 10 GW in 2013 proposed at the beginning of this year.

In 2012, the Japanese government launched an extensive solar power subsidy policy, including a relatively high feed-in tariff and provides subsidy for solar power generated by domestic rooftops. As a result, Japan's solar power market ushered in a period of rapid development. According to our own market intelligence, Japan's PV market is projected to double in 2013, with new installed capacity exceeding 5 GW. Together with the rapid rise of emerging markets such as the United States, Latin America, South Africa, ASEAN, and Middle East, the global PV market will continue its fast-paced growth and it is expected, by 2015, the annual installation could reach 50 GW and even more. As such, we remain highly confident in the prospect of the solar industry.

By Increasing Investment in R&D, the Company Achieved Remarkable Technological Progress and Formed Differentiated Product Competitiveness

Due to industry structural oversupply, PV product price decline has outpaced our improvement in cost reduction. However, with over six years' continuous commitment into R&D, the Company recorded remarkable technical progress and achieved differentiated competitive advantage, and therefore our market leadership position in the industry maintained. During the first half of 2013, the Company produced 21,980 MT of polysilicon and sold 8,472 MT. The production and sales of wafers were 3,452 MW and 3,858 MW respectively.

As in the polysilicon materials market, we have made advances in the technological R&D of square silicon core application, silane fluidized bed, and FZ-Si projects. Jiangsu Zhongneng kicked off the manufacturing optimization project, which reduced the changeover time by 23.4%; enhancing the processing facilities and the productivity of all production processes has been significantly improved. In the future, we will strengthen our process technology and R&D, and further improve the quality of management level to ensure products are of high quality and low manufacturing cost.

On SNEC 2013 Exhibition held in Shanghai, GCL-Poly successfully launched a new product: "GCL Multi-Wafer S3 (鑫多晶)", which has an average conversion efficiency and efficiency concentration 0.3–0.4% and 15% respectively compared to previous generation S2. As a result, performance again significantly improved to better meet the demand of high-end customers. The launch of S3 products can further solidify GCL-Poly's market leadership in the high performance polysilicon arena.

The diversified high-performance polysilicon product mix has forged differentiated competitive advantage for GCL-Poly such that we can satisfy the differentiated demands of customers, thereby mitigating risks of single product strategy.

Enhancing Efforts in Market Development, with Industry-leading Market Shares

Following a market slump that lasted more than a year, industry consolidation and concentration have taken off significantly. Currently, there are only 3–5 polysilicon enterprises are still in production in China. As market has improved recently, we are very active in both production and sales activities, and supply appeared to begin falling short of demand. GCL-Poly will continue to leverage its core advantages in upstream and downstream of the PV value chain and cooperate with our mid-stream in a diversified fashion. While focusing on the domestic market, the Company will actively explore the international markets and actively nurture and forge a stable overseas customer base by leveraging Taiwan market as an outlet role. In addition, the Company will further strengthen the cooperation with emerging markets such as Japan and South Korea. We will continue to lead the market and meet the new phase the PV industry development with our forward-looking, competitive products, stable quality and performance, accurate market positioning, and reasonable industry specialization.

Domestic and Foreign Solar Farm Business Continued to Develop, with Huge Potentials

As at June 30 2013, GCL-Poly had a total of 1 GW of pipeline projects. In China, GCL-Poly accelerated the pace of investment in solar farm projects, and developed a total of 270 MW of solar farm projects in the first half of 2013. In terms of financing, China Development Bank (CDB) has granted us a credit line of RMB5 billion in April for the development of domestic solar farm projects, a clear evidence of support towards the solar power industry by CDB as well as its support for the future development of GCL-Poly.

Stable Power Business Development Outperforms Peers

In the first half of 2013, the power business continued to record stable performance. The Company has continued to maximize the efficiencies of existing resources with centralized management, cost cutting measures for stable development of its power and steam businesses. As of the end of June 2013, the Company sold 2,789 GWh of electricity, with a year-on-year increase of 5.9%, and 4,365,000 tonnes of steam, with a year-on-year rise of 7.8%. While ensuring stable growth of the business, the Company also adopted various measures including coal purchasing cost controls, bulk purchasing of resources, extension of steam supply, and vigorous efforts in steam-price adjustment. These combined measures have helped us to achieve encouraging financial results in the first half of 2013 when compared with the industry average.

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

Zhu Gongshan
Chairman

Hong Kong, 29 August 2013

Half Year Results of the Group

The anti-dumping investigation launched by the European Union and the poor solar market sentiment continue to hurt the China solar manufacturers. However, despite the selling price squeeze, the PV market showed a sign of recovery and the demand improved significantly since the first quarter of 2013. The Group maintains a high utilisation rate and high sales volume so as to mitigate the decline of revenue from the decrease in polysilicon and wafer selling prices. For the six months ended 30 June 2013, revenue amounted to HK$11,300 million as compared to revenue of HK$11,782 million for the six months ended 30 June 2012. Net loss attributable to owners of the Company was HK$917 million, as compared with HK$330 million for the same period of last year.

Business Review

Solar Material Business

Production

GCL 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.

As at 30 June 2013, our annual polysilicon production capacity maintained at 65,000 MT. During the six months ended 30 June 2013, GCL produced approximately 21,980 MT of polysilicon, representing a decrease of 12.9% as compared to 25,233 MT for the six months ended 30 June 2012.

As at 30 June 2013, our annual wafer production capacity maintained at 8 GW. During the six months ended 30 June 2013, we produced 3,452 MW of wafers, representing an increase of 13.50% as compared with 3,042 MW for the six months ended 30 June 2012. During the first half of 2013, GCL successfully launched the third generation, high-efficiency multi-crystalline silicon wafer "GCL Multi-Wafer S3", which demonstrated a significant performance improvement with notably increment in the conversion efficiency of solar cells.

Production Costs

GCL'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 first half of 2013, Jiangsu Zhongneng continued to deploy all its efforts into reducing the electricity and steam consumption and other fixed costs. As a result, our average polysilicon production costs decreased 8.5% from approximately HK$146.5 (US$18.9) per kilogram for the six months ended 30 June 2012 to approximately HK$134.1 (US$17.3) per kilogram for the same period this year.

Attributed to our technical improvements, in-house sourcing of supplies and other measures all helped to increase our production yield and reduce cost, GCL continued reducing the wafer production cost to an extremely competitive level. Our wafer production costs were approximately HK$1.47 (US$0.19) per W for the six months ended 30 June 2013, a decrease of 27.2%, as compared with approximately HK$2.02 (US$0.26) per W for the six months ended 30 June 2012. Wafer processing cost was approximately HK$0.78 (US$0.10) per W for the six months ended 30 June 2013.

Sales Volume and Revenue

Revenue of our solar business for the six months ended 30 June 2013 amounted to HK$7,647 million, representing a decrease of 14.6% from HK$8,953 million for the six months ended 30 June 2012.

For the six months ended 30 June 2013, GCL sold 8,472 MT of polysilicon and 3,858 MW of wafer, a decrease of 6.0% and an increase of 21.1% respectively, as compared with 9,012 MT of polysilicon and 3,186 MW of wafer for the corresponding period in 2012.

The average selling price of polysilicon and wafer was approximately HK$131.7 (US$17.0) per kilogram and HK$1.55 (US$0.20) per W respectively for the six months ended 30 June 2013. The corresponding average selling price of polysilicon and wafer for the same period one year earlier was approximately HK$179.8 (US$23.2) per kilogram and HK$2.09 (US$0.27) per W respectively.

Overseas Solar Power Plants Business

As of 30 June 2013, the Group had 96 MW projects are currently under construction, and approximately 23 MW of projects located in California will commence construction in the second half of 2013. The Group's total solar farm projects in operation in the United States reached 18 MW as at 30 June 2013 and over 1 GW projects in the United States and Puerto Rico are currently in the planning stage. For the first half of 2013, the total revenue from sales of electricity generated by the photovoltaic ("PV") projects in the United States and sales of modules was approximately HK$41 million and HK$2 million, respectively.

During the first half of 2013, the Group sold 100% equity interest in a company which owned a solar farm project located in California, the U.S., with a planned capacity of up to approximately 209 MW for a revenue of approximately HK$390 million (US$50 million). The project was in the preliminary construction stage and only limited notices to proceed were given to the contractor.

In November 2012, GCL invested into two 75 MW solar farm projects as a minority shareholder of 19% in South Africa. The projects are currently under construction and expected to achieve commercial operation in August 2014. In addition, GCL is arranging procurement of the modules for the above two 75 MW solar farm projects.

Power Business

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

As at 30 June 2013, the Group operates 26 power plants which includes its subsidiary and associated power plants in PRC. These comprised 14 coal-fired cogeneration plants and resources comprehensive utilization cogeneration plants, 3 gas-fired cogeneration plants, 2 biomass cogeneration plants, 2 solid-waste incineration plants, 1 wind power plant, 3 solar farms and 1 roof-top solar project. During the period, 1 solar farm with total capacity and attributable installed capacity of 20MW in DaTongXian and 1 gas-fired cogeneration plant with total installed capacity of 360 MW and attributable installed capacity of 134 MW in Suzhou began operating. As a result, the total installed capacity and attributable installed capacity were increased to 1,530.5 MW and 952.3 MW as at 30 June 2013 from 1,150.5 MW and 798.3 MW as at 31 December 2012, respectively. As at 30 June 2013, the total steam extraction capacity and attributable steam extraction capacity were increased by 200 tonne/h and 74.5 tonne/h to 2,439.0 tonne/h and 1,830.9 tonne/h, respectively. The increases were mainly due to the commencement operation of a gas-fired cogeneration plant in Suzhou.

Sales Volume and Revenue

For the six months ended 30 June 2013, total electricity and steam sales volume were 2,788,692 MWh and 4,364,505 tonnes representing an increase of 5.9% and 7.8% respectively as compared to 2,634,473 MWh and 4,048,002 tonnes for the same period last year. The increase in electricity and steam sales volume were mainly due to commencement operation of a gas-fired cogeneration plant in Suzhou and two boilers in the subsidiary of Fengxian cogeneration plant respectively.

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

Plant	**Electricity Sales MWh 30.6.2013**	Electricity Sales MWh 30.6.2012	**Steam Sales tonne 30.6.2013**	Steam Sales tonne 30.6.2012
Subsidiary power plants				
Kunshan Cogeneration Plant	**204,581**	201,033	**308,051**	337,347
Haimen Cogeneration Plant	**79,940**	76,870	**149,846**	142,475
Rudong Cogeneration Plant	**90,557**	88,689	**387,464**	395,890
Huzhou Cogeneration Plant	**62,335**	63,727	**194,490**	176,303
Taicang Poly Cogeneration Plant	**111,730**	99,430	**201,569**	201,613
Jiaxing Cogeneration Plant	**103,784**	89,636	**411,454**	379,897
Lianyungang Xinneng Cogeneration Plant	**52,468**	41,884	**206,562**	194,796
Puyuan Cogeneration Plant	**100,841**	91,788	**368,353**	385,188
Fengxian Cogeneration Plant *(note 1)*	**81,421**	41,625	**936,807**	648,334
Yangzhou Cogeneration Plant	**212,138**	148,514	**133,844**	124,797
Dongtai Cogeneration Plant	**59,783**	45,520	**264,436**	246,879
Peixian Cogeneration Plant	**92,675**	52,425	**116,642**	113,354
Xuzhou Cogeneration Plant	**83,640**	79,056	**131,826**	147,319
Suzhou Cogeneration Plant — Blue Sky	**918,652**	1,292,359	**368,936**	378,770
Suzhou Cogeneration Plant — Northern	**250,705**	N/A	**N/A**	N/A
Baoying Cogeneration Plant	**55,456**	64,112	**106,448**	107,836
Lianyungang Xiexin Cogeneration Plant	**70,792**	57,408	**60,867**	61,405
Taicang Incineration Plant	**38,838**	35,431	**N/A**	N/A
Xuzhou Incineration Plant *(note 2)*	**43,747**	6,931	**16,910**	5,799
Guotai Wind Power Plant	**46,841**	45,336	**N/A**	N/A
Xuzhou Solar Farm	**10,578**	11,175	**N/A**	N/A
DaTongXian GCL Solar Farm	**6,493**	N/A	**N/A**	N/A
Sangri Solar Farm	**8,978**	N/A	**N/A**	N/A
Jiangsu Guoneng Roof-top Solar Project	**1,719**	1,524	**N/A**	N/A
Total subsidiary power plants	**2,788,692**	2,634,473	**4,364,505**	4,048,002
Associated power plants				
Funing Cogeneration Plant	**93,944**	44,846	**36,794**	43,019
China Resources Beijing Cogeneration Plant	**389,817**	320,212	**213,508**	240,565
Total subsidiary and associated power plants	**3,272,453**	2,999,531	**4,614,807**	4,331,586

Note 1: It included steam sales of its subsidiary, Fengxian Xincheng Environmental Cogeneration Co.,Ltd, two boilers of which commenced operation during the period.

