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

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3800)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2012	2011	% of
	HK$' million	*HK$' million*	Changes
Revenue	**22,348.0**	25,505.6	(12.4%)
Gross profit	**1,749.1**	8,466.3	(79.3%)
(Loss) profit attributable to owners of the Company	**(3,515.5)**	4,274.9	(182.2%)
Basic (loss) earnings per share	**HK cents (22.71)**	HK cents 27.62	(182.2%)

The board of directors (the "Board" or the "Directors") of GCL-Poly Energy Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2012 together with the comparative figures for the corresponding period in the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	**2012** ***HK$'000***	2011 *HK$'000*
Revenue	*3*	**22,348,026**	25,505,564
Cost of sales		**(20,598,931)**	(17,039,258)
Gross profit		**1,749,095**	8,466,306
Other income	*4*	**783,826**	613,221
Distribution and selling expenses		**(95,593)**	(56,712)
Administrative expenses			
— Share-based payment expenses		**(41,988)**	(82,287)
— Other administrative expenses		**(1,857,509)**	(1,617,240)
Finance costs	*5*	**(2,309,342)**	(1,166,322)
Other expenses		**(1,486,144)**	(321,038)
Share of profit of associates		**3,412**	15,173
Share of losses of jointly controlled entities		**(7,165)**	(11,969)
(Loss) profit before tax		**(3,261,408)**	5,839,132
Income tax expense	*6*	**(123,876)**	(1,269,174)
(Loss) profit for the year	*7*	**(3,385,284)**	4,569,958
Other comprehensive (expense) income			
Exchange differences arising from translation to presentation currency		**(27,371)**	948,951
Total comprehensive (expense) income for the year		**(3,412,655)**	5,518,909
(Loss) profit for the year attributable to:			
Owners of the Company		**(3,515,515)**	4,274,893
Non-controlling interests		**130,231**	295,065
		(3,385,284)	4,569,958
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(3,542,638)**	5,158,492
Non-controlling interests		**129,983**	360,417
		(3,412,655)	5,518,909
		HK cents	***HK cents***
(Loss) earnings per share	*8*		
Basic		**(22.71)**	27.62
Diluted		**(22.71)**	27.58

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2012

	NOTES	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**42,232,520**	41,181,267
Prepaid lease payments		**1,727,257**	1,127,999
Goodwill		**675,650**	995,210
Other intangible assets		**222,967**	66,467
Interests in jointly controlled entities		**215,606**	167,869
Interests in associates		**235,600**	220,577
Deferred tax assets		**—**	45,362
Deposits for acquisitions of property, plant and equipment and prepaid lease payments		**134,184**	1,361,994
Pledged bank deposits		**205,723**	306,202
		45,649,507	45,472,947
CURRENT ASSETS			
Inventories		**2,247,825**	2,472,876
Project assets		**1,177,410**	1,153,827
Trade and other receivables	*9*	**8,681,408**	7,064,744
Amounts due from related companies		**176,777**	70,550
Loan to a related company		**79,916**	46,206
Prepaid lease payments		**39,809**	26,781
Tax recoverable		**208,870**	225,946
Held for trading investment		**15,453**	21,964
Pledged and restricted bank deposits		**5,014,867**	4,049,733
Bank balances and cash		**4,495,575**	6,882,663
		22,137,910	22,015,290
Assets classified as held for sale		**31,009**	—
		22,168,919	22,015,290
CURRENT LIABILITIES			
Trade and other payables	*10*	**9,127,716**	8,207,049
Amounts due to related companies		**130,304**	51,050
Advances from customers		**810,571**	1,022,400
Bank borrowings — due within one year		**19,705,114**	11,582,443
Obligations under finance leases — due within one year		**464,479**	433,302
Deferred income		**113,604**	75,620
Tax payables		**87,621**	80,203
		30,439,409	21,452,067

	2012	2011
	HK$'000	*HK$'000*
NET CURRENT (LIABILITIES) ASSETS	**(8,270,490)**	563,223
TOTAL ASSETS LESS CURRENT LIABILITIES	**37,379,017**	46,036,170
NON-CURRENT LIABILITIES		
Advances from customers	**1,736,398**	2,091,594
Bank borrowings — due after one year	**12,817,239**	17,703,856
Obligations under finance leases — due after one year	**865,391**	1,264,617
Long-term notes	**3,058,808**	1,831,172
Deferred income	**616,354**	404,608
Deferred tax liabilities	**514,367**	606,191
	19,608,557	23,902,038
NET ASSETS	**17,770,460**	22,134,132
CAPITAL AND RESERVES		
Share capital	**1,547,607**	1,547,096
Reserves	**14,662,420**	19,020,014
Equity attributable to owners of the Company	**16,210,027**	20,567,110
Non-controlling interests	**1,560,433**	1,567,022
TOTAL EQUITY	**17,770,460**	22,134,132

NOTES:

1. BASIS OF PREPARATION

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

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

The 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 Company's ability to operate profitably, to generate cash flows from operations, and the Company's ability to pursue financing arrangements to support its working capital requirements.

The Group suffered losses of HK$3,385 million from operations for the year ended 31 December 2012 and as of 31 December 2012, the Group has current liabilities exceeded its current assets by HK$8,270 million. As of the same day, the Group had cash and cash equivalents of HK$4,496 million with bank borrowings due within one year of HK$19,705 million.

As at 31 December 2012, the Group has undrawn banking facilities of HK$4,477 million and renewable bank borrowings, which are originally due within one year, of HK$16,009 million. To improve liquidity, the Group has successfully negotiated with certain banks 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. The Group's management believe that the Group will successfully renew the bank borrowings based on past experience and strong relationships with the banks. Subsequent to the end of the reporting period, the Group has renewed bank borrowings of approximately HK$294 million with banks and with corresponding maturity dates extended to 2014. In addition, the Group has obtained additional banking facilities of approximately HK$3,926 million from banks for operating use subsequent to the end of the reporting period.

The Group's managements are of the opinion that, taking into account the above undrawn bank 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. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

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

Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets; and
Amendments to IFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets

Except as described below, the application of the amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

Amendments to IFRS 7 Disclosures — Transfers of Financial Assets

The Group has applied for the first time the amendments to IFRS 7 *Disclosures — Transfers of Financial Assets* in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.

The Group has arrangements with various banks or creditors to transfer to the banks or creditors its contractual rights to receive cash flows from certain bills receivable. The arrangements are made through discounting or endorsing those bills receivable to banks or creditors, respectively, on a full recourse basis. Specifically, if the bills receivable are not paid at maturity, the banks or creditors have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to certain of these bills receivable, it continues to recognise the full carrying amount of the bills receivable and has recognised the cash or the goods and services received on the transfer as a secured borrowing or trade and other payables and amount due to related companies, respectively. In addition, the Group has derecognised certain of these bills receivable and associated liabilities, which are considered to have continuing involvement in them, in their entirety.

In accordance with the transitional provisions set out in the amendments to IFRS 7, the Group has not provided comparative information for the disclosures required by the amendments.

New and revised IFRSs issued but not yet effective

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

Amendments to IFRSs	Annual Improvements to IFRSs 2009–2011 Cycle[1]
Amendments to IFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[2]
IFRS 9	Financial Instruments[3]
IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
IAS 19 (as revised in 2011)	Employee Benefits[1]
IAS 27 (as revised in 2011)	Separate Financial Statements[1]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[2]
IFRIC - Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

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

[2] Effective for annual periods beginning on or after 1 January 2014.

[3] Effective for annual periods beginning on or after 1 January 2015.

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

Annual Improvements to IFRSs 2009–2011 Cycle issued in June 2012

The Annual Improvements to IFRSs 2009–2011 Cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to IFRSs include the amendments to IAS 16 Property, Plant and Equipment and the amendments to IAS 32 Financial Instruments: Presentation.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The directors are still in the process of assessing the impact of the amendment to the Group.