Note 2: The steam sales of Xuzhou Incineration Plant was for internal consumption purpose.

For the six months ended 30 June 2013, revenue for the power business was HK$3,220 million, an increase of 15.4% compared to HK$2,791 million for the same period last year. The increase was mainly due to increase in sales of electricity during the period.

Average Utilisation Hours

Average utilisation hours for the Group's subsidiary power plants, defined as the amount of electricity produced during a specified period (in MWh) divided by the average installed capacity of the plant during the same period (in MW), was 2,843 hours for the first six months of 2013, representing a decrease of 4.7% compared with 2,982 hours for the same period last year. The decrease was due to the increased number of solar farms that have a lower-than-average utilization hours compared to the cogeneration power plants.

Fuel Costs

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

For the group's coal-fired cogeneration plants, resource comprehensive utilisation plants and biomass cogeneration plants, average unit fuel costs for electricity sales and steam sales were HK$384.3/MWh and HK$120.6/tonne respectively for the six month ended 30 June 2013. The corresponding average unit fuel costs for electricity sales and steam sales were HK$471.7/MWh and HK$154.7/tonne respectively for the same period last year.

In the case of the Group's gas-fired cogeneration plants and Suzhou Cogeneration Plant, natural gas was the major component of the cost of sales. Average unit fuel costs for electricity sales and steam sales were HK$515.0/MWh and HK$188.8/tonne respectively for the six months ended 30 June 2013. The corresponding average unit fuel costs for electricity sales and steam sales for the same period last year were HK$509.8/MWh and HK$199.6/tonne respectively.

Outlook

In 2013, uncertainties in global economy continue to affect the liquidity of the capital markets and commercial lending. As a result, it remains challenging for the solar project developers to obtain the necessary funding and resulting in slowing growth of the global solar markets. Global demand for new installations of PV systems grew to about 32 GW in 2012 with resilient demand from Germany and Italy despite falling subsidies from respective governments. The module sales of our customers in China were affected by anti-dumping and countervailing investigations that were initiated by the United States and the European Union. These issues continued to affect solar products demand in the first half of 2013. However, we have noticed a tremendous growth in emerging solar market such as Japan and inventory normalization of the PV value chain, which lead to a stabilization of solar products selling prices beginning in the second quarter of 2013. Besides, higher factory utilisation has also helped reducing our manufacturing cost.

We anticipate that 2013 global PV solar demand to grow modestly to approximately 35 GW, with European demand slowing while emerging markets such as China, the United States, Japan, India, Korea, Australia and Brazil continue to have higher growth. These emerging markets will play a more important role in the solar industry, leading to a more balanced geographical diversification. Recently, a statement issued by the Chinese State Council, backed up targets announced by the State Grid and National Development and Reform Commission ("NDRC") that 10 GW would be added each year until 2015 to a cumulative installation target of 35 GW under China's Five-Year Plan. In addition, we also observed an increase in ground-mounted installation following the launch of Feed-In-Tariff ("FiT") scheme in July 2011 by the NDRC. For solar projects of which construction can be completed and connected to the state grid in 2013, they can enjoy a tariff of RMB1/kWh afterwards. We do not anticipate any sharp decline of FiT support from the Chinese government in 2014.

In China, according to the press and industry sources, the Chinese government is planning to roll out a FiT scheme for rooftop installation in China that will provide the support of 10 GW installation target for 2013. In Japan, the government also maintained a solar FiT of 37 Yen/kWh, and we believe that the incentives in Japan are attractive enough to promote Japan to be a major PV market in the next few years.

With the abundance of sunlight resources and the availability of government incentives such as the National Solar Mission and State Programs, India also attracted substantial foreign capital to invest in the country and has become one of the fastest growing markets for the PV industry. As many small solar producers have halted their production or exited the market recently, the average selling prices of polysilicon, wafer, cell and module have rebounded slightly in the first half of 2013 and we expect they remain stable or slightly higher in the second half of this year as our customers continue to restock their inventory. We are optimistic that our manufacturing cost will continue to decrease as capacity utilization maintains at a high level. We believe our Company will remain competitive with our superior cost structure, co-location strategy and in-house wafer production capability. We expect solar module shipment will be steady in second half of 2013.

The cost and quality of PV products will continue to be the critical factors to the global demand in the solar industry. The launch of "GCL Multi-Wafer S3" has gained over 0.3–0.4% of conversion efficiency over the previous generation product and is capable to archive a power output of 255-260 MW on 60-cell panels or 305-310 MW on 72-cell panels. It helps our customers to reduce their manufacturing costs, further lower the overall capital expenditure of solar power plants, and increase the competitiveness and return on investment of PV system installation.

The solar power plant business will be the growth driver for our company. The Group proactively participates in solar farm construction 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, the coal price is an important factor to the profitability. The coal price recorded a considerable extent of decrease in 2012 and the first half of 2013. As a result, the power business had satisfactory performance during the period. We expect the coal price will remain stable in the second half of 2013 and believe that the power business will be a stable profit contributor for the Company. We will continue to focus on steam sales as contract prices of steam can be negotiated with our customers directly based on local government pricing guidelines, making it easier to maintain profit margins. 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.

Employees

We consider our employees to be our most important resource. As at 30 June 2013, the Group had approximately 13,207 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 three segments — the solar material business, power business and overseas solar power plants business — during the period. The following table sets forth the Group's profit/loss from operations by business segment:

	Solar Material Business HK$ million	Power Business HK$ million	Overseas Solar Power Plants Business HK$ million	Corporate HK$ million	Consolidated HK$ million
Revenue from external customers	7,647	3,220	433	—	11,300
Segment (loss) profit	(1,430)	240	(74)	—	(1,264)
EBITDA*	1,068	739	(34)	48	1,821

* The impairment losses on property, plant and equipment, deposits for acquisitions of property, plant and equipment and prepaid lease payments and goodwill, gain on disposal of an associate, and loss on fair value changes of held for trading investment were excluded in the calculation of EBITDA

Revenue

Revenue for the six months ended 30 June 2013 amounted to HK$11,300 million, representing a slight decline of 4.1% from HK$11,782 million for six months ended 30 June 2012. The decrease was mainly attributable to the decrease in revenue derived from our solar business as a result of the decline in polysilicon and wafer average selling prices.

Gross Profit Margin

The Group's gross profit margin for the six months ended 30 June 2013 was 6.6%, as compared with 14.3% for the six months ended 30 June 2012. Gross profit margin for the solar business decreased from 15.3% for the six months ended 30 June 2012 to 2.3% for the six months ended 30 June 2013. The decrease in gross profit margin was mainly due to significant decline in polysilicon and wafer average selling prices. For the power business, the gross profit margin for the six months ended 30 June 2013 rose to 17.5% from 10.7% for the six months ended 30 June 2012 as a result of decline in fuel costs. Gross profit margin for overseas solar power plants business was 2.0% for the six months ended 30 June 2013.

Other Income

Other income amounted to HK$341 million for the six months ended 30 June 2013, a decrease of 9.1% as compared with HK$375 million for the six months ended 30 June 2012. The decrease was mainly attributable to decrease in government grants, which was partly offset by increase in sales of scrap materials and bank interest income.

Distribution and Selling Expenses

Distribution and selling expenses amounted to HK$20 million for the six months ended 30 June 2013, representing a decrease of 63.6% from HK$55 million for the six months ended 30 June 2012. Lower sales and less marketing activities were carried out during the first half of 2013, leading to smaller distribution and selling expenses.

Administrative Expenses

Other administrative expenses amounted to HK$822 million for the six months ended 30 June 2013, representing a decrease of 13.2% from HK$947 million for the six months ended 30 June 2012. The decrease was due to stringent cost control measurements on administrative expenses during the first half of 2013.

Finance Costs

Finance costs of the Group for the six months ended 30 June 2013 was HK$1,091 million, which was similar to HK$1,093 million for the six months ended 30 June 2012.

Other Expense, Gain and Losses

Other losses of the Group for the six months ended 30 June 2013 were HK$357 million as compared with HK$108 million for the six months ended 30 June 2012. The increase was mainly due to the impairment loss on property, plant and equipment.

Gain on Disposal of an Associate

During the period, the Group completed the disposal of 17.39% equity interest in China Merchant New Energy Holdings Limited for a combination of consideration shares and convertible bonds issued by a listed company in Hong Kong. The gain on disposal was approximately HK$424 million.

Income Tax Expense

Income tax expense for the six months ended 30 June 2013 was HK$71 million, as compared with HK$127 million for the six months ended 30 June 2012. Decrease in profits generated from the solar business in the PRC led to a smaller income tax expense during the period.

Loss Attributable to Owners of the Company

The Group recorded a loss of HK$917 million for the six months ended 30 June 2013 as compared with a loss of HK$330 million for the six months ended 30 June 2012.

Dividends

The Board does not recommend any payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

Liquidity and Financial Resources

For the six months ended 30 June 2013, the Group's main sources of funding were cash generated from operating activities. The net cash from operating activities for the period was HK$2,202 million. The net cash used in investing activities were HK$1,578 million, mainly attributed to payments for the purchase of property, plant and equipment and increase in pledged and restricted bank deposits. Net cash outflow from financing activities was HK$348 million. The main financing activities of the Group for the six months ended 30 June 2013 included newly raised bank borrowings of HK$12,232 million, repayment of bank borrowings amounting to HK$11,471 million and interest payment of HK$1,089 million.

As at 30 June 2013, the aggregate of restricted and unrestricted cash and bank balances amounted to approximately HK$10,714 million (31 December 2012: HK$9,716 million). The Group's total assets as at 30 June 2013 were HK$70,913 million (31 December 2012: HK$67,818 million).

The Group suffered losses of HK$836 million from operations for the six months ended 30 June 2013 and, as of 30 June 2013, the Group's current liabilities exceeded its current assets by HK$15,808 million. As of the same date, the Group had cash and cash equivalents of HK$4,862 million with bank borrowings due within one year of HK$27,115 million.

In addition to the Group's existing undrawn banking facilities and renewable bank borrowings, in order to improve liquidity, the Group has negotiated with certain banks, who have indicated that they do not foresee any reasons to withdraw the existing facilities in the foreseeable future, and will continue to negotiate with other banks to obtain revolving banking facilities to ensure the Group's bank borrowings can be renewed on an on-going basis. Subsequent to the end of the reporting period, the Group has renewed bank borrowings of approximately HK$502 million with banks and with corresponding maturity dates extended to 2014. In addition, subsequent to the end of the reporting period, the Group has issued short term notes in an aggregate principal amount of HK$756 million to financial institutions in the People's Republic of China (the "PRC") with maturity date on 12 July 2014. The Group's management believes that the Group will be able to successfully renew the remaining banking facilities based on past experience and strong relationships with the banks.