The amendments to IAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. The directors anticipate that the amendments to IAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

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

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

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

The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to IAS 32 and IFRS 7 may have no effect on the Group's consolidated financial statements as the Group do not have offsetting arrangement.

IFRS 9 Financial Instruments

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

Key requirements of IFRS 9 are described as follows:

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

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

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

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

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

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. SIC-Int 12 *Consolidation — Special Purpose Entities* will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures*. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-Int 13 *Jointly Controlled Entities — Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

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

In July 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these five IFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

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

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to IFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to IFRS 10, IFRS 12 and IAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

IFRS 13 Fair Value Measurement

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

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income. Under the amendments to IAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss. In addition, the amendments to IAS 1 require items of other comprehensive income to be 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 option to present items of other comprehensive income either before tax or net of tax.

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

The directors anticipate that the application of the other new and revised IFRSs will have no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

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

No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

In prior years, segment information reported to the CODM was analysed on the basis of the major types of goods or services delivered or provided by the Group's operating divisions: (1) solar business; and (2) power business. With the growth of the business in development, construction, management, operation and sales of overseas solar power plants, financial information of overseas solar power plants business was separately reported to the CODM in current year. Therefore, the Group's operating segments under IFRS 8 are as follows:

(a) Solar business — mainly manufacture and sale 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, an incineration plant, wind power plant and solar farm.

(c) Overseas solar power plants business - development, construction, management, operation and sales of overseas solar power plant business.

Segment revenue and results

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

Year ended 31 December 2012

	Solar business *HK$'000*	**Power business** *HK$'000*	**Overseas solar power plants business** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**14,023,477**	**5,812,988**	**2,652,168**	**22,488,633**
Inter-segment sale *(Note a)*	**(134,696)**	**(5,911)**	**—**	**(140,607)**
Revenue from external customers	**13,888,781**	**5,807,077**	**2,652,168**	**22,348,026**
Segment (loss) profit	**(3,355,921)**	**364,122**	**27,551**	**(2,964,248)**
Unallocated income				**18,753**
Unallocated expense				**(19,136)**
Fair value adjustments *(Note b)*				**(53,676)**
Share-based payment expenses				**(41,988)**
Impairment loss on goodwill				**(318,656)**
Discount on acquisition of subsidiaries				**151**
Loss on fair value changes for held for trading investment				**(6,484)**
Loss for the year				**(3,385,284)**

Year ended 31 December 2011 (restated)

	Solar business *HK$'000*	Power business *HK$'000*	Overseas solar power plants business *HK$'000*	Total *HK$'000*
Revenue from external customers	20,825,653	4,988,555	39,523	25,853,731
Inter-segment sale *(Note a)*	(348,167)	—	—	(348,167)
Revenue from external customers	20,477,486	4,988,555	39,523	25,505,564
Segment profit (loss)	4,798,435	167,896	(76,777)	4,889,554
Unallocated income				4,925
Unallocated expense				(61,144)
Fair value adjustments *(Note b)*				(64,179)
Share-based payment expenses				(82,287)
Impairment loss on goodwill				(90,407)
Loss on fair value changes for held for trading investment				(26,504)
Profit for the year				4,569,958

Segment (loss) profit represents the (loss) profit earned by each segment excluding unallocated income, unallocated expense, the effect arising from the fair value adjustments in relation to the assets of the group entities carrying out the power business in the PRC (the "Power Group") deemed acquired in 2009 and Konca Solar Cell Co. Ltd ("Konca Solar"), fair value changes on held for trading investment, impairment of goodwill, discount on acquisition of subsidiaries and share-based payment expenses incurred by the Group. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment assets

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

	2012	2011
	HK$'000	*HK$'000*
Segment assets		
Solar business	**51,843,272**	52,191,980
Power business	**10,817,481**	8,894,334
Overseas solar power plants business	**2,574,079**	2,916,298
Total segment assets	**65,234,832**	64,002,612
Fair value adjustments *(Note b)*	**600,207**	428,867
Goodwill	**675,650**	995,210
Unallocated bank balances and cash	**845,891**	1,762,022
Unallocated corporate assets	**461,846**	299,526
Consolidated total assets	**67,818,426**	67,488,237

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

Note:

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

(b) The effect arising from fair value adjustments is related to the assets of the Power Group deemed acquired in 2009, Konca Solar acquired in 2010 and acquisition of subsidiaries during the year 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:

	2012	2011
	HK$'000	*HK$'000*
Sales of wafer	**10,918,717**	18,702,567
Sales of project assets	**2,580,569**	—
Sales of polysilicon	**2,025,100**	1,049,267
Sales of electricity	**3,501,462**	3,003,847
Sales of steam	**1,887,558**	1,690,072
Sales of coal	**489,657**	334,158
Others (mainly comprise the sales of module, ingot and processing fees)	**944,963**	725,653
	22,348,026	25,505,564

4. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Government grants	**285,940**	195,461
Bank interest income	**182,926**	91,695
Sales of scrap materials	**137,343**	140,503
Waste processing management fee	**59,311**	31,362
Consultancy fee income	**16,919**	29,160
Management fee income	**16,784**	17,004
Amortisation of deferred income in relation to sales and finance leaseback of solar farms	**12,475**	12,821
Waiver of other payables	**8,943**	1,005
Insurance compensation income	**4,225**	31,920
Interest income from related companies	**6,444**	4,201
Amortisation of connection fee income	**2,247**	4,399
Bad debts recovered	**—**	9,869
Others	**50,269**	43,821
	783,826	613,221

5. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings		
— wholly repayable within five years	**1,878,451**	1,225,723
— not wholly repayable within five years	**19,605**	36,932
Discounted bills	**242,281**	89,646
Obligations under finance leases	**108,580**	74,466
Long-term notes	**196,491**	16,210
Loans from related companies	**3,261**	—
Loans from an associate	**164**	—
Total borrowing costs	**2,448,833**	1,442,977
Less: Interest capitalised	**(139,491)**	(276,655)
	2,309,342	1,166,322

6. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
PRC Enterprise Income Tax ("EIT")		
Current tax	**195,139**	1,118,662
Overprovision in prior years	**(72,816)**	(57,159)
	122,323	1,061,503
Hong Kong Profits Tax	**8,051**	—
USA Federal and State Income Tax	**30,762**	—
PRC dividend withholding tax	**54,296**	82,811
Deferred tax	**(91,556)**	124,860
	123,876	1,269,174

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

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

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

According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa [2007] No.39) (the "New Law"), certain Group entities that previously enjoyed tax incentive rate of 15% would have their applicable tax rate progressively increased to 25% over a five-year transitional period commencing on 1 January 2008. The tax exemption and deduction from EIT for these entities are still applicable until the end of the five-year transitional period under the New EIT Law based on the revised income tax rate expires in 2012.

Certain subsidiaries operating in the PRC has been accredited as a "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, the subsidiaries are subject to 15% enterprise income tax rate for the year ended 31 December 2012. The qualification as a High and New Technology Enterprise will be subject to annual review by the relevant government authorities in the PRC.

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

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for current years. No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profit arising in Hong Kong for prior year.

Federal and State tax rates in the USA is calculated at 35.0% and 8.0%, respectively. No provision for Federal Income Tax and State and Local Income Tax has been made as the Group did not have any assessable profit arising in the USA for prior year.

The Group's subsidiaries that are tax resident in the PRC are subject to the PRC dividend withholding tax of 5% or 10% for those non-PRC resident immediate holding company registered in Hong Kong and the British Virgin Islands, respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008. Accordingly, a reversal of provision for deferred taxation of HK$118,266,000 in respect of withholding tax on undistributed profits has been recognised during the year ended 31 December 2012 (2011: a provision for deferred taxation of HK$147,874,000).

7. (LOSS) PROFIT FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**1,700,549**	1,573,764
Retirement benefit scheme contributions	**56,892**	42,417
Share-based payment expenses	**41,988**	82,287
Total staff costs	**1,799,429**	1,698,468
Depreciation of property, plant and equipment	**3,050,160**	2,023,652
Amortisation of prepaid lease payments	**37,204**	37,356
Amortisation of other intangible assets (included in administrative expenses)	**47,384**	64,347
Total depreciation and amortisation	**3,134,748**	2,125,355
Less: Amounts included in inventories	**(305,439)**	(167,282)
Total of depreciation and amortisation charged to profit or loss	**2,829,309**	1,958,073
Auditor's remuneration	**18,891**	13,863
Cost of inventories recognised as expenses	**17,146,119**	16,342,892
Cost of project assets recognised as expenses	**2,363,681**	—
Write-down of inventories (included in cost of sales)	**284,443**	120,965
Allowance for trade and other receivables (included in administrative expenses)	**129,656**	4,809
Loss (gain) on disposal of property, plant and equipment	**20,128**	(5,563)
Impairment loss on amount due from an associate (included in administrative expenses)	**—**	12,436
Amounts included in other expenses:		
Exchange loss (gain), net	**1,982**	(102,896)
Research and development cost recognised as expenses	**195,331**	112,799
Impairment loss on property, plant and equipment	**865,354**	96,434
Impairment loss on other intangible assets	**14,244**	—
Impairment loss on interest in a jointly controlled entity	**23,396**	—
Impairment loss on goodwill	**318,656**	90,407
Impairment loss on deposits for acquisitions of property, plant and equipment	**60,849**	—
Impairment loss on prepayments	**—**	97,790
Discount on acquisition of a subsidiary	**(151)**	—
Loss on fair value changes of held for trading investments	**6,483**	26,504

8. (LOSS) EARNINGS PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
(Loss) earnings		
(Loss) earnings for the purposes of calculation of basic and diluted earnings per share		
— (Loss) profit for the year attributable to owners of the Company	**(3,515,515)**	4,274,893

	2012	2011
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**15,481,141**	15,476,804
Effect of dilutive potential ordinary shares on share options	**—**	24,934
Weighted average number of ordinary shares for the purpose of dilutive (loss) earnings per share	**15,481,141**	15,501,738

Diluted loss per share for the year ended 31 December 2012 does not assume the exercise of the share option since the exercise would decrease the loss per share.

9. TRADE AND OTHER RECEIVABLES

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

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

	2012	2011
	HK$'000	*HK$'000*
Trade receivables:		
0–90 days	**3,267,646**	2,533,761
91–180 days	**1,281,303**	204,886
Over 180 days	**347,568**	20,292
	4,896,517	2,758,939

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

	2012	2011
	HK$'000	*HK$'000*
Bills receivable — trade:		
0–90 days	**721,421**	910,231
91–180 days	**1,022,350**	370,419
	1,743,771	1,280,650

10. TRADE AND OTHER PAYABLES

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

	2012	2011
	HK$'000	*HK$'000*
Trade payables:		
0–90 days	**1,807,379**	2,101,725
91–180 days	**675,730**	228,711
Over 180 days	**356,512**	114,332
	2,839,621	2,444,768

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

	2012	2011
	HK$'000	*HK$'000*
Bills payable (trade):		
0–90 days	**1,439,444**	485,164
91–180 days	**581,323**	239,814
	2,020,767	724,978

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to report that GCL-Poly achieved the following operating results for the whole year of 2012. For the year ended 31 December 2012, GCL-Poly recorded a total revenue of approximately HK$22.35 billion, representing a 12.4% decrease as compared with that in 2011. Gross profit was approximately HK$1.75 billion, a 79.3% decrease as compared with that for the same period in 2011. Losses attributable to owners of the company amounted to approximately HK$3.5 billion. Basic losses per share amounted to approximately HK22.71 cents. Due to the factors such as cyclical oversupply of the industry, the European debt crisis, changes in the European subsidy policy and the dumping of imported polysilicon into China, the Company's performance was affected and market prices of polysilicon and wafer continued to decline in 2012. The polysilicon and wafers selling prices fell by 56.4% and 53.7% respectively as compared with those for the same period in 2011. Although our production costs of polysilicon and production cost for wafer lowered by 5.6% and 41.7% respectively as compared with those for the same period in 2011, our production costs continued to lead the industry, and our business performance was still heavily affected by the significant decline in market prices. With stringent cost control, expenses and asset flow management, we recorded approximately HK$2.3 billion operating cash flow and achieved an EBITDA of approximately HK$3 billion.

Despite the fact that PV industry has faced various challenges, we still saw a remarkable progress in terms of policies and technologies in 2012 and a number of our favorable forecasts have been realized such as the increasing diversification of the global PV market and the rapid rise of emerging markets. As such, expected 2012 installed capacity should range between 31 to 32 GW. In the Asia emerging markets, the performance of the PV market in Japan was also outstanding. The installed capacity of the PV market in Japan reached 2.5 GW, representing a significant growth as compared with that in last year. The "Twelfth Five-Year Plan of Solar Power Generation Development" (《太陽能發電發展「十二五」規劃》) promulgated in July 2012 further increased the installed capacity targets to 21 GW and 50 GW by 2015 and 2020 respectively, doubling the original targets. On 26 October 2012, the "Opinions for the Distributed Photovoltaic Power Generation and Grid Connection Services" (做好分散式光伏發電並網服務的工作意見) was issued by China's State Grid to support distributed solar power generation. In February 2013, State Grid of China has further confirmed the grid-connection for qualified solar power generation, as well as natural gas, biomass, wind power, geothermal, tidal power and other integrated resources applications. On 19 December 2012, Wen Jiabao, Premier of the State Council of the PRC, chaired a standing meeting of the State Council to study and issue five policy measures to promote the healthy growth of the PV industry, particularly, the chaos and oversupply of the PV industry. The above information indicates that the Chinese government is determined to expand the application of solar power and to increase the domestic demand. The PV installed capacity in China in 2012 reached 4 GW or above, increased more than half of the installation in the previous year. It is expected that the installed capacity in China would reach 10 GW in 2013.

A World Leader in Polysilicon in terms of Technology, Cost and Quality

As one of the most influential and competitive polysilicon manufacturers and suppliers in the world, GCL-Poly continues to maintain its market leadership and competitive advantage in polysilicon and wafer business. As a global leading company with a focus in technology, technological innovations continue to fuel the growth of GCL Poly beyond its industry peers. We continue to expand our R&D team both in China and overseas, to enhance "GCL production method" through the application of the large-scale reduction furnaces and the improvement of vaporized deposition technology. The application of integrated energy technology for polysilicon substantially increased the utilization rate of raw materials and improve the cost and quality of our polysilicon, as well as creating "Green GDP" and achieve harmony and benefits among shareholder, management and the society.

Regarding the research and development and the application of new technologies, we achieved a substantial progress in our manufacturing technology for silane gas and the technology for manufacturing of granular silicon with the silane-based method. We successfully produced silane gas products with electronic grade quality in September 2012 and in January 2013 we successfully produced quality granular silicon with silane method and our production lines have met the advanced standards of the world, if not leading the industry peers. This reinforced GCL-Poly's leading position in manufacturing polysilicon material in the world, on the basis of further enhancement without increasing capacity.

We are optimistic that GCL-Poly will achieve further breakthroughs in both production technology, manufacturing cost, product quality and product mix of polysilicon in the next one to two years. GCL-Poly will also continue to maintain its leading position in the high-end polysilicon materials market.