The Group's management is of the opinion that, taking into account the above undrawn banking facilities, additional banking facilities and the Group's cash flow projection for the coming year, the Group will have sufficient working capital to meet its liabilities as they fall due in the next twelve months from the end of the reporting period.

Indebtedness

The indebtedness of the Group mainly comprises bank borrowings, obligations under finance lease and long-term notes. For the six months ended 30 June 2013, the Group's total bank borrowings amounted to HK$33,871 million (31 December 2012: HK$32,522 million), obligations under finance lease amounted to HK$1,749 million (31 December 2012: HK$1,330 million) and long-term notes amounted to HK$3,117 million (31 December 2012: HK$3,059 million). Below is a table showing the structure and maturity profile of the Group's total bank borrowings:

	30 June 2013 HK$ million	31 December 2012 HK$ million
Secured	**13,456**	10,120
Unsecured	**20,415**	22,402
	33,871	32,522
Maturity profile of bank borrowings on demand or within one year	**27,115**	19,705
After one year but within two years	**2,804**	8,726
After two years but within five years	**3,031**	3,353
After five years	**921**	738
Group's total bank borrowings	**33,871**	32,522

As at 30 June 2013, the Group's bank borrowings were mainly denominated in RMB and US-dollar. RMB bank borrowings carried both fixed and floating interest rates at rates with reference to the Benchmark Borrowing Rate of The People's Bank of China or Shanghai Interbank Offered Rate (SIBOR). US-dollar bank borrowings carried interest rates at rates with reference to the London Interbank Offered Rate (LIBOR).

The long-term notes bear interest at a rate of 5.77%–7.05%.

Key Financial Ratios of the Group

	30 June 2013	31 December 2012
Current ratio	**0.61**	0.73
Quick ratio	**0.53**	0.62
Net debt to equity attributable to owners of the Company	**179.7%**	167.8%

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

Foreign Currency Risk

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

For the six months ended 30 June 2013, the Group did not purchase any material foreign currency or interest rate derivatives or related hedging instruments.

Pledge of Assets

As at 30 June 2013, property, plant and equipment and prepaid lease payments with a carrying value of approximately HK$12,781 million and HK$498 million respectively (31 December 2012: HK$10,703 million and HK$477 million, respectively), were pledged as security for certain banking facilities and borrowings granted to the Group. Apart from these, bank deposits of an aggregate amount of HK$480 million (31 December 2012: HK$1,591 million) were pledged to the banks for borrowings granted to the Group and obligations under finance leases.

Capital Commitments

As at 30 June 2013, the Group's capital commitments in respect of the acquisition of property, plant and equipment and constructions costs of project assets contracted for but not provided in financial statements amounted to approximately HK$1,533 million and HK$1,023 million (31 December 2012: HK$2,693 million and HK$2,951 million). In addition, the Group has capital commitments in respect of the acquisition of property, plant and equipment authorised but not contracted for amounted to HK$2,667 million (31 December 2012: HK$5,418 million).

Contingent Liabilities

Contingent liability

On 9 July 2013, the Group was informed by one of its equipment suppliers (the "Claimant") that the Claimant had filed a notice of arbitration (the "Notice") with the Hong Kong International Arbitration Centre ("HKIAC") against Taicang GCL Photovoltaic Technology Co., Ltd. ("GCL Taicang"), a wholly-owned subsidiary of the Group. The Notice was received by GCL Taicang on 9 July 2013.

Pursuant to the Notice, an arbitration has been initiated by the Claimant against GCL Taicang as respondent under the HKIAC Administered Arbitration Rules in respect of a dispute (the "Dispute") arising from an equipment purchase and sale agreement (the "Agreement") entered into between it and GCL Taicang in 2011 with a total contractual value of approximately HK$1,800,000,000 for the purchase of certain wafer production equipment (the "Equipment") by GCL Taicang from the Claimant.

The Claimant alleges, among other things, that GCL Taicang breached the Agreement by failing to fulfil its obligations to purchase a certain number of units of the Equipment under the Agreement and to pay all relevant sums under the Agreement. The Claimant seeks, among other things, damages and/or relief for the alleged breach of the Agreement, together with interests and costs. The Notice does not specify the actual amount of the claims. The arbitral tribunal has not yet been constituted.

GCL Taicang has sought legal advice in respect of the Dispute and will vigorously contest the claim and take all appropriate steps to defend its position against the Claimant's allegations. As the dispute is currently under arbitration process and the outcome of the arbitral proceeding depends on various factors and circumstances, and is not certain, the Group did not recognise any provision in relation to the Dispute as at 30 June 2013.

Financial guarantees contracts

As at 30 June 2013, the Group provided guarantees of HK$138 million (31 December 2012: HK$136 million) to a bank in respect of the banking facilities granted to an associate company. The associate had utilized HK$126 million (31 December 2012: HK$101 million) of such banking facilities at the end of the reporting period.

Events After the End of the Interim Period

On 5 July 2013, the Company granted 44,600,000 share options to the employees of the Group under the share option scheme adopted by the Company on 22 October 2007, at an exercise price of HK$1.642 per share. The share options are subject to a vesting scale in tranches of one-fifth of the shares on 16 September 2013 and the first, second, third and fourth anniversary dates of the date of grant, respectively. The share options shall be valid during the period of 10 years from the date of grant. The management of the Group is in the process of estimating the fair value assessment of these options at the grant date and has not yet finalised.

On 12 July 2013, GCL-Poly Limited, a wholly-owned subsidiary of the Group, issued first tranche notes in an aggregate principal amount of RMB600 million (approximately HK$756 million) (the "First Tranche Notes") to financial institutions in the PRC. The First Tranche Notes bear interest at a fixed rate of 5.8% per annum and the maturity date will be 12 July 2014.

The estimated net proceeds from the issue of First Tranche Notes, after deduction of underwriting commissions and other estimated expenses, amount to approximately RMB597 million (approximately HK$752 million). The net proceeds from the issue of First Tranche Notes is to repay the Group's existing loans and for its working capital requirements.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

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

Introduction

We have reviewed the condensed consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 19 to 53, which comprises the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 August 2013

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013

	NOTES	Six months ended 30 June **2013** **HK$'000** **(Unaudited)**	 2012 HK$'000 (Unaudited)
Revenue	3	**11,299,534**	11,781,906
Cost of sales		**(10,554,538)**	(10,092,712)
Gross profit		**744,996**	1,689,194
Other income	4	**340,747**	375,164
Distribution and selling expenses		**(20,070)**	(54,913)
Administrative expenses		**(822,112)**	(947,453)
Finance costs	5	**(1,091,119)**	(1,092,803)
Other expense, gain and losses	6	**(356,992)**	(107,849)
Gain on disposal of an associate	13	**424,498**	—
Share of profit of associates		**16,142**	8,064
Share of losses of joint ventures		**(708)**	(9,341)
Loss before tax		**(764,618)**	(139,937)
Income tax expense	7	**(71,471)**	(127,126)
Loss for the period	8	**(836,089)**	(267,063)
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Exchange differences arising from translation to presentation currency		**320,845**	(121,038)
Total comprehensive expense for the period		**(515,244)**	(388,101)
Loss for the period attributable to:			
Owners of the Company		**(917,316)**	(330,211)
Non-controlling interests		**81,227**	63,148
		(836,089)	(267,063)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(624,524)**	(443,151)
Non-controlling interests		**109,280**	55,050
		(515,244)	(388,101)
		HK cents	HK cents
Loss per share	10		
Basic		**(5.93)**	(2.13)
Diluted		**(5.93)**	(2.13)

Condensed Consolidated Statement of Financial Position

At 30 June 2013

	NOTES	**As at 30 June 2013 HK$'000 (Unaudited)**	As at 31 December 2012 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	**42,604,360**	42,232,520
Prepaid lease payments		**1,788,787**	1,727,257
Goodwill	12	**680,072**	675,650
Other intangible assets		**212,527**	222,967
Interests in associates	13	**216,564**	235,600
Interests in joint ventures	14	**270,105**	215,606
Available-for-sale investment	15	**224,623**	—
Convertible bonds	16	**236,550**	—
Pledged bank deposits		**201,433**	205,723
Deposits for acquisitions of property, plant and equipment and prepaid lease payments		**265,439**	134,184
		46,700,460	45,649,507
CURRENT ASSETS			
Inventories	17	**2,193,086**	2,247,825
Project assets	18	**836,562**	1,177,410
Trade and other receivables	19	**10,168,539**	8,681,408
Amounts due from related companies	20	**195,583**	176,777
Loan to a related company		**20,374**	79,916
Prepaid lease payments		**41,631**	39,809
Tax recoverable		**211,188**	208,870
Held for trading investment		**11,020**	15,453
Pledged and restricted bank deposits		**5,650,263**	5,014,867
Bank balances and cash		**4,862,399**	4,495,575
		24,190,645	22,137,910
Assets classified as held for sale		**21,965**	31,009
		24,212,610	22,168,919
CURRENT LIABILITIES			
Trade and other payables	21	**10,738,014**	9,127,716
Amounts due to related companies	20	**653,742**	130,304
Advances from customers		**760,589**	810,571
Bank borrowings — due within one year	22	**27,114,777**	19,705,114
Obligations under finance leases — due within one year	23	**511,455**	464,479
Deferred income		**122,099**	113,604
Tax payables		**119,498**	87,621
		40,020,174	30,439,409
NET CURRENT LIABILITIES		**(15,807,564)**	(8,270,490)
TOTAL ASSETS LESS CURRENT LIABILITIES		**30,892,896**	37,379,017

	NOTES	As at 30 June 2013 HK$'000 (Unaudited)	As at 31 December 2012 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Advances from customers		**1,497,869**	1,736,398
Bank borrowings — due after one year	22	**6,755,895**	12,817,239
Obligations under finance leases — due after one year	23	**1,237,672**	865,391
Long-term notes		**3,116,628**	3,058,808
Deferred income		**614,077**	616,354
Deferred tax liabilities		**457,850**	514,367
		13,679,991	19,608,557
NET ASSETS		**17,212,905**	17,770,460
CAPITAL AND RESERVES			
Share capital	24	**1,547,913**	1,547,607
Reserves		**14,049,859**	14,662,420
Equity attributable to owners of the Company		**15,597,772**	16,210,027
Non-controlling interests		**1,615,133**	1,560,433
TOTAL EQUITY		**17,212,905**	17,770,460

The condensed consolidated financial statements on pages 19 to 53 were approved and authorised for issue by the Board of Directors on 29 August 2013 and are signed on its behalf by:

DIRECTOR

DIRECTOR

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Attributable to owners of the Company											
	Share capital HK$'000	Other reserve HK$'000	Share premium HK$'000	Capital reserve HK$'000	Statutory reserve fund HK$'000	Special reserves HK$'000	Share options reserve HK$'000	Translation reserve HK$'000	Accumulated profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2012 (Audited)	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
Exchange differences arising from translation to presentation currency	—	—	—	—	—	—	—	(112,940)	—	(112,940)	(8,098)	(121,038)
(Loss) profit for the period	—	—	—	—	—	—	—	—	(330,211)	(330,211)	63,148	(267,063)
Total comprehensive (expense) income for the period	—	—	—	—	—	—	—	(112,940)	(330,211)	(443,151)	55,050	(388,101)
Share-based payment expenses in respect of share options	—	—	—	—	—	—	38,111	—	—	38,111	—	38,111
Exercise of share options	334	(32)	2,644	—	—	—	(738)	—	—	2,208	—	2,208
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	262,276	262,276
Dilution of equity interest in a subsidiary (Note)	—	(14,512)	—	—	—	—	—	—	—	(14,512)	14,512	—
Transfer to reserve	—	—	—	—	20,288	—	—	—	(20,288)	—	—	—
Final dividend declared (Note 10)	—	—	—	—	—	—	—	—	(851,086)	(851,086)	—	(851,086)
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(505,413)	(505,413)
At 30 June 2012 (Unaudited)	1,547,430	2,415,497	7,765,156	62,470	1,637,954	(2,680,931)	138,538	1,225,958	7,186,608	19,298,680	1,393,447	20,692,127
At 1 January 2013 (Audited)	**1,547,607**	**2,430,010**	**6,915,309**	**62,470**	**1,655,427**	**(2,680,931)**	**142,048**	**1,311,775**	**4,826,312**	**16,210,027**	**1,560,433**	**17,770,460**
Exchange differences arising from translation to presentation currency	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**292,792**	**—**	**292,792**	**28,053**	**320,845**
(Loss) profit for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(917,316)**	**(917,316)**	**81,227**	**(836,089)**
Total comprehensive (expense) income for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**292,792**	**(917,316)**	**(624,524)**	**109,280**	**(515,244)**
Share-based payment expenses in respect of share options	**—**	**—**	**—**	**—**	**—**	**—**	**10,462**	**—**	**—**	**10,462**	**—**	**10,462**
Forfeitures of share options	**—**	**—**	**—**	**—**	**—**	**—**	**(16,938)**	**—**	**16,938**	**—**	**—**	**—**
Exercise of share options	**306**	**—**	**2,133**	**—**	**—**	**—**	**(632)**	**—**	**—**	**1,807**	**—**	**1,807**
Contribution from non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**27,041**	**27,041**
Acquisition of a subsidiary	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3,063**	**3,063**
Transfer to reserve	**—**	**—**	**—**	**—**	**53,850**	**—**	**—**	**—**	**(53,850)**	**—**	**—**	**—**
Dividend declared to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(84,684)**	**(84,684)**
At 30 June 2013 (Unaudited)	**1,547,913**	**2,430,010**	**6,917,442**	**62,470**	**1,709,277**	**(2,680,931)**	**134,940**	**1,604,567**	**3,872,084**	**15,597,772**	**1,615,133**	**17,212,905**

Note: In prior interim period, a subsidiary of the Group issued new shares to non-controlling interests at a consideration of RMB6,656, resulting in a loss arising from dilution of the equity interest in that subsidiary by the Group amounting to RMB11,830,000 (equivalent to HK$14,512,000).

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**2,202,487**	(1,968,687)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(986,812)**	(2,816,149)
Purchases of prepaid lease payments	**(55,726)**	(283,090)
Purchases of other intangible assets	**—**	(80,012)
Acquisition of subsidiaries	**—**	(451,066)
Deposits paid for acquisition of property, plant and equipment and prepaid lease payments	**(205,952)**	(132,877)
Placement of pledged and restricted bank deposits	**(5,413,836)**	(2,875,713)
Withdrawal of pledged and restricted bank deposits	**4,880,877**	3,057,119
Interest received	**87,254**	70,176
Dividend received from associates	**16,796**	15,279
Advances to related companies	**(57,519)**	(66,053)
Repayment from related companies	**60,468**	13,572
Receipt of repayments from entrusted loans receivable	**62,174**	62,508
Investment in joint ventures	**(53,435)**	(4,395)
Investments in associates	**—**	(48,000)
Proceeds from disposal of property, plant and equipment	**12,838**	2,506
Proceeds from disposal of asset held-for-sale	**31,263**	—
Receipt of government grants related to depreciable assets	**43,988**	189,497
NET CASH USED IN INVESTING ACTIVITIES	**(1,577,622)**	(3,346,698)
FINANCING ACTIVITIES		
New bank borrowings raised	**12,231,994**	14,965,583
Repayment of bank borrowings	**(11,470,676)**	(7,907,934)
Interest paid	**(1,089,086)**	(973,864)
Advances from related companies	**—**	78,301
Net proceeds from sale and finance leaseback arrangements	**272,831**	45,681
Repayment of obligations under finance leases	**(258,957)**	(180,856)
Net proceed from issuance of long-term notes	**—**	1,221,531
Contribution from non-controlling interests	**27,041**	262,276
Net proceeds from exercise of share options	**1,807**	2,208
Dividend paid to non-controlling interests	**(62,968)**	(178,023)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(348,014)**	7,334,903
NET INCREASE IN CASH AND CASH EQUIVALENTS	**276,851**	2,019,518
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**4,495,575**	6,882,663
Effect of foreign exchange rate changes	**89,973**	(66,594)
CASH AND CASH EQUIVALENTS AT 30 JUNE represented by bank balances and cash	**4,862,399**	8,835,587

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

1. Basis of Preparation

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

The condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. The realisation of assets and the satisfaction of liabilities in the normal course of business are dependent on, among other things, the Group's ability to operate profitably, to generate positive cash flows from operations, and to pursue financing arrangements to support its working capital requirements.

The Group suffered losses of HK$836 million from operations for the six months ended 30 June 2013 and, as of 30 June 2013, the Group's current liabilities exceeded its current assets by HK$15,808 million. As of the same date, the Group had cash and cash equivalents of HK$4,862 million with bank borrowings due within one year of HK$27,115 million.

In addition to the Group's existing undrawn banking facilities and renewable bank borrowings, in order to improve liquidity, the Group has negotiated with certain banks, who have indicated that they do not foresee any reasons to withdraw the existing facilities in the foreseeable future, and will continue to negotiate with other banks to obtain revolving banking facilities to ensure the Group's bank borrowings can be renewed on an on-going basis. Subsequent to the end of the reporting period, the Group has renewed bank borrowings of approximately HK$502 million with banks and with corresponding maturity dates extended to 2014. In addition, subsequent to the end of the reporting period, the Group has issued short term notes in an aggregate principal amount of HK$756 million to financial institutions in the People's Republic of China (the "PRC") with maturity date on 12 July 2014 as disclosed in note 30. The Group's management believes that the Group will be able to successfully renew the remaining banking facilities based on past experience and strong relationships with the banks.

The Group's management is of the opinion that, taking into account the above undrawn banking facilities, additional banking facilities and the Group's cash flow projection for the coming year, the Group will have sufficient working capital to meet its liabilities as they fall due in the next twelve months from the end of the reporting period.

2. Principal Accounting Policies

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new and revised International Financial Reporting Standards ("IFRSs").

2. Principal Accounting Policies *(Continued)*

Amendments to IFRSs	Annual Improvements to IFRSs 2009–2011 Cycle
Amendments to IFRS 1	Government Loans
Amendments to IFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IAS 19 (Revised 2011)	Employee Benefits
IAS 27 (Revised 2011)	Separate Financial Statements
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

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

In the current interim period, the Group has applied for the first time IFRS 10, IFRS 11, IFRS 12 and IAS 28 (as revised in 2011) together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding the transitional guidance. IAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of IFRS 10

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 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

The directors of the Company reviewed and assessed whether they have control over all the existing subsidiaries in accordance with the requirements of IFRS 10. The directors concluded that there is no impact on the Group's control over the subsidiaries after the application of IFRS 10 and all the subsidiaries continue to be consolidated in the Group's consolidated financial statements.

2. Principal Accounting Policies *(Continued)*

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

Impact of the application of IFRS 11

IFRS 11 replaces IAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, SIC — Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*, has been incorporated in IAS 28 (as revised in 2011). IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under IFRS 11, there are only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under IFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, IAS 31 had three types of joint arrangements — jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under IAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of IFRS 11. The directors concluded that the Group's investments which were classified as jointly controlled entities under IAS 31 should be classified as joint ventures under IFRS 11 and continue to be accounted for using the equity method.

2. Principal Accounting Policies *(Continued)*

Amendments to IAS 34 Interim Financial Reporting (as part of the Annual Improvements to HKFRSs 2009–2011 Cycle)

The Group has applied the amendments to IAS 34 *Interim Financial Reporting* as part of the Annual Improvements to IFRSs 2009–2011 Cycle for the first time in the current interim period. The amendments to IAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision marker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment. Segment assets and segment liabilities are disclosed in note 3 accordingly.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. 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 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 do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

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

3. Segment Information

The Group's operating segments under IFRS 8 are as follows:

(a) Solar business — mainly manufacture and sales of polysilicon and wafer to companies operating in the solar industry. It is also engaged in system integration business.

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

3. Segment Information *(Continued)*

(c) Overseas solar power plants business — development, construction, management, operation and sales of overseas solar plants. Certain of these overseas solar plants are identified from inception of the project as developed for the purpose of sale are recognised as project assets. Remaining overseas solar plants will be funded through sale and finance leaseback arrangements and are recognised as property, plant and equipment.

Segment revenue and results

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

Six months ended 30 June 2013

	Solar business HK$'000 (Unaudited)	Power business HK$'000 (Unaudited)	Overseas solar power plants business HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
SEGMENT REVENUE				
Revenue	7,760,408	3,223,303	432,447	11,416,158
Inter-segment sales (Note a)	(113,509)	(3,115)	—	(116,624)
Revenue from external customers	7,646,899	3,220,188	432,447	11,299,534
Segment (loss) profit	(1,429,375)	239,981	(74,212)	(1,263,606)
Unallocated income				58,665
Unallocated expenses				(19,795)
Fair value adjustments (Note b)				(14,202)
Share-based payment expenses				(10,462)
Gain on disposal of an associate				424,498
Impairment loss on goodwill				(7,549)
Loss on fair value changes of held for trading investment				(3,638)
Loss for the period				(836,089)

3. Segment Information *(Continued)*

Six months ended 30 June 2012

	Solar business HK$'000 (Unaudited)	Power business HK$'000 (Unaudited)	Overseas solar power plants business HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
SEGMENT REVENUE				
Revenue	8,953,490	2,792,127	37,425	11,783,042
Inter-segment sales (Note a)	—	(1,136)	—	(1,136)
Revenue from external customers	8,953,490	2,790,991	37,425	11,781,906
Segment (loss) profit	(222,017)	53,262	(42,997)	(211,752)
Unallocated income				9,604
Unallocated expenses				(6,207)
Fair value adjustments (Note b)				(11,814)
Share-based payment expenses				(38,111)
Impairment loss on goodwill				(397)
Discount on acquisition of subsidiaries				151
Loss on fair value changes of held for trading investment				(8,537)
Loss for the period				(267,063)

Notes:

(a) Inter-segment sales made are based on prevailing market price.

(b) The effect arising from fair value adjustments is related to the assets and liabilities of the group entities carrying out the power business in the PRC (the "Power Group") deemed acquired in 2009, Konca Solar Cell Co. Ltd ("Konca Solar") acquired in 2010 and acquisition of other subsidiaries in 2012 which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets.

Segment (loss) profit represents the (loss) profit of each segment excluding unallocated income, unallocated expenses (including depreciation of an aircraft and finance costs on a finance lease), the fair value adjustments (see Note b above), gain on disposal of an associate, fair value changes on held for trading investment, impairment loss on goodwill, discount on acquisition of subsidiaries and share-based payment expenses incurred by the Group. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

The accounting policies of the operating segments are the same as the Group's accounting policies.