Meanwhile, in the wafer and ingot area, GCL-Poly has continuously developed new products that are popular among our customers: In March 2012, we launched our high-efficiency product "GCL Multi-Wafer S1+"; in October 2012, we again launched our high-efficiency product "GCL Multi-Wafer S2 (鑫多晶)" which notably increased the conversion efficiency of PV cells. GCL-Poly will launch more new wafer products as planned, with a view to enhancing the price-performance and value-adding nature of the products to our customers. We will continue to upgrade our manufacturing equipment and to enhance our process technology, as well as achieving breakthroughs in the usage of heat-shielding, diamond wire sawing and online recycling in our manufacturing business. To tackle the temporary challenges of the industry, management will put stronger emphasis on cost control. Senior management taking the initiatives to cut salary by 30–50% with respect to their performance, as well as streamlining and enhancing the current company management structure to achieve full expense control.

Outstanding Results of Overseas Solar Power Plants Business

The solar power investment team of GCL-Poly achieved good results in 2012. On 25 July 2012, GCL Solar Energy. Inc, a wholly owned subsidiary of the Company, closed the sale of a 92 MW solar power plant project in the United States to Consolidated Edison Development, Inc., a power company located on the East Coast of the United States, with total revenue of US$286 million and expected profit before tax of US$16 million. On 15 November 2012, the Company successfully sold two solar power plant projects in the United States with a total capacity of 48 MW and recorded total revenues of US$46 million. These two disposals demonstrated our execution capability in the development, construction and financing for large scale solar farms.

In China, GCL-Poly signed a cooperation framework agreement with China Merchants New Energy in 2012 to develop solar farm projects, pursuant to which both parties will jointly develop solar farms with an installed capacity of approximately 1 GW within the next three years. As at the end of August 2012, the Company obtained the approval from the National Energy Administration for the construction of a 310 MW ground solar power plant and a 30 MW rooftop solar power plant in Datong City, Shanxi Province and the preliminary works have been commenced. Upon completion, this project will become the largest solar farm in China and one of the largest standalone solar farms in the world. At the same time, the Company has established successful cooperation with several well-known international banks and financial institutions including Wells Fargo, Bank of America Merrill Lynch, Standard Chartered Bank and China Development Bank. All of them will provide strong financing support to GCL-Poly on its overseas solar farm projects, which lays a solid foundation for GCL-Poly to expand its investment in solar farms in the United States and the other oversea regions.

For system integration, on 10 December 2012, the Company announced that it would arrange the procurement of the modules for two 75 MW solar power plant projects which are currently the largest in South Africa. All the solar modules used in these projects are made from GCL-Poly's quality wafers. The Company signed 20-year power purchase agreements for both projects with Eskom, a power company in South Africa,. This transaction not only expanded sales channels for our wafers, but also proved our capability in providing Solar System Integration solutions for the international market. To strengthen our leadership in the solar industry, we continue to implement our dual-core strategy in both the upstream and downstream businesses. In the upstream market, we manufacture high quality polysilicon and wafers; while at downstream, we develop solar power plants and provide system integration services.

Stable Power Business Development Outperforms Peers

In 2012, the power business continued to record stable development. The Company has continued to maximize the efficiencies of existing resources by means of centralized management, cost cutting measures and exploring new opportunities to ensure the sound and stable development of its power and steam businesses. As at the end of 2012, the Company sold 5,370,397 MWh of electricity, with a year-on-year increase of 12.0%, and 8,501,198 tonnes of steam, with a year-on-year rise of 12.4%. While ensuring stable growth of the business, the Company also adopted various measures including coal purchasing cost controls, bulk purchasing of resources, expansion of steam supply, and vigorous efforts in steam-price adjustment. The financial results for the electricity business in 2012 showed our clear advantage when compared with the industry peers.

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

Social Responsibilities and Honours

As a global leading enterprise that has long been engaged in the development of renewable energy, GCL-Poly is well aware of its responsibilities to environmental protection and social contribution. While ensuring our manufacturing activities to be in compliance with national environmental standards, we also actively participated in various public welfare activities and gained positive feedbacks from the society. On 22 February 2012, GCL-Poly Energy Holdings Limited was honored as the "Model Charity Unit in Suzhou" (蘇州慈善標兵單位) by the Municipal Government of Suzhou. In March 2012, our Company was recognized as "China's Creditability Enterprises", was the only power company received such accolade. In June 2012, GCL Poly was awarded "2012 Best Brand Image Enterprise" during the China's Financial Summit; In November 2012, the Company was chosen to be the "Top 100" Listed Companies in Hong Kong. During the same month, the Company Chairman also received the 2nd Golden Bauhinia "Most Influential Leader Award". In 2013, we will continue to use our best effort to actively serve the society by creating jobs, making charitable donations and taking an active role in public welfare.

Outlook

As a result of technological innovation, economy of scale of polysilicon production, as well as solar cell technology improvements in China, lower costs of solar power generation is achieved, thus providing a favorable position for China to develop domestic PV market in a meaningful scale. China is set to become one of the world's largest country for renewable energy consumption.

At the same time, in the face of increasing global environmental issues and the depletion of fossil energy, various governments also put focus on the development and usage of new energy, such as photovoltaic solar energy, has become the future energy strategy development focus. The negative impact to the industry development resulted from the current international trade protection and barriers, as well as the existing supply and demand imbalance, is only a temporary phenomenon, in our view. The rapid rise of emerging markets such as Japan, Latin America, South Africa, ASEAN countries and the Middle East, we have full confidence in the prospect of the solar industry.

With lower production costs along the entire PV value chain, higher product conversion efficiency rates and the growth of emerging markets, we believe that there will be substantial growth of demand in the PV industry. In the first quarter of 2013, the market price of polysilicon increased from the lowest of US$15 per kilogram to US$18 per kilogram. The prices of wafers, cells and modules for the downstream industry steadily increase. The capacity utilization in the various segments of the industry has increased, as compared to the fourth quarter of the previous year, as market demand slowly grows.

We will continue to increase our emphasis on technological enhancements this year, such that we could lower our polysilicon and wafer manufacturing cost, as well as improving our profitability and cash flow. Meanwhile, we are making progress with modifying our power sources for polysilicon manufacturing in Xuzhou. The final confirmation of power sources for polysilicon manufacturing will eventually bring positive impact to our profitability and cost structure significantly, and further expand our global cost leadership in polysilicon manufacturing. In order to improve the company fundamentals and prospects of long-term investments by our shareholders, we will also actively seek the use of low-cost long-term financing products to strengthen our capital structure and solidify our operations.

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

Zhu Gong Shan
Chairman

Hong Kong, 14 March 2013

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

2012 was a challenging year for the solar industry. Negative market sentiment caused by global economic uncertainties followed by anti-dumping and countervailing investigations initiated by the United States and the European Union resulted in a sharp decline in pricing of solar products in 2012. However, we believe solar electricity generation is approaching grid parity and it should finally start to stimulate demand. Additionally, with the closing down of many less efficient solar manufacturers last year, we expect a more balanced supply/demand situation to enable prices to stabilize in the first half of 2013 and believe demand will finally approach the aggregate capacities of cost-competitive polysilicon and wafer manufacturers in the near future.

In the meantime, GCL continues to execute our dual-core strategy in both the upstream solar material business and downstream solar power plant business. During 2012, GCL developed and sold an aggregate of 140MW of solar farm project, which is a great achievement in our downstream solar farm project businesses and further strengthen our leadership in the solar industry.

Results of the Group

Revenue amounted to HK$22,348.0 million for the year ended 31 December 2012, representing a decrease of 12.4% compared with the revenue of HK$25,505.6 million for the year ended 31 December 2011. Decrease in revenue was mainly due to decrease in the selling price of polysilicon and wafer.

In addition, the results for the year were impacted by impairment loss on plant and machinery and goodwill of total HK$1,184.0 million. As a result, the Group recorded a net loss attributable to owners of the Company of HK$3,515.5 million for 2012, as compared to net profit attributable to owners of the Company of HK$4,274.9 million in 2011.

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 31 December 2012, our annual polysilicon production capacity maintained at 65,000MT. During the year ended 31 December 2012, GCL produced approximately 37,055MT of polysilicon, representing an increase of 26.0% as compared to 29,414MT for the year ended 31 December 2011. In addition, GCL has successfully trial-run our first phase polysilicon silane system and produced qualified high-purity silane gas in 2012. The commencement of GCL's silane system marks the first-stage achievement in silane manufacturing and the technology of FBR method, which lays a solid foundation for the execution of the Group's technology strategy, cost strategy and product strategy.

As at 31 December 2012, our annual wafer production capacity maintained at 8GW. During 2012, we have successfully launched our high-efficiency product "GCL Multi-Wafer S1+" which notably increased the conversion efficiency of PV cells. For the year ended 31 December 2012, approximately 5,622MW of wafers were produced, representing an increase of 25.3% as compared with 4,488MW for the year ended 31 December 2011.

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 year, Jiangsu Zhongneng carried out various cost control measures to reduce the energy consumption and other variable and fixed costs incurred during the polysilicon production. Despite a lower utilisation rate in the second half of 2012, our average polysilicon production costs decreased 5.6% from HK$161.7 (US$20.8) per kilogram for 2011 to HK$152.7 (US$19.7) per kilogram for 2012.

Attributed to our effective in-house raw material recycling together with other measures that helped to increase our production yield and reduce costs, GCL continued to reduce its wafer production cost to an extremely competitive level. For the year ended 31 December 2012, our average wafer production cost (before eliminating the internal profit of polysilicon) was approximately HK$1.94 (US$0.25) per W, representing a decrease of 41.7% as compared to HK$3.33 (US$0.43) per W for the year ended 31 December 2011.

Sales Volume and Revenue

Revenue of our solar material business for the year ended 31 December 2012 amounted to approximately HK$13,116.7 million, representing a decrease of 35.9% from HK$20,459.8 million for the year ended 31 December 2011.

For the year ended 31 December 2012, GCL sold 12,593MT of polysilicon and 5,594MW of wafer, an increase of 3.5 times and 25.7% respectively, as compared with the 2,812MT of polysilicon and 4,451MW of wafer for the corresponding period in 2011.

The average selling prices of polysilicon and wafer were approximately HK$161.2 (US$20.8) per kilogram and HK$1.94 (US$0.25) per W respectively for the year ended 31 December 2012. The corresponding average selling prices of polysilicon and wafer for the year ended 31 December 2011 were HK$370.8 (US$47.7) per kilogram and HK$4.20 (US$0.54) per W respectively.

For the year ended 31 December 2012, GCL sold approximately 119MW PV modules to customers in the U.S and Europe. Revenue generated from trading of PV modules was approximately HK$772.1 million.

Overseas Solar Power Plant Business

As of 31 December 2012, the Group had 327MW PV projects which were ready to commence construction. Approximately 1,000MW projects in the United States and Puerto Rico are currently in the planning stage.

In the second half of 2012, GCL sold 100% equity interests in four solar farm project companies with a total of planned capacity of 140MW (DC) in California, the U.S to a company which is incorporated in New York with principal business to develop, own and operate renewable and other energy assets. Revenue from sales of solar farm projects was HK$2,580.6 million (US$332.0 million).

GCL also completed a solar power project of 1MW capacity in the Palmdale School district in California which was under the sales and leaseback transactions with Bank of America Merrill Lynch. As a result, a total of approximately 17MW PV installation was operated by us in the United States in 2012. For the year ended 31 December 2012, revenue from sales of electricity generated by the PV projects in the United States was approximately HK$71.6 million (US$9.2 million).

In November 2012, partnered with Solar Reserve, GCL invested in two 75MW solar farm projects as a minority shareholder of 19% in South Africa. The projects are the largest solar projects ever built in South Africa. The projects are under construction and expected to achieve commercial operation in August 2014. In addition, GCL will arrange procurement of modules for the above two 75MW solar farm projects in South Africa in 2013.

Power Business

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

As at 31 December 2012, the Group operates 24 power plants which includes its subsidiary and associated power plants in the PRC. These comprise 14 coal-fired cogeneration plants and resource utilisation comprehensive cogeneration plants, 2 gas-fired cogeneration plants, 2 biomass cogeneration plants, 2 solid-waste incineration plant, 1 wind power plant, 2 solar farms and 1 rooftop solar farm. For the year ended 31 December 2012, the total installed capacity and attributable installed capacity were 1,150.5MW and 798.3MW respectively, representing an increase of 15MW as compared to last year. The increase was due to acquisition of 1 solid-waste incineration plant and 1 rooftop solar farm with installed capacity of 12MW and 3MW respectively. The total steam extraction capacity and attributable steam extraction capacity were 2,239tonne/h and 1,756.4tonne/h, respectively for the year ended 31 December 2011 and 2012.

In addition, a gas-fired cogeneration plant is currently under construction and expected to be completed in 2013. The expected installed and attributable capacity for the above gas-fired cogeneration plant will be 360MW and 134MW, respectively.

Sales Volume and Revenue

For the year ended 31 December 2012, total electricity and steam sales volume were 5,370,397MWh and 8,501,198tonnes, representing an increase of 12.0% and 12.4% respectively as compared to 4,793,282MWh and 7,565,162tonnes for the same period last year. The increase in sales volume was mainly due to increase in demand from customers.

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

Plant	**Electricity Sales** *MWh* **31.12.2012**	Electricity Sales *MWh* 31.12.2011	**Steam Sales** ***tonne*** **31.12.2012**	Steam Sales *tonne* 31.12.2011
Subsidiary power plants:				
Kunshan Cogeneration Plant	**415,986**	392,904	**647,935**	677,026
Haimen Cogeneration Plant	**162,320**	119,550	**266,440**	317,357
Rudong Cogeneration Plant	**179,668**	155,240	**757,481**	759,534
Huzhou Cogeneration Plant	**139,409**	144,695	**361,616**	342,959
Taicang Poly Cogeneration Plant	**216,542**	156,008	**393,945**	394,801
Jiaxing Cogeneration Plant	**212,923**	191,721	**898,819**	937,041
Lianyungang Xinneng Cogeneration Plant	**93,992**	67,509	**375,079**	462,334
Puyuan Cogeneration Plant	**196,155**	196,907	**956,028**	917,057
Fengxian Cogeneration Plant	**127,836**	79,884	**1,550,359**	575,976
Yangzhou Cogeneration Plant	**342,849**	295,442	**249,227**	265,195
Dongtai Cogeneration Plant	**117,120**	90,178	**496,565**	449,670
Peixian Cogeneration Plant	**132,007**	79,603	**210,288**	198,385
Xuzhou Cogeneration Plant	**166,656**	101,031	**258,290**	249,439
Suzhou Cogeneration Plant	**2,384,005**	2,253,877	**725,007**	700,414
Baoying Cogeneration Plant	**120,507**	146,201	**204,009**	183,802
Lianyungang Xiexin Cogeneration Plant	**125,936**	137,224	**116,835**	134,172
Taicang Incineration Plant	**74,583**	76,676	**N/A**	N/A
Guotai Wind Power Plant	**87,349**	86,825	**N/A**	N/A
Xuzhou Solar Farm	**21,377**	21,807	**N/A**	N/A
Xuzhou Incineration Plant *(Note 1)*	**50,263**	N/A	**33,275**	N/A
Jiangsu Guoneng *(Note 1)*	**2,914**	N/A	**N/A**	N/A
Total subsidiary power plants	**5,370,397**	4,793,282	**8,501,198**	7,565,162
Associated power plants:				
Funing Cogeneration Plant	**121,464**	95,004	**77,006**	78,303
China Resources Beijing Cogeneration Plant	**679,624**	664,990	**393,478**	384,396
Total subsidiary and associated power plants	**6,171,485**	5,553,276	**8,971,682**	8,027,861

Note 1: Xuzhou Incineration Plant and Jiangsu Guoneng have become our subsidiary power plants since 23 May 2012 and 29 February 2012, respectively. The steam sales of Xuzhou Incineration Plant was made to a fellow subsidiary of the Group for internal consumption purpose.