3. Segment Information *(Continued)*

Segment assets and liabilities

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

	As at 30 June 2013 HK$'000 (Unaudited)	As at 31 December 2012 HK$'000 (Audited)
Segment assets		
Solar business	**53,147,229**	51,843,272
Power business	**12,066,617**	10,817,481
Overseas solar power plants business	**2,131,939**	2,574,079
Total segment assets	**67,345,785**	65,234,832
Fair value adjustments (Note)	**591,656**	600,207
Goodwill	**680,072**	675,650
Unallocated bank balances and cash	**1,379,652**	845,891
Unallocated corporate assets	**915,905**	461,846
Consolidated total assets	**70,913,070**	67,818,426
Segment liabilities		
Solar business	**42,442,504**	41,088,630
Power business	**7,487,155**	6,472,154
Overseas solar power plants business	**2,367,525**	1,429,938
Total segment liabilities	**52,297,184**	48,990,722
Fair value adjustments (Note)	**145,903**	148,174
Unallocated bank borrowings	**938,222**	833,034
Unallocated corporate liabilities	**318,856**	76,036
Consolidated total liabilities	**53,700,165**	50,047,966

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

- All assets are allocated to operating segments other than fair value adjustments (see note below), corporate bank balances and cash and other assets (including goodwill, an aircraft, available-for-sale investment, convertible bonds and held for trading investment) of the management companies and investment holdings companies; and

- All liabilities are allocated to operating segments other than fair value adjustments (see note below), corporate bank borrowings and liabilities of the management companies and investment holdings companies.

3. Segment Information *(Continued)*

Note: The effect arising from fair value adjustments is related to the assets and liabilities of the Power Group deemed acquired in 2009, Konca Solar acquired in 2010 and acquisition of other subsidiaries in 2012 and which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets.

Revenue from major products

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

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Sales of wafer	**5,995,053**	6,676,640
Sales of electricity	**1,797,818**	1,670,752
Sales of polysilicon	**1,114,160**	1,624,061
Sales of steam	**935,205**	938,649
Sales of coal	**527,760**	219,014
Sales of project assets	**390,040**	—
Others (mainly comprise the sales of ingot, module and processing fees)	**539,498**	652,790
	11,299,534	11,781,906

4. Other Income

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Government grants (Note)	**87,200**	188,585
Bank interest income	**88,001**	69,134
Sales of scrap materials	**86,164**	47,535
Waste processing management fee	**41,397**	19,342
Management and consultancy fee income	**19,664**	13,728
Amortisation of other deferred income	**1,529**	1,148
Amortisation of deferred income in relation to sale and finance leaseback of solar farms	**712**	8,550
Bad debt recovered	**—**	7,659
Others	**16,080**	19,483
	340,747	375,164

4. Other Income *(Continued)*

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

5. Finance Costs

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on:		
Bank borrowings	**825,188**	914,540
Discounted bills	**133,259**	103,379
Obligations under finance leases	**46,123**	53,028
Long-term notes	**107,912**	87,299
Total borrowing costs	**1,112,482**	1,158,246
Less: Interest capitalised	**(21,363)**	(65,443)
	1,091,119	1,092,803

6. Other Expense, Gain and Losses

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Research and development costs	**68,211**	78,449
Exchange (gain) loss, net	**(23,349)**	20,617
Impairment loss on property, plant and equipment	**255,370**	—
Impairment loss on deposits for acquisitions of property, plant and equipment and prepaid lease payments	**45,573**	—
Loss on fair value changes of held for trading investment	**3,638**	8,537
Impairment losses on goodwill	**7,549**	397
Discount on acquisition of subsidiaries	**—**	(151)
	356,992	107,849

7. Income Tax Expense

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("EIT")		
Current tax	**111,323**	131,112
Under/(over)provisions in prior periods	**7,439**	(43,278)
	118,762	87,834
USA Federal and State Income Tax		
Current tax	**332**	—
Overprovisions in prior periods	**(7,248)**	—
	(6,916)	—
Hong Kong Profits Tax — Current tax	**6,295**	2,713
PRC dividend withholding tax	**18,395**	52,046
Deferred tax	**(65,065)**	(15,467)
	71,471	127,126

The income tax expense for the period represents income tax in the PRC which is calculated at the prevailing tax rate on the taxable income of subsidiaries in the PRC. The overprovisions of EIT in 2012 arose mainly as a result of completion of tax clearance procedures by certain PRC subsidiaries with the respective tax authorities.

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%, except for those subsidiaries described below.

Certain subsidiaries operating in the PRC have been accredited as "High and New Technology Enterprise" by the Science and Technology Bureau of Jiangsu Province and relevant authorities for a term of three years, and have been registered with the local tax authority to be eligible to the reduced 15% enterprise income tax rate. Accordingly, these subsidiaries are subject to 15% enterprise income tax rate for the six months ended 30 June 2013. The qualification as High and New Technology Enterprise will be subject to annual review by the relevant government authorities in the PRC.

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

Federal and State tax rates in the United States of America (the "USA") are calculated at 35% and 8%, respectively for the six months ended 30 June 2013. No provision for Federal Income Tax and State Income Tax had been made during for the six months ended 30 June 2012 as the Group did not have any assessable profit arising in the USA during that period.

7. Income Tax Expense *(Continued)*

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 companies registered in Hong Kong and the British Virgin Islands ("BVI"), respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008.

8. Loss For The Period

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**1,668,974**	1,440,160
Amortisation of prepaid lease payments	**24,174**	17,161
Amortisation of other intangible assets (included in cost of sales and administrative expenses)	**14,360**	17,723
Total depreciation and amortisation	**1,707,508**	1,475,044
Less: Amounts included in inventories	**(100,593)**	(20,249)
Total depreciation and amortisation charged to profit or loss	**1,606,915**	1,454,795
Cost of inventories recognised as cost of sales	**9,645,966**	9,540,494
Cost of project assets recognised as cost of sales	**390,298**	—
Write-down of inventories (included in cost of sales)	**43,711**	129,478
Write-down of project assets (included in cost of sales)	**17,233**	—
Allowance for trade and other receivables, net (included in administrative expenses)	**84,731**	57,950
Loss on disposal of property, plant and equipment	**970**	10,498
Share-based payment expenses (included in administrative expenses)	**10,462**	38,111

9. Dividend

On 28 May 2012, a final dividend of HK$5.5 cents per share amounting to approximately HK$851,086,000 payable to shareholders for the year ended 31 December 2011 has been approved at the annual general meeting of the Company and was paid on 20 July 2012.

The directors of the Company do not recommend the payment of interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

10. Loss Per Share

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

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the purposes of calculation of basic and diluted loss per share		
— Loss for the period attributable to owners of the Company	**(917,316)**	(330,211)

	Six months ended 30 June	
	2013	2012
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**15,477,881**	15,473,077

Diluted loss per share for the six months ended 30 June 2013 and 2012 did not assume the exercise of the share options since their exercise would decrease the loss per share for the interim periods presented.

11. Property, Plant and Equipment

	Carrying values
	HK$'000
At 1 January 2013 (Audited)	42,232,520
Additions	1,560,779
Depreciation for the period	(1,668,974)
Disposals	(13,807)
Impairment losses recognised in profit and loss	(255,370)
Exchange realignment	749,212
At 30 June 2013 (Unaudited)	42,604,360

During the six months ended 30 June 2013, the Group spent approximately HK$1,006 million (six months ended 30 June 2012: HK$452 million) on construction of power plants and related facilities in the PRC in order to enlarge its power generation capacities. As at 30 June 2013, the construction is still in progress.

11. Property, Plant And Equipment *(Continued)*

Included in property, plant and equipment as at 30 June 2013, certain plant and equipment located in the PRC, solar farms located in the USA and an aircraft are held under finance leases or sale and finance leaseback transactions of approximately HK$1,948 million, HK$399 million and HK$435 million respectively (31 December 2012: HK$1,581 million, HK$416 million and Nil, respectively).

Due to slower than expected recovery in solar market, the solar business recognised a segment loss of HK$1,429,375,000 during the six months ended 30 June 2013. With the impairment indicators identified, the directors conducted a review of the recoverable amounts of the property, plant and equipment in the solar business as at 30 June 2013 and recognised the following impairment losses:

(i) The recoverable amounts of the plant and machinery belonging to the production plant of polysilicon in the solar business with carrying amounts of HK$17,980,563,000 as at 30 June 2013 are determined based on a value in use calculation by the directors of the Company. The calculation uses cash flow projections covering the useful lives of those property, plant and equipment in relation to the production of polysilicon based on a 5-years financial budget approved by management at a discount rate of 13.34% (31 December 2012: 13.43%). Cash flows beyond the five-year period are extrapolated using zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows include budgeted sales and gross margin. Such estimation is based on past performance and management's expectations for the market. As the value in use is lower than the carrying amounts of the related assets, as a result, an impairment loss of HK$143,558,000 (year ended 31 December 2012: HK$552,961,000) is recognised on property, plant and equipment in relation to the production of polysilicon accordingly.

(ii) Due to deteriorating profitability and downturn of the market for wafer, primarily as a result of lower demand in the market, and cessation of the construction of certain wafer production plants during the period, the management determined to write-off the relevant assets. As a result, impairment losses of HK$111,812,000 (year ended 31 December 2012: HK$312,147,000) are recognised on those property, plant and equipment.

(iii) The recoverable amounts of the other water production plants in the solar business with carrying amounts of HK$10,039,418,000 as at 30 June 2013 are determined based on a value in use calculation by the directors of the Company. The calculation uses cash flow projections covering the useful lives of those property, plant and equipment in relation to the production of other wafer business based on a 5-years financial budget approved by management at a discount rate of 14.44% (31 December 2012: 14.75%). Cash flows beyond the five-year period are extrapolated using zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows include budgeted sales and gross margin. Such estimation is based on past performance and management's expectations for the market. Since the value in use exceeds the carrying amounts of the related assets, as a result, no impairment loss is provided accordingly.

12. Goodwill

Same as disclosed in the Company's 2012 annual report, there is no material change for the six months ended 30 June 2013, except for the impairment loss of HK$7,549,000 and exchange realignment of HK$11,971,000 recognised in current period.

For the purpose of impairment testing, goodwill has been allocated to cash generating unit ("CGU") of the Power Group and Konca Solar. In current period, the management of the Group has compared the actual financial performance of Power Group and Konca Solar to the cash flows projections and forecasts made for the annual assessment for the year ended 31 December 2012.

For a CGU in the Power Group, operating profits and cash flow were lower than expected and management of the Group has recognised an impairment loss of HK$7,549,000 in full (year ended 31 December 2012: HK$42,176,000) in relation to goodwill allocated to the Power Group.

The recoverable amount of such CGU in the Power Group is determined based on value in use calculation by management of the Group. That calculation uses cash flow projections based on a 5-years financial budget approved by management at a discount rate of 12.32% (31 December 2012: 12.35%). Cash flows beyond the five-year period are extrapolated using zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows include budgeted sales and gross margin. Such estimation is based on past performance of such CGU and management's expectations for the market development.

No impairment of goodwill (year ended 31 December 2012: HK$276,480,000) has been recognised in respect of Konca Solar since the financial performance for the six months ended 30 June 2013 are matched with the cash flow projections in annual assessment for the year ended 31 December 2012.

13. Interests in Associates

	As at 30 June 2013 HK$'000 (Unaudited)	As at 31 December 2012 HK$'000 (Audited)
Cost of unlisted investments in associates	**204,977**	252,977
Share of post-acquisition profit (loss), net of dividends received	**(11,406)**	(35,877)
Exchange realignment	**22,993**	18,500
	216,564	235,600

13. Interests in Associates *(Continued)*

As at 30 June 2013 and 31 December 2012, 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
	Jun 2013	Dec 2012	**June 2013**	Dec 2012	
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
China Merchant New Energy Holdings Limited ("CMNE")	**—**	17.39%	**—**	1/5	Investment holding

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 relevant activities 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.