Revenue for the power business for the year ended 31 December 2012 was approximately HK$5,807.1 million, representing an increase of 16.4% as compared to HK$4,988.6 million for the same period last year. The increase was mainly due to increase in sales volume of electricity and steam during the year.

Average Utilisation Hours

Average utilisation hours for the Group's subsidiary power plants, defined as the amount of electricity produced during a specified period (in MWh) divided by the average installed capacity of the plant during the same period (in MW), was 6,132 hours for the year of 2012, representing an increase of 10.7% compared with 5,540 hours for the same period last year. The increase was due to the increase in electricity generation during the year.

Approved On-Grid Tariff

For electricity output, the major customers of our power plants are their respective local provincial power-grid companies. Prices are based on an approved on-grid tariff that is determined by the provincial price bureaus. The on-grid tariff depends on the fuel type of the relevant power plant and whether government-encouraged desulphurisation equipment has been installed. For the year ended 31 December 2012, the approved on-grid tariff of the Group's power plants (excluding solar farm) ranged from approximately HK$626.7/MWh to HK$933.9/MWh (2011: HK$614.8/MWh to HK$916.1/MWh). The increase was due to exchange difference arising from translation of Renminbi into Hong Kong dollars.

Approved Steam Price

In response to the PRC-government incentive programme, the Group sells steam to customers exclusively within a certain radius of where our cogeneration plants are located. Steam prices are negotiated commercially between customers and the cogeneration plants and are subject to local government pricing guidelines. Prices may vary according to market forces. For the year ended 31 December 2012, the approved steam price of our subsidiaries and associated power plants ranged from HK$184.3/tonne to HK$304.1/tonne (2011: HK$180.8/tonne to HK$298.3/tonne). The increase was mainly due to exchange difference arising from translation of Renminbi into Hong Kong dollars.

Fuel Costs

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

For the Group's coal-fired cogeneration plants, resource utilization comprehensive plants and biomass cogeneration plants, the average unit fuel costs for electricity sales and steam sales were HK$439.0/MWh and HK$139.2/tonne respectively for the year ended 31 December 2012. The corresponding average unit fuel costs for electricity sales and steam sales were HK$471.4/MWh and HK$154.3/tonne respectively for the same period last year.

In the case of the Group's gas-fired cogeneration plants, Suzhou Cogeneration Plant, natural gas was the major component of the cost of sales. The average unit fuel costs for electricity sales and steam sales were HK$508.8/MWh and HK$192.5/tonne respectively for the year ended 31 December 2012. The corresponding average unit fuel costs for electricity sales and steam sales for the year ended 31 December 2011 were HK$497.9/MWh and HK$194.2/tonne, respectively.

Recent Developments

In addition to overseas solar power projects, GCL is now also focusing on construction of 310MW ground-mounted and 30MW roof-top solar projects in Datong, Shanxi province. These projects mark as a milestone in large scaled solar farms projects construction plan that is adopted by the Chinese government. It is expected that the projects will be the largest solar farm in China and one of the largest single-unit solar farms in the world. In addition, GCL will continue to co-operate with China Merchants New Energy Limited and China Technology Development Group Corporation on the investment, development and construction of PV power projects in the PRC and abroad based on each party's comparative advantages.

Outlook

In 2012, 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 declining growth of the global solar markets. Global demand for new installations of PV systems grew to about 31-32 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 affected solar products demand in the second half of 2012. In addition, overcapacity along the PV value chain also leads to an oversupply situation resulting in sharp decline in solar products selling prices. Lower factory utilisation has also impacted our manufacturing cost reduction effort.

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, the National Development and Reform Commission ("NDRC") has indicated the 2015 cumulative solar PV target could be as high as 35 GW from 20 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 and afterwards can enjoy the tariff of RMB1/kWh. 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 10GW installation target for 2013. In Japan, the government also introduced a solar FiT of 42Yen/kWh, and we believe that the incentives in Japan is 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 since February of 2013 and we expect they remain stable or slightly higher in the first half of this year as our customers finish their inventory de-stocking. We are optimistic that our manufacturing cost will continue to decrease as capacity utilization will rise again. 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 Quasi-Mono Wafer" and "GCL Multi-Wafer S1+" meet the requirements of our customers as the average conversion efficiency has already attained 18.5% and 17.6% respectively. 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. We will focus not only on the domestic market but also the overseas markets. We expect that the United States will continue to offer excellent investment opportunities in PV systems, with attractive government support programs such as the Federal Business Energy Investment Tax Credit (ITC). With over 1GW of pipeline projects on hand, coupled with the tax equity investment partnership with Wells Fargo, Bank of America Merrill Lynch and other tax equity investors, we are well positioned to benefit from PV system investment and system integration business opportunities in the United States. The successful completion of the development and sale of an aggregate of 140MW projects in the US demonstrates our ability in large-scale solar farm development, construction and financing. This reinforces our dual core strategy where we produce high quality polysilicon and wafer in the upstream and develop solar farm projects and provide system integration services in the downstream. The Group proactively participates in solar farm construction in China. We have signed a letter of intent with China Merchants New Energy Group to develop no less than 973MW of rooftop projects 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 we expect it will be more stable in 2013. We expect the average coal prices in the first half of 2013 will decrease compared with the second half of 2012. 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.

Health, Safety and Environmental Matters

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

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

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

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

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

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

Employees

We consider our employees to be our most important resource. As at 31 December 2012, the Group had approximately 13,973 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 plant business - during the year. The following table sets forth the Group's profits 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	13,889	5,807	2,652	—	22,348
Segment (loss) profit	(3,356)	364	28	—	(2,964)
EBITDA*	1,787	1,202	112	(40)	3,061

* The impairment losses on property, plant and equipment and goodwill were excluded in the calculation of EBITDA （"Earnings before interest, tax, depreciation and amortization"）.

Revenue

Revenue for the year ended 31 December 2012 amounted to HK$22,348.0 million, representing a decrease of 12.4% as compared with HK$25,505.6 million for the year ended 31 December 2011. The decrease was mainly due to the decrease in revenue attributable to the solar material business as a result of significant decline in polysilicon and wafer selling price.

Gross Profit Margin

The Group's gross profit margin for the year ended 31 December 2012 was 7.8%, as compared with 33.2% for the year ended 31 December 2011. Gross profit margin for the solar material business decreased from 38.6% for the year ended 31 December 2011 to 4.4% for the year ended 31 December 2012. The decrease in gross profit margin was mainly due to the significant drop in average selling price of polysilicon and wafer since the first quarter of 2012, which was partially offset by the decrease in the polysilicon production cost and the wafer processing cost. Gross profit margin for the overseas solar power plant business was 55.1% for the year ended 31 December 2011 and 9.7% for the year ended 31 December 2012. For the power business, the gross profit margin increased from 11.0% for the year ended 31 December 2011 to 15.9% for the year ended 31 December 2012 as a result of the decrease in fuel costs.

Other Income

Other income mainly comprised government grants of HK$285.9 million, sales of scrap materials of HK$137.3 million, bank interest income amounting to HK$182.9 million, and waste processing management fee income of HK$59.3 million.

Distribution and Selling Expenses

Distribution and selling expenses amounted to HK$95.6 million for the year ended 31 December 2012, representing an increase of 68.6% from HK$56.7 million for the year ended 31 December 2011. Increases in distribution and selling expenses were due to more sales and marketing activities were carried out during the year.