In the current interim period, the Group disposed of its entire 17.39% equity interest in CMNE to a third party, Goldpoly New Energy Holdings Limited ("Goldpoly"), a company listed in the Stock Exchange at a consideration of HK$464,169,000 satisfied by (i) 239,982,000 ordinary shares of Goldpoly of par value HK$1 per share; and (ii) non-interest bearing convertible bonds with principal amount of HK$159,988,000 and maturity on 10 June 2018 at redemption amount of 100% of the principal amount (the "Convertible Bonds") ("CMNE Disposal"). The CMNE Disposal was completed on 10 June 2013 (the "Completion Date").

The 239,982,000 ordinary shares of Goldpoly represented about 12.34% of the issued share capital of Goldpoly after the completion of the transaction. The directors of the Company consider that the Group does not exercise significant influence over Goldpoly because the Company does not have right to appoint any director in the board of directors and management of Goldpoly. The Group has classified its 12.34% equity interest in Goldpoly as an available-for-sale investment as detailed in note 15.

13. Interests in Associates *(Continued)*

The transaction is accounted for a disposal of an associate, and resulted in the Group recognising a gain of approximately HK$424.5 million in profit or loss, calculated as follows:

	HK$'000 (Unaudited)
Considerations stratified by:	
Fair value of 239,982,000 ordinary shares of Goldpoly at the Completion Date	226,270
Fair value of the Convertible Bonds at the Completion Date	237,899
Less: carrying amount of the 17.39% equity interest in CMNE	(39,671)
Gain recognised in profit or loss	424,498

The fair value of the ordinary shares of Goldpoly, determined using the published price available at the Completion Date with a discount to take account of a twelve-month lock-up period until 10 June 2014. The independent professionally qualified valuer has applied a discount in developing the valuation of such investment and fair value of such investment at the Completion Date is HK$226,270,000.

The fair value of the Convertible Bonds, which amounted to HK$237,899,000 are determined based on the valuation provided by an independent professionally qualified valuer as detailed in note 16.

14. Interests in Joint Ventures

During the six months ended 30 June 2013, the Group further acquired 26% of equity interests in SolarReserve GCL Soutdrift PV1 Proprietary Limited ("GCL Soutdrift") and SolarReserve GCL Humansrus PV1 Proprietary Limited ("GCL Humansrus") at considerations of approximately of US$1,221,000 (equivalent to HK$9,533,000) and US$1,435,000 (equivalent to HK$11,202,000) respectively. Originally, the Group held 50% equity interests in both GCL Soutdrift and GCL Humansrus and classified them as jointly controlled entities at 31 December 2012. After the acquisition of these 26% equity interests in the two joint ventures, the Group holds 76% equity interests in these two joint ventures.

Under the contractual arrangement with the another shareholder of GCL Soutdrift and GCL Humansrus, decisions about the relevant activities of GCL Soutdrift and GCL Humansrus require the unanimous consent of the parties sharing control. As a result, the Group continues to have joint control over GCL Soutdrift and GCL Humansrus and the 76% equity interests in these two joint ventures are continue to be recognised as joint ventures as at 30 June 2013.

15. Available-For-Sale Investment

Available-for-sale investment represents 12.34% equity interest in Goldpoly which is listed in Hong Kong with a twelve-month lock-up period until 10 June 2014. The independent professionally qualified valuer has applied a discount in developing the valuation of the respective investment. Disclosures of the fair value measurement are set out in note 29.

16. Convertible Bonds

During the period ended 30 June 2013, the Group recorded the Convertible Bonds issued by Goldpoly upon CMNE Disposal, with principal amount of HK$159,988,000 which is non-interest bearing and with maturity date on 10 June 2018 at redemption of the principal amount.

A lock-up period of the Convertible Bonds will be expired on 31 December 2015, or on 31 December 2014 if certain conditions and requirements are met. Each HK$1 of the Convertible Bonds can be converted into one ordinary share of Goldpoly, at any time after the lock-up period until the maturity date.

According to certain profit guarantee requirements set out in the sale and purchase agreement of CMNE Disposal, if the profit earned by CMNE during 1 January 2013 to 31 December 2015 (the "Profit Guarantee Period") is less than HK$495,000,000 (the "Guaranteed Profit"), the principal amount of the Convertible Bonds will be downward adjusted with the proportion of the actual profits earned by CMNE during Profit Guarantee Period to the Guaranteed Profit (the "Profit Guarantee Requirement"). No adjustment will be made if the Profit Guarantee Requirement is achieved.

Directors of the Group has designated the Convertible Bonds as financial assets at fair value through profit or loss ("FVTPL") on initial recognition, and the fair value of the Convertible Bonds at initial recognition of HK$237,899,000 is determined with reference to a valuation prepared by an independent professionally qualified valuer.

The reconciliation of the change in fair value of the Convertible Bonds is as follows:

	HK$'000 (Unaudited)
At initial recognition	237,899
Exchange realignment	(1,349)
As at 30 June 2013	236,550

17. Inventories

	As at 30 June 2013 **HK$'000** **(Unaudited)**	As at 31 December 2012 HK$'000 (Audited)
Raw materials	**725,246**	628,068
Work in progress	**438,119**	348,767
Semi-finished goods (Note)	**454,363**	365,665
Finished goods	**215,763**	680,298
Solar modules	**288,262**	159,238
Spare parts	**71,333**	65,789
	2,193,086	2,247,825

Note: Semi-finished goods mainly represented polysilicon.

For the six months ended 30 June 2013, inventories in relation to solar products were written down in total by approximately HK$43,711,000 (six months ended 30 June 2012: HK$129,478,000), because the costs of those inventories were higher than their net realisable value.

18. Project Assets

Project assets primarily consist of costs relating to photovoltaic power generation projects in various stages of development that are capitalised prior to the sale of the project assets. These costs include project acquisition cost, modules, installation and other development costs, such as legal, consulting and permitting. While the project assets are not constructed for a specific customer, the Group intends to sell the project assets during the construction period or upon their completion.

The following is the breakdown of projects assets:

	As at 30 June 2013 HK$'000 (Unaudited)	As at 31 December 2012 HK$'000 (Audited)
Module costs	**441,484**	770,754
Other development costs	**395,078**	406,656
Total project assets	**836,562**	1,177,410

The Group reviews project assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In determining whether or not the project assets are recoverable, the Company considers a number of factors, including changes in environmental, ecological, permitting, or regulatory conditions that affect the project. Such changes may cause the cost of the project to increase and the selling price of the project to decrease.

During the period ended 30 June 2013, the Group has recognised an impairment loss of HK$17,233,000 on module costs of the project assets because the market price of such module has dropped below their costs.

During the period ended 30 June 2013, the Group sold 100% equity interest in a solar farm project company with a total planned capacity of 209MW to a customer in the USA with principal business to develop, own and operate renewable and other energy assets. Upon the sale transaction, all the project assets, including modules and the power purchase agreements related to the solar power plant, has been transferred to the customer accordingly.

19. Trade and Other Receivables

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

The following is an aged analysis of trade receivables (net of allowances for doubtful debts) and bills receivable presented based on the invoice date and the bills issue date which approximated the revenue recognition date, respectively, at the end of the reporting period:

	As at 30 June 2013 HK$'000 (Unaudited)	As at 31 December 2012 HK$'000 (Audited)
Trade receivables:		
0–90 days	**3,673,020**	3,267,646
91–180 days	**863,690**	1,281,303
Over 180 days	**976,464**	347,568
	5,513,174	4,896,517
Bills receivable (trade):		
0–90 days	**1,377,163**	721,421
91–180 days	**1,485,304**	1,022,350
	2,862,467	1,743,771
Value-added-tax receivables	**1,000,926**	1,200,439
Prepayments to suppliers for purchase of materials	**347,212**	276,884
Other receivables	**407,100**	465,129
Entrusted loans receivable	**37,660**	98,668
	10,168,539	8,681,408

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

Included in the Group's trade receivables are debtors with aggregate carrying amount of HK$1,840,154,000 (31 December 2012: HK$1,597,167,000) which are past due as at the end of the reporting date. The Group has not provided allowance for doubtful debts for such receivables as part of such receivables are either covered by advances from customers or substantially settled subsequent to the end of reporting date. For the remaining receivables, there was no historical default of payments by the respective customers and the management of the Group is closely monitoring the settlement status from the customers. The Group holds collateral over part of these receivables.

20. Balances with Related Companies

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:

	As at 30 June 2013 HK$'000 (Unaudited)	As at 31 December 2012 HK$'000 (Audited)
0–90 days	**28,785**	149,057
91–180 days	**—**	377
181–365 days	**784**	3,445
	29,569	152,879

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:

0–90 days	**276,814**	87,431
91–180 days	**230,339**	2,278
181–365 days	**82,326**	10,386
	589,479	100,095

Notes:

(i) The related companies are controlled by Mr. Zhu Gong Shan, who is a director and a substantial shareholder of the Company, and his family which hold 32.42% of the Company's share capital as at 30 June 2013 and exercises significant influence over the Company.

(ii) The amounts are unsecured, non-interest bearing and the credit period are normally within 90 days.

21. Trade and Other Payables

The credit period for trade payables and bills payable (trade) are normally within 90 days and 180 days, respectively.

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

	As at 30 June 2013 HK$'000 (Unaudited)	As at 31 December 2012 HK$'000 (Audited)
Trade payables:		
0–90 days	**2,585,668**	1,807,379
91–180 days	**757,640**	675,730
Over 180 days	**476,162**	356,512
	3,819,470	2,839,621
Bills payable (trade):		
0–90 days	**770,119**	1,439,444
91-180 days	**1,614,346**	581,323
	2,384,465	2,020,767
Bills payable (non-trade)	**—**	68,422
Construction payables	**3,296,068**	3,060,191
Salaries, wages and other benefits payables	**142,959**	205,156
Dividend payables to non-controlling shareholders of subsidiaries	**32,921**	10,806
Other payables	**401,421**	338,895
Accruals	**384,557**	281,705
Other tax payables	**81,134**	103,964
Interest payable	**195,019**	198,189
	10,738,014	9,127,716

Included in the trade and other payables are obligations arising from endorsing bills receivable with recourse issued by third parties for settlement of trade and other payables with an aggregate amount of HK$1,052,906,000 (31 December 2012: HK$357,020,000).

22. Bank Borrowings

	As at 30 June 2013 HK$'000 (Unaudited)	As at 31 December 2012 HK$'000 (Audited)
Short-term bank borrowings	**12,910,631**	11,551,025
Long-term bank borrowings		
due within one year or on demand	**14,128,827**	7,734,725
due more than one year, but not exceeding two years	**2,803,803**	8,726,385
due more than two years, but not exceeding three years	**2,181,420**	2,283,213
due more than three years, but not exceeding four years	**588,398**	738,327
due more than four years, but not exceeding five years	**261,361**	331,771
due more than five years	**920,913**	737,543
	20,884,722	20,551,964
Carrying amount of bank loans that are repayable within one year from the end of reporting period and contain a repayment on demand clause (shown under current liabilities)	**75,319**	419,364
Less: Amounts due within one year shown under current liabilities	**(27,114,777)**	(19,705,114)
Amounts due after one year	**6,755,895**	12,817,239
Representing:		
Secured	**13,455,779**	10,120,328
Unsecured	**20,414,893**	22,402,025
	33,870,672	32,522,353

Certain borrowings are secured by property, plant and equipment, prepaid lease payments and bank deposits as set out in note 25.

Included in the short-term bank borrowings are obligations arising from discounting of bills receivable issued by third parties and by the Group's entities to banks with recourse with an aggregate carrying amount of approximately HK$5,964,287,000 (31 December 2012: HK$2,575,995,000).

During the period, in respect of a bank loan with carrying amount of HK$4,209,905,000 as at 30 June 2013, which is original due after one year, the Group cannot fulfil certain covenant terms of such bank loan, which are primarily related to the debt-equity ratio of the Group. As a result, the loan has been classified as current liability as at 30 June 2013. In August 2013, the lender of the loan has indicated that the Company could renew the loan with similar terms upon maturity, and the directors of the Company are confident that its renewal of the bank loan would be successful, and believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

23. Obligations Under Finance Leases

The Group entered into sale and finance leaseback agreements with lessors in respect of its manufacturing equipment and prepaid lease payments in the PRC, solar farms in the USA and an aircraft in the PRC.

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 June 2013 HK$'000 (Unaudited)	As at 31 December 2012 HK$'000 (Audited)	**As at 30 June 2013 HK$'000 (Unaudited)**	As at 31 December 2012 HK$'000 (Audited)
Amounts payable under finance leases				
Within one year	**580,452**	536,484	**511,455**	464,480
In more than one year but not more than two years	**387,758**	408,678	**346,737**	364,736
In more than two years but not more than five years	**419,926**	336,848	**345,664**	284,169
In more than 5 years	**657,331**	325,705	**545,271**	216,485
	2,045,467	1,607,715	**1,749,127**	1,329,870
Less: future finance charges	**(296,340)**	(277,845)	**N/A**	N/A
Present value of lease obligations	**1,749,127**	1,329,870	**1,749,127**	1,329,870
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(511,455)**	(464,479)
Amount due for settlement after 12 months			**1,237,672**	865,391

Same as disclosed in the Company's 2012 annual report relating to the sale and finance leaseback transactions in the USA and the PRC, there is no material change for the six months ended 30 June 2013, except for the followings:

During the six months ended 30 June 2013, the Group entered into a sale and finance leaseback agreement with an independent financial institution to sell an aircraft in the PRC for an amount of US$35,000,000 (equivalent to HK$272,831,000) , and concurrently lease the aircraft back for terms of 7 years. At the end of the lease term, the Group has the option to purchase the asset at nominal value. The sale and finance leaseback arrangement resulted in a finance lease. The average effective interest rate of the finance lease is a floating rate of 3 months LIBOR with a margin per annum.

23. Obligations Under Finance Leases *(Continued)*

The Group has also entered into a lease agreement with an independent third party to lease certain property, plant and equipment and prepaid lease payments in the PRC. The lease terms have covered major part of the useful lives of the relevant assets and such lease arrangement resulted in a finance lease. The Group has recognised property and plant and prepaid lease payments of amount HK$445,583,000 and HK$47,966,000 respectively.

24. Share Capital

	Number of shares '000	**Amount** HK$'000
Ordinary shares of HK$0.1 each		
Issued and fully paid:		
At 1 January 2012 (Audited)	15,470,962	1,547,096
Exercise of share options (Note a)	3,334	334
At 30 June 2012 (Unaudited)	15,474,296	1,547,430
Ordinary shares of HK$0.1 each		
Issued and fully paid:		
At 1 January 2013 (Audited)	15,476,076	1,547,607
Exercise of share options (Note b)	3,062	306
At 30 June 2013 (Unaudited)	15,479,138	1,547,913

Notes:

(a) During the six months ended 30 June 2012, share options holders exercised their rights to subscribe for 2,814,000 and 520,000 ordinary shares in the Company at HK$0.59 and HK$1.054 per share, respectively, with the net proceeds of approximately HK$2,208,000.

(b) During the six months ended 30 June 2013, share options holders exercised their rights to subscribe for 3,062,000 ordinary shares in the Company at HK$0.59 with the net proceeds of approximately HK$1,807,000.

All shares rank pari passu in all respects.

25. Pledge of Assets

As 30 June 2013, the Group has pledged buildings with carrying values of approximately HK$2,202,885,000 (31 December 2012: HK$2,174,574,000) and plant and machinery with carrying values of approximately HK$10,577,637,000 (31 December 2012: HK$8,528,076,000) to secure borrowings granted to the Group.

The Group has pledged prepaid lease payments with carrying values of approximately HK$497,554,000 (31 December 2012: HK$476,601,000) at 30 June 2013 to secure banking facilities granted to the Group.

The Group has pledged bank deposits with carrying values of approximately HK$479,691,000 (31 December 2012: HK$1,590,588,000) at 30 June 2013 to secure borrowings granted to the Group and obligations under finance leases.

26. Share-Based Payment Transactions

Same as disclosed in the Company's 2012 annual report relating to the share-based payment transactions, there is no material change for the six months ended 30 June 2013, except for the following.

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

			Number of share options			
			Outstanding	During the period		Outstanding
	Exercise price	Date of grant	at 1 January 2013	Exercised	Forfeited	at 30 June 2013
Directors	HK$4.1	13.11.2007	6,000,000			6,000,000
	HK$0.59	16.02.2009	7,000,000			7,000,000
	HK$4.1	15.07.2011	2,000,000			2,000,000
Employees and others	HK$4.1	13.11.2007	20,340,000		(1,020,000)	19,320,000
	HK$0.59	16.02.2009	13,103,000	(3,062,000)		10,041,000
	HK$1.054	24.04.2009	1,536,000			1,536,000
	HK$3.32	12.01.2011	17,000,000		(2,000,000)	15,000,000
	HK$4.1	15.07.2011	87,600,000		(12,300,000)	75,300,000
			154,579,000	(3,062,000)	(15,320,000)	136,197,000

During the six months ended 30 June 2013, share-based payment expenses of approximately HK$10,462,000 (six months ended 30 June 2012: HK$38,111,000) has been recognised in profit or loss.

During the six months ended 30 June 2013, certain share options granted to employees have been forfeited after the vesting period, and respective share option reserve are transferred to the Group's accumulated profit of approximately HK$16,938,000.

The weighted average closing price of the Company's shares at dates on which the options were exercised during the period was HK$1.90 per share.

27. Capital and Other Commitments

	As at 30 June 2013 HK$'000 (Unaudited)	As at 31 December 2012 HK$'000 (Audited)
Capital expenditure in respect of acquisitions of property, plant and equipment:		
Contracted for but not provided in	**1,533,137**	2,693,390
Authorised but not contracted for	**2,666,817**	5,418,306
	4,199,954	8,111,696
Construction costs in respect of project assets:		
Contracted for but not provided in	**1,023,515**	2,950,741
	5,223,469	11,062,437

28. Contingencies

i) Contingent liability

On 9 July 2013, the Group was informed by one of its equipment suppliers (the "Claimant") that the Claimant had filed a notice of arbitration (the "Notice") with the Hong Kong International Arbitration Centre ("HKIAC") against Taicang GCL Photovoltaic Technology Co., Ltd. ("GCL Taicang"), a wholly-owned subsidiary of the Group. The Notice was received by GCL Taicang on 9 July 2013.

Pursuant to the Notice, an arbitration has been initiated by the Claimant against GCL Taicang as respondent under the HKIAC Administered Arbitration Rules in respect of a dispute (the "Dispute") arising from an equipment purchase and sale agreement (the "Agreement") entered into between it and GCL Taicang in 2011 with a total contractual value of approximately HK$1,800,000,000 for the purchase of certain wafer production equipment (the "Equipment") by GCL Taicang from the Claimant.

The Claimant alleges, among other things, that GCL Taicang breached the Agreement by failing to fulfil its obligations to purchase a certain number of units of the Equipment under the Agreement and to pay all relevant sums under the Agreement. The Claimant seeks, among other things, damages and/or relief for the alleged breach of the Agreement, together with interests and costs. The Notice does not specify the actual amount of the claims. The arbitral tribunal has not yet been constituted.

GCL Taicang has sought legal advice in respect of the Dispute and will vigorously contest the claim and take all appropriate steps to defend its position against the Claimant's allegations. As the dispute is currently under arbitration process and the outcome of the arbitral proceeding depends on various factors and circumstances , and is not certain, the Group did not recognise any provision in relation to the Dispute as at 30 June 2013.

28. Contingencies *(Continued)*

ii) Financial guarantees contracts

At 30 June 2013, the Group provided guarantees of HK$138,087,000 (31 December 2012: HK$135,668,000) to a bank in respect of banking facilities of an associate. The associate had utilised HK$125,534,000 (31 December 2012: HK$101,135,000) 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 the end of the reporting period is insignificant.

29. Fair Value Measurement of Financial Instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements 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); and
- 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).

29. Fair Value Measurement of Financial Instruments *(Continued)*

Financial assets	Fair value as at 30.6.2013 HK$'000 (Unaudited)	Fair value as at 31.12.2012 HK$'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
1) Listed equity securities classified as available-for-sale investment in the consolidated statement of financial position (Note a)	Listed equity securities in HK — HK$224,623	N/A	Level 3	Quoted bid price in an active market adjusted by marketability discount for the twelve-month lock-up period.	Discount for a lack of marketability.	The higher the discount rate the lower the fair value.
2) Convertible bonds receivable in the consolidated statement of financial position (Note b)	HK$236,550	N/A	Level 3	Binomial model, the key inputs are: the underlying share price, exercise price, risk free interest rate, share volatility, dividend yield.	Share price volatility of 65%, taking into account the historical share price of Goldpoly's comparable companies for the period of time close to the expected time to exercise.	The higher the volatility the higher the fair value.
					Dividend yield of 0%, taking into account management's experience and knowledge of the dividend to be paid.	The higher the dividend yield the lower the fair value.
					Probability of CMNE failed to meet the Profit Guarantee Requirement.	The higher the probability the lower the fair value.
3) Listed equity securities classified as held for trading investment in the consolidated statement of financial position	Listed equity securities in HK — HK$11,020	Listed equity securities in HK — HK$15,453	Level 1	Quoted bid price in an active market.	N/A	N/A

Notes:

(a) If the marketability discount for the lock-up period was 5% higher/lower while all the other variables were held constant, the carrying amount of the listed equity securities would decrease/increase by approximately HK$14,039,000.

(b) If the volatility of the Goldpoly's shares was 5% higher/lower while all the other variables were held constant, the carrying amount of the convertible bonds receivable would increase by approximately HK$4,816,000/decrease by approximately HK$4,135,000.

If the dividend yield of the shares was 5% higher while all the other variables were held constant, the carrying amount of the convertible bonds receivable would decrease by approximately HK$16,488,000.

There is no transfer between the different levels of the fair value hierarchy for the period.

29. Fair Value Measurement of Financial Instruments *(Continued)*

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

Included in other expense, gain and losses set out in note 6, a loss of HK$3,638,000 is related to financial asset designated as at fair value through profit or loss held at the end of the current reporting period.

Fair value measurements and valuation processes

The board of directors of the Company has engaged independent professionally qualified valuers, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages the third party qualified valuers to perform the valuation. The board of directors of the Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the findings to the board of directors of the Company every half year to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

30. Events After the End of the Interim Period

On 5 July 2013, the Company granted 44,600,000 share options to the employees of the Group under the share option scheme adopted by the Company on 22 October 2007, at an exercise price of HK$1.642 per share. The share options are subject to a vesting scale in tranches of one-fifth of the shares on 16 September 2013 and the first, second, third and fourth anniversary dates of the date of grant, respectively. The share options shall be valid during the period of 10 years from the date of grant. The management of the Group is in the process of estimating the fair value assessment of these options at the grant date and has not yet finalised.

On 12 July 2013, GCL-Poly Limited, a wholly-owned subsidiary of the Group, issued first tranche notes in an aggregate principal amount of RMB600,000,000 (equivalent to HK$755,500,000) (the "First Tranche Notes") to financial institutions in the PRC. The First Tranche Notes bear interest at a fixed rate of 5.8% per annum and the maturity date will be 12 July 2014.