Share-Based Payment Expenses

The amount mainly represented the share option expenses arising from the Company's employee share option scheme.

Other Administrative Expenses

Other administrative expenses amounted to HK$1,857.5 million for the year ended 31 December 2012, representing an increase of 14.9% from HK$1,617.2 million for the year ended 31 December 2011. The growth was due to expansion of our solar material business and solar power plant business.

Other Expenses

Other expenses for the year ended 31 December 2012 were HK$1,486.1 million, represent an increase of 3.6 times from HK$321.0 million for the year ended 31 December 2011. The increase was mainly due to impairment loss on property, plant and equipment and goodwill.

For the year ended 31 December 2012, the Group reviewed the value in use of our property, plant and equipment. As a result of the downturn in both polysilicon and wafer market and significant drop in average selling price, value in use of our polysilicon production facility and some of our wafer production facilities decreased and an impairment losses of HK$865.3 million (2011: HK$96.4 million) is recognised.

For the year ended 31 December 2012, the Group reviewed the carrying amounts of its goodwill. The Group recognised an impairment loss of HK$42.2 million (2011: HK$90.4 million) for the goodwill of our power business, mainly due to the increase in biomass price during 2012. The Group also recognised an impairment loss HK$276.5 million (2011: Nil) for the goodwill arising from acquisition of Konca Solar. As a result of decrease in gross profit margin in wafer business, the management of the Group revised Konca Solar's profit forecast for the coming five years and an impairment loss was recognised.

Finance Costs

Finance costs of the Group in 2012 were HK$2,309.3 million, which rose by 98.0% from HK$1,166.3 million in 2011. Larger amount of average bank borrowings and long-term notes led to the increase in interest expenses during the year.

Share of Profit of Associates

The Group's share of profits of associates for the year ended 31 December 2012 was HK$3.4 million, which was mostly derived from the power business.

Share of Loss of Jointly Controlled Entities

The amount represented the Group's share of losses of our jointly controlled entities, GCL-SR Solar Energy, LLC and Sunora Energy Solutions I LLC, for the year ended 31 December 2012.

Income Tax Expense

Income tax expense for the year ended 31 December 2012 was HK$123.9 million, representing a decrease of 90.2% as compared with HK$1,269.2 million for the year ended 31 December 2011. The decrease was mainly due to the decline in the PRC Enterprise Income Tax as the taxable income of our PRC subsidiaries is less than last year.

(Loss) Profit attributable to Owners of the Company

Loss attributable to Owners of the Company for the year ended 31 December 2012 was HK$3,515.5 million as compared with profit attributable to Owners of the Company HK$4,274.9 million for the year ended 31 December 2011.

Liquidity and Financial Resources

	2012 ***HK$ million***	2011 *HK$ million*
Net cash from operating activities	**2,326.4**	2,716.5
Net cash used in investing activities	**(5,310.7)**	(18,198.0)
Net cash from financing activities	**616.8**	15,534.0

For the year ended 31 December 2012, the Group's main sources of funding were cash generated from operating activities. The net cash from operating activities in 2012 was HK$2,326.4 million, which was similar to 2011. The net cash used in investing activities primarily arose from payments for the purchase of property, plant and equipment. Since GCL has no new capacity expansion carried out in 2012, the payments for the purchase of property, plant and equipment decreased significantly. The main financing activities of the Group in 2012 included newly raised bank borrowings of HK$23,570.9 million, issuance of long-term notes of HK$1,217.7 million and repayment of bank borrowings amounting to HK$20,459.9 million.

The aggregate restricted and unrestricted cash and bank balances amounted to approximately HK$9,716.2 million as at 31 December 2012 (31 December 2011: HK$11,238.6 million). The Group's total assets as at 31 December 2012 were HK$67,818.4 million (31 December 2011: HK$67,488.2 million).

The Group suffered losses of HK$3,385 million from operations for the year ended 31 December 2012 and as of 31 December 2012, the Group has current liabilities exceeded its current assets by HK$8,270 million. As of the same day, the Group had cash and cash equivalents of HK$4,496 million with bank borrowings due within one year of HK$19,705 million.

As at 31 December 2012, the Group has undrawn banking facilities of HK$4,477 million and renewable bank borrowings, which are originally due within one year, of HK$16,009 million. To improve liquidity, the Group has successfully negotiated with certain banks 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. The Group's management believe that the Group will successfully renew the bank borrowings based on past experience and strong relationships with the banks. Subsequent to the end of the reporting period, the Group has renewed bank borrowings of approximately HK$294 million with banks and with corresponding maturity dates extended to 2014. In addition, the Group has obtained additional banking facilities of approximately HK$3,926 million from banks for operating use subsequent to the end of the reporting period.

To manage the liquidity risk, the Group regularly monitors current and expected liquidity requirement to ensure that it maintains sufficient reserves of cash in the short and long term. The Group's managements are of the opinion that, taking into account the above undrawn bank 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. As at 31 December 2012, the Group's total bank borrowings amounted to HK$32,522.4 million (31 December 2011: HK$29,286.3 million), obligations under finance lease amounted to HK$1,329.9 million (31 December 2011: HK$1,697.9 million) and long-term notes amounted to HK$3,058.8 million (31 December 2011: HK$1,831.2 million). Below is a table showing the bank borrowing structure and maturity profile of the Group's total bank borrowings:

	2012	2011
	HK$ million	*HK$ million*
Secured	**10,120.4**	4,133.8
Unsecured	**22,402.0**	25,152.5
	32,522.4	29,286.3
Maturity profile of bank borrowings		
On demand or within one year	**19,705.1**	11,582.4
After one year but within two years	**8,726.4**	7,375.6
After two years but within five years	**3,353.3**	9,873.2
After five years	**737.6**	455.1
Group's total bank borrowings	**32,522.4**	29,286.3
Bank borrowings are denominated in the following currencies		
RMB	**24,913.1**	21,753.6
USD	**7,609.3**	7,339.5
CHF	**—**	193.2
	32,522.4	29,286.3

As at 31 December 2012, RMB bank borrowings carried both fixed and floating interest rates at rates with reference to the Benchmark Borrowing Rate of The People's Bank of China or Shanghai Interbank Offer Rate (SIBOR). USD bank borrowings carried interest rates at rates with reference to the London Interbank Offer Rate (LIBOR).

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

Key Financial Ratios of the Group

	2012	2011
Current ratio	**0.73**	1.03
Quick ratio	**0.62**	0.86
Net debt to equity attributable to the owners of the Company	**167.8%**	104.9%

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

Foreign Currency Risk

Most of our revenue, cost of sales and operating expenses are denominated in RMB, US dollars and Hong Kong dollars. Most 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 year ended December 2012, the Group did not purchase any material foreign currency or interest rate derivatives or related hedging instruments.

Pledge of Assets

As at 31 December 2012, property, plant and equipment and prepaid lease payments with a carrying value of approximately HK$10,702.7 million and HK$476.6 million respectively, were pledged as security for certain banking facilities and borrowings granted to the Group (31 December 2011: HK$10,353.4 million and HK$425.4 million respectively). Apart from these, bank deposits of an aggregate amount of HK$1,590.6 million (31 December 2011: HK$1,551.3 million) were pledged to the banks to secure borrowings granted to the Group and obligations under finance leases.

Capital Commitments

As at 31 December 2012, the Group had capital commitments in respect of acquisition of property, plant and equipment and constructions costs of project assets contracted for but not provided in financial statements amounting to HK$2,693.4 million and HK$2,950.7 million, respectively (31

December 2011: HK$3,362.9 million and 448.9 million). In addition, the Group had capital commitments in respect of acquisition of property, plant and equipment authorised but not contracted amounting to HK$5,418.3 million (31 December 2011: HK$6.6 million).

Contingent Liabilities

As at 31 December 2012, the Group provided a total guarantees of HK$135.7 million (31 December 2011: HK$111.0 million) to a bank in respect of the banking facilities granted to an associate company. The associate had utilised HK$101.1 million (2011: HK$96.2 million) of such banking facilities at the end of the reporting period.

Events After the End of Reporting Year

On 22 November 2012, Ease Soar Limited ("Ease Soar"), a wholly-owned subsidiary of the Group, together with other vendors ("Vendors") have entered into a conditional sale and purchase agreement with Goldpoly New Energy Holdings Limited ("Goldpoly"), a company listed in the Stock Exchange and, together with its subsidiaries, is principally engaged in fashion apparel retail and trademark licensing business and manufacturing, sale and provision of subcontracting services of solar energy related products, and Profit Icon Investment Limited ("Profit Icon"), a wholly-owned subsidiary of Goldpoly, pursuant to which Profit Icon has conditionally agreed to purchase entire 17.39% equity interests in China Merchant New Energy Holdings Limited ("CMNE") legally and beneficially owned by Ease Soar a for a total consideration of HK$400.0 million (subject to profit guarantee adjustment), which will be satisfied by the issue of the new ordinary shares and convertible bonds by Goldpoly.

As at 31 December 2012, since the completion of this transaction is still subjected to the fulfillment of certain conditions, which included the approval from the shareholders of Goldpoly and the Stock Exchange, the 17.39% equity interest in CMNE amounting to HK$$40.9 million held by the Group is still recognised as an interest in associate and is not reclassified as assets held for sale accordingly. The management of the Group is still in the process of assessing the financial impact of this transaction.

DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2012 (2011: HK5.5 cents per share).

CORPORATE GOVERNANCE

The Company has complied with all the code provisions as set out in (a) the Code on Corporate Governance Practices ("CG Code") under Appendix 14 in the Listing Rules (which was amended as the Corporate Governance Code (the " Revised Code") with most of the amended provisions becoming effective on 1 April 2012) for the period from 1 January 2012 to 31 March 2012 and (b) the Revised Code for the period from 1 April 2012 to 31 December 2012 save for the deviation from code provision A.2.1 of the CG Code and the Revised Code.

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, acted as the Chairman of the Board and also the Chief Executive Officer of the Company. 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.

PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company.

MODEL CODE SET OUT IN APPENDIX 10 OF THE LISTING RULES

The Company has established its model code (the "Code") in terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

Having made specific inquires of all Directors, the Company has received from all Directors confirmations of compliance with the required standard as set out in the Code throughout the year ended 31 December 2012.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.gcl-poly.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2012 will be dispatched to shareholders of the Company and available on the above websites in due course.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed the audited financial statements of the Group for the year ended 31 December 2012.

Glossary of Terms

"Baoying Cogeneration Plant"	寶應協鑫生物質發電有限公司 (Baoying Xiexin Biomass Electric Power Co., Ltd.*)
"Board" or "Board of Directors"	our board of Directors
"China" or "PRC"	the People's Republic of China, but for the purposes of this announcement, excludes Hong Kong and Macau Special Administrative Region of the PRC
"China Resources Beijing Cogeneration Plant"	華潤協鑫（北京）熱電有限公司(China Resources Golden Concord (Beijing) Co-generation Power Co., Ltd.*)
"Company, GCL"	GCL-Poly Energy Holdings Limited
"Director(s)"	director(s) of the Company or any one of them
"Dongtai Cogeneration Plant"	東台蘇中環保熱電有限公司 (Dongtai Suzhong Environmental Protection Co-generation Co., Ltd.)
"Fengxian Cogeneration Plant"	豐縣鑫源生物質環保熱電有限公司 (Fengxian Xinyuan Biological Environmental Heat and Power Co., Ltd.)
"Funing Cogeneration Plant"	阜寧協鑫環保熱電有限公司 (Funing Golden Concord Environmental Protection Co-generation Co., Ltd.)
"Group"	the Company and its subsidiaries
"Guotai Wind Power Plant"	錫林郭勒國泰風力發電有限公司 (Xilingol Guotai Wind Power Generation Co., Ltd.*)
"GW"	gigawatts
"Haimen Cogeneration Plant"	海門鑫源環保熱電有限公司 (Haimen Xinyuan Environmental Protection Co-generation Co., Ltd.)
"Huzhou Cogeneration Plant"	湖州協鑫環保熱電有限公司 (Huzhou Golden Concord Environmental Protection Cogen-Power Co., Ltd.)
"Jiangsu Guoneng"	江蘇國能新能源科技有限公司 (Jiangsu Guoneng New Energy Technology Co., Ltd.*)
"Jiangsu Zhongneng"	江蘇中能硅業科技發展有限公司 (Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.)

"Jiaxing Cogeneration Plant"	嘉興協鑫環保熱電有限公司 (JiaXing Golden Concord Environmental Cogeneration Co., Ltd.)
"Kunshan Cogeneration Plant"	昆山鑫源環保熱電有限公司 (Kunshan Xinyuan Environmental Protection Cogen-Power Co., Ltd.)
"kWh"	Kilowatt hour
"Lianyungang Xiexin Cogeneration Plant"	連雲港協鑫生物質發電有限公司 (Lianyungang Xiexin Biomass Electric-Power Generation Co., Ltd.)
"Lianyungang Xinneng Cogeneration Plant"	連雲港鑫能污泥發電有限公司 (Lianyungang Xinneng Sludge Power Co., Ltd.*)
"MT"	metric tonnes
"MW"	megawatts
"Peixian Cogeneration Plant"	沛縣坑口環保熱電有限公司 (Peixian Mine-site Environmental Cogen-Power Co., Ltd.)
"Puyuan Cogeneration Plant"	桐鄉濮院協鑫環保熱電有限公司 (Tongxiang Puyuan Xiexin Environmental Protection Cogeneration Co., Ltd.*)
"PV"	photovoltaic
"Rudong Cogeneration Plant"	如東協鑫環保熱電有限公司 (Rudong Golden Concord Environmental Protection Cogen-Power Co. Ltd.*)
"Suzhou Cogeneration Plant"	蘇州工業園區藍天燃氣熱電有限公司 (Suzhou Industrial Park Blue Sky Gas Cogen-Power Co., Ltd.)
"Taicang Incineration Plant"	太倉協鑫垃圾焚燒發電有限公司 (Taicang Xiexin Refuse Incineration Power Co. Ltd.*)
"Taicang Poly Cogeneration Plant"	太倉保利協鑫熱電有限公司 (Taicang Poly Xiexin Thermal Power Co., Ltd.)
"W"	watts
"Xuzhou Cogeneration Plant"	徐州西區環保熱電有限公司 (Xuzhou Western Environmental Protection Co-generation Power Co., Ltd.)
"Xuzhou Incineration Plant"	保利協鑫(徐州)再生能源有限公司 (Xuzhou GCL-Poly Renewable Energy Company Limited*)

"Xuzhou Solar Farm"	徐州協鑫光伏電力有限公司(Xuzhou GCL Solar Energy Co., Ltd.*)
"Yangzhou Cogeneration Plant"	揚州港口污泥發電有限公司 (Yangzhou Harbour Sludge Power Co., Ltd.)

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

Hong Kong, 14 March 2013

As at the date of this announcement, the Board comprises Mr. Zhu Gongshan (Chairman), Mr. Ji Jun, Mr. Shu Hua, Mr. Yu Baodong, Ms. Sun Wei and Mr. Zhu Yufeng as executive directors; Mr. Zhou Yuan and Mr. Zhang Qing as non-executive directors; Mr. Qian Zhixin, Ir. Dr. Raymond Ho Chung Tai, Mr. Xue Zhongsu and Mr. Yip Tai Him as independent non-executive directors.

* *For identification only*