The estimated net proceeds from the issue of First Tranche Notes, after deduction of underwriting commissions and other estimated expenses, amounted to approximately RMB597,000,000 (equivalent to HK$751,700,000). The net proceeds from the issue of First Tranche Notes is to repay the Group's existing loans and for its working capital requirements.

31. Related Party Transactions

Other than notes 20 and 28, during the period, the Group has also entered into the following significant transactions with related parties:

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Transactions with companies in which Mr. Zhu Gong Shan and his family have control:		
Construction related services expense	**10,551**	1,498
Sales of coal	**115,418**	87,695
Purchases of steam	**431,351**	551,805
Purchases of raw material	**—**	28,532
Rental expenses	**11,797**	5,130
Management income	**9,488**	8,784
Transactions with associates:		
Sales of coal	**15,344**	5,564

32. Reclassification of Comparative Information

Certain comparative information has been reclassified to conform to current period presentation in the condensed consolidated financial statements.

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

As at 30 June 2013, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register required to be kept by the Company pursuant to Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") adopted by the Company:

Long position in the shares of the Company

Name of director/chief executive	Number of ordinary shares held			Number of underlying shares	Total	Approximate percentage of issued share capital
	Beneficiary of a trust	Corporate interests	Personal interests			
Zhu Gongshan	5,018,843,327 (note 1)	—	—	—	5,018,843,327	32.42%
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 Baodong	—	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 Yufeng	5,018,843,327 (note 1)	—	—	1,000,000 (note 2)	5,019,843,327	32.43%
Yip Tai Him	—	—	—	500,000 (note 2)	500,000	0.003%
Ho Chung Tai, Raymond	—	—	—	500,000 (note 2)	500,000	0.003%
Qian Zhixin	—	—	—	500,000 (note 2)	500,000	0.003%
Xue Zhongsu	—	—	—	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 with Credit Suisse Trust Limited as trustee and Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan) as beneficiaries.

(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 Baodong is the ultimate beneficial owner of Bonus Billion Group Limited which owns 6,108,934 shares of the Company as at 30 June 2013.

Save as disclosed above, as at 30 June 2013, 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

(i) Pre-IPO share option scheme

The Company adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") on 22 October 2007 which became effective on 13 November 2007. No further options under the Pre-IPO Share Option Scheme can be granted after the date of listing of the shares on the Stock Exchange on 13 November 2007. The provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect for a period of 10 years from 13 November 2007.

Details of the pre-IPO share options outstanding and movements during the six months ended 30 June 2013 (the "Period") are as follows:

				Number of options				
Name or category of participant	**Date of grant**	**Exercise period**	**Exercise Price HK$**	**Outstanding as at 1.1.2013**	**Granted during the Period**	**Lapsed or forfeited during the Period**	**Exercised during the Period**	**Outstanding as at 30.6.2013**
Directors/chief executive								
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 Baodong	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	20,340,000	—	(1,020,000)	—	19,320,000
Total				**26,340,000**	**—**	**(1,020,000)**	**—**	**25,320,000**

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 grant, respectively, such that the share options granted are fully vested on the fifth anniversary of the date of grant.

During the Period, a total of 1,020,000 option shares were lapsed and no option was cancelled nor exercised.

(ii) Share option scheme

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

During the Period, no options was granted by the Company, a total of 14,300,000 option shares were lapsed, 3,062,000 option shares were exercised and there were 110,877,000 option shares outstanding as at 30 June 2013. On 5 July 2013, 44,600,000 option shares were granted by the Company to the Group's employees.

Name or category of participant	Date of grant	Exercise period	Exercise Price HK$	Number of options: Outstanding as at 1.1.2013	Granted during the Period	Lapsed or forfeited during the Period	Exercised during the Period	Outstanding as at 30.6.2013
Directors/chief executive								
Ji Jun	16.2.2009	1.4.2009 to 15.2.2019	0.59	1,500,000	—	—	—	1,500,000
Shu Hua	16.2.2009	1.4.2009 to 15.2.2019	0.59	1,500,000	—	—	—	1,500,000
Yu Baodong	16.2.2009	1.4.2009 to 15.2.2019	0.59	1,500,000	—	—	—	1,500,000
Sun Wei	16.2.2009	1.4.2009 to 15.2.2019	0.59	1,500,000	—	—	—	1,500,000
Zhu Yufeng	16.2.2009	1.4.2009 to 15.2.2019	0.59	1,000,000	—	—	—	1,000,000
Yip Tai Him	15.7.2011	1.9.2011 to 14.7.2021	4.10	500,000	—	—	—	500,000
Ho Chung Tai, Raymond	15.7.2011	1.9.2011 to 14.7.2021	4.10	500,000	—	—	—	500,000
Qian Zhixin	15.7.2011	1.9.2011 to 14.7.2021	4.10	500,000	—	—	—	500,000
Xue Zhongsu	15.7.2011	1.9.2011 to 14.7.2021	4.10	500,000	—	—	—	500,000
Non-director employees								
(in aggregate)	16.2.2009	1.4.2009 to 15.2.2019	0.59	13,103,000	—	—	(3,062,000)[a]	10,041,000
	24.4.2009	1.5.2009 to 23.4.2019	1.054	1,536,000	—	—	—	1,536,000
	12.1.2011	1.3.2011 to 11.1.2021	3.32	17,000,000	—	(2,000,000)	—	15,000,000
	15.7.2011	1.9.2011 to 14.7.2021	4.10	87,600,000	—	(12,300,000)	—	75,300,000
Total				**128,239,000**	**—**	**(14,300,000)**	**(3,062,000)**	**110,877,000**

Notes:

a The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised during the period ended 30 June 2013:

Date of Grant	No. of options exercised	Exercise price per share (HK$)	Weighted average closing price (HK$)
16.2.2009	3,062,000	0.59	1.91

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

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

Interests and Short Positions of Substantial Shareholders

As at 30 June 2013, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as record in the register kept pursuant to Section 336 of the SFO:

(i) Long position in the shares of the Company

Name	Note	Capacity/nature of interest	Number of shares/ underlying shares	Approximate percentage of issued share capital of the Company
Asia Pacific Energy Fund Limited	1	Interest in a controlled corporation	5,018,843,327	32.42%
China Investment Corporation	2	Interest in a controlled corporation	1,915,271,187	12.37%
JP Morgan Chase & Co.	3	Beneficial owner, investment manager, custodian corporation/ approved lending agent	776,826,442	5.02%

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

Name	Capacity/nature of interest	Number of shares/ underlying shares	Approximate percentage of issued share capital of the Company
JP Morgan Chase & Co.	Beneficial owner	41,586,000	0.27%

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 Gongshan (a Director and Chairman of the Company) and his family, including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan.

2. China Investment Corporation ("CIC") is interested in approximately 1,915,271,187 shares of the Company, out of which Chengdong Investment Corporation (a wholly-owned subsidiary of CIC) owns 1,908,163,054 shares. Mr. Zhou Yuan and Mr. Zhang Qing, both the non-executive directors of the Company, are currently employees of CIC.

3. JP Morgan Chase & Co. disclosed that as at 27 June 2013, it had long positions in 776,826,442 shares of the Company, out of which 38,274,223 shares were held as beneficial owner, 301,952,000 shares were held as investment manager and 436,600,219 shares were held as custodian corporation/approved lending agent, respectively.

4. The total number of ordinary shares of the Company in issue as at 30 June 2013 is 15,479,138,268.

Save as disclosed above that Mr. Zhu Gongshan and Mr. Zhu Yufeng are members of the beneficiaries of a discretionary trust which is a controlling shareholder of the Company, and Mr. Zhou Yuan and Mr. Zhang Qing are employees of CIC, as at the date of this report, none of the Directors was a director or employee of a company or a beneficiary of a trust which has an interest or a short position in the shares or underlying shares that would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

Code on Corporate Governance Practices

The corporate governance report of the Board has been set out in the Company's 2012 Annual Report. During the six months ended 30 June 2013, the Company has complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules with the exception of the following areas:

(i) Code Provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhu Gongshan (the Chairman and a Director of the Company) was appointed as the Chief Executive Officer with effect from 1 September, 2009. In view of Mr. Zhu as the founder of the Company and our Xuzhou polysilicon production base, his in-depth knowledge and expertise, his extensive business network and connections, the scope of operations and the business development of the Company, the Board considered that it was appropriate to elect Mr. Zhu as the Chief Executive Officer. The Board is of the view that an experienced and dedicated management team and executives will give continuous support and assistance to Mr. Zhu and that he discharges his responsibilities to manage the Board as well as the Group's businesses effectively. The Board and the Nomination Committee will review the board structure regularly to ensure it meets the needs of the Company's development and objectives.

(ii) Code Provision A.6.7

Code provision A.6.7 stipulates that the independent non-executive directors and other non-executive directors should attend general meetings. All the independent non-executive directors had attended the annual general meeting of the Company held on 30 May 2013 except that the two non-executive directors who were not able to attend due to overseas commitment.

Model Code for Securities Transactions

The Board has adopted the model code for securities transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2013.

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

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities of the Company during the interim period.

Auditor's and Audit Committee's Review

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2013 have been reviewed by Deloitte Touche Tohmatsu (the auditor of the Company) and the audit committee of the Company, which consists of three independent non-executive Directors, namely Mr. Yip Tai Him, Ir. Dr. Raymond Ho Chung Tai and Mr. Qian Zhixin. The audit committee expressed no disagreement with the accounting policies and principles adopted by the Group.

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 obligation on the controlling shareholders and breach of such obligation will cause a default in respect of loans that are significant to the operations of the Company:

The Company (as borrower) entered into a facility agreement (the "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 Gongshan, Mr. Zhu Yufeng and other members of their family and their associates (as defined under the Listing Rules) either (i) cease to collectively remain as the single largest shareholder of the Company or (ii) cease to control the Company. If any of the above change of control event occurs, the Bank may, by notice to the Company, immediately cancel the Facility 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 (the "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 two years for 25% and a term of three years for 75% of the Facility II, respectively.

Under the Facility II Agreement, it shall be a change of control event if at any time Mr. Zhu Gongshan, Mr. Zhu Yufeng 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.

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

Corporate Information

Chairman & Chief Executive Officer

Zhu Gongshan

Executive Directors

Zhu Gongshan
Ji Jun
Shu Hua
Yu Baodong
Sun Wei
Zhu Yufeng

Non-Executive Directors

Zhou Yuan
Zhang Qing

Independent Non-Executive Directors

Qian Zhixin
Raymond Ho Chung Tai
Xue Zhongsu
Yip Tai Him

Composition of Board Committees

Audit Committee

Yip Tai Him *(Chairman)*
Qian Zhixin
Raymond Ho Chung Tai

Remuneration Committee

Raymond Ho Chung Tai *(Chairman)*
Yip Tai Him
Qian Zhixin

Nomination Committee

Xue Zhongsu *(Chairman)*
Qian Zhixin
Sun Wei

Corporate Governance Committee

Raymond Ho Chung Tai *(Chairman)*
Yip Tai Him
Yu Baodong

Connected Transaction Committee

Yip Tai Him *(Chairman)*
Zhou Yuan
Yu Baodong

Strategic Planning Committee

Raymond Ho Chung Tai *(Chairman)*
Zhu Gongshan
Xue Zhongsu
Qian Zhixin
Ji Jun
Sun Wei

Company Secretary

Chan Yuk Chun

Authorized Representatives

Yu Baodong
Chan Yuk Chun

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Corporate Information

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

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman, KY1-1110
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
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