



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



# 2010 Full Year Results

March 17, 2011

Bringing Green Power to Life



# Management Team

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## 2010 Results Highlights

Revenue HK\$18,471.9 million ↑ 273.7%

Gross profit margin - solar business 44.4%

Net profit HK\$4,023.6 million

EPS 26.01 HK cents

Dividend 5.1 HK cents



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# 2010 Major Milestones

**Jan 2010** - GCL-Poly was ranked 42<sup>nd</sup> in the first “Top 500 Chinese Merchants in China’s Market”, which demonstrated the overall strength of the Company

**Mar 2010** - GCL-Poly was elected as a constituent stock of the Hang Seng Composite Index, which took effect on 8 March 2010

**Mar 2010** - GCL-Poly had successfully acquired 70.19% of shareholding interests in Konca Solar, a leading solar wafer supplier in China at a consideration of RMB 854 million

In **May and July 2010**, GCL-Poly was elected as “China’s Outstanding Photovoltaic Enterprise for 2010” and “2010 Best Low-Carbon Business in China” respectively

**July 2010** - At the third “World Environmental Conference (WEC),” GCL-Poly won the award of one of the “Top 100 Enterprises for Promoting Low Carbon Environment (China) in the world”



# 2010 Major Milestones

**Aug 2010** - Fortune Magazine elected GCL-Poly as one of the “Most Innovative Chinese Companies for 2010”

**Sep 2010** - GCL-Poly was awarded as the “China New Energy Enterprise Top 30”

**Nov 2010** - GCL-Poly was elected as a constituent stock of the MSCI EM Index

**Nov 2010** - GCL-Poly was awarded two honors, namely “Best of Show Award” and “Best New Product Award of the 12th Hi-Tech Fair”, respectively on the 12th China International Hi-Tech Fair that was held in Shenzhen Convention and Exhibition Center

**Nov 2010** - GCL-Poly attained wafer production capacity of 3.5GW, and became the largest wafer manufacturer in the world

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# Results of the Solar Business

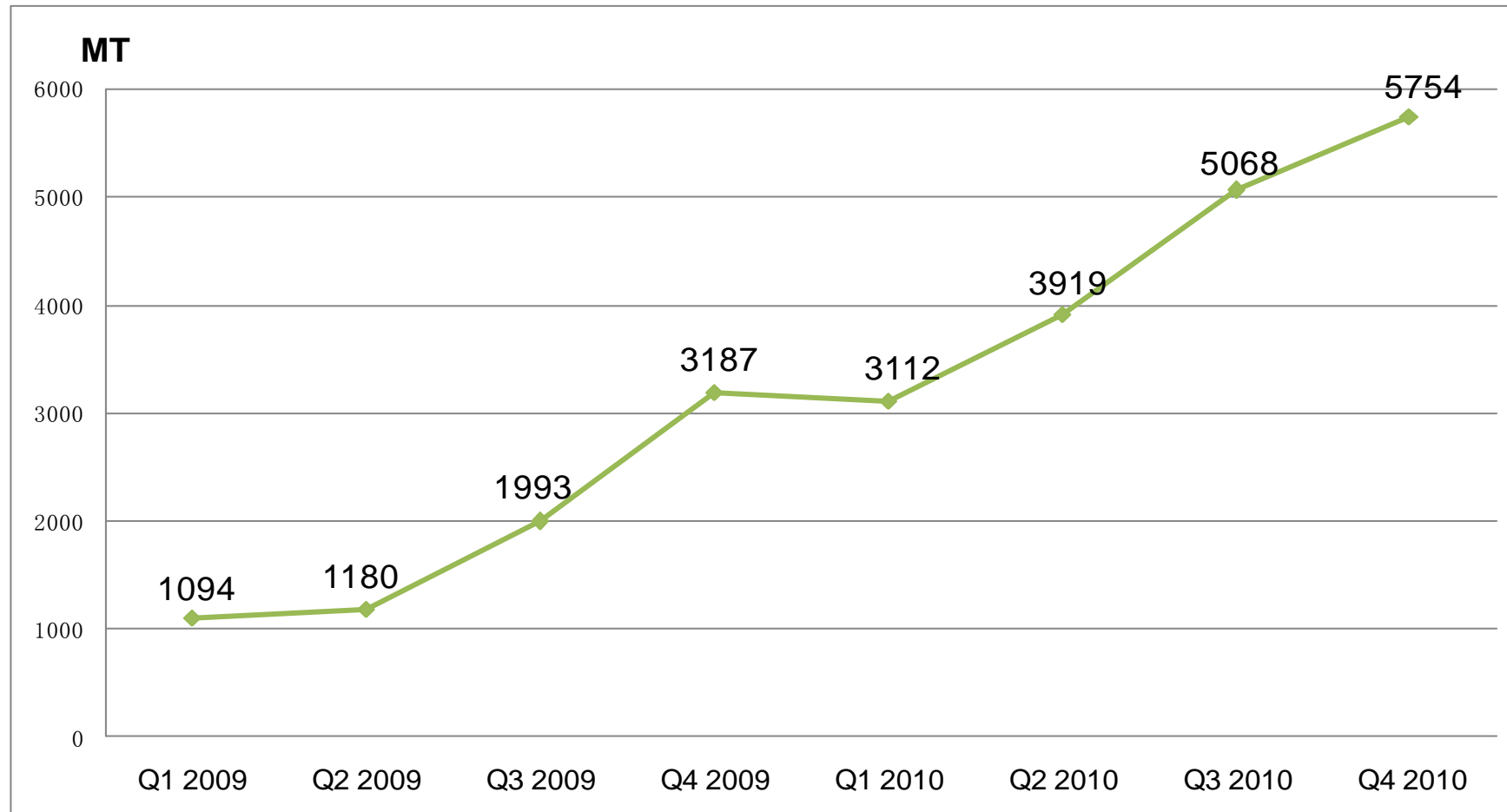


# Solar Business – Key Operating Data

	<i>FY 2009</i>	<i>1H 2010</i>	<i>Q3 2010</i>	<i>Q4 2010</i>	<i>FY 2010</i>
<b>Poly-Si Production (MT)</b>	<b>7,454</b>	<b>7,031</b>	<b>5,068</b>	<b>5,754</b>	<b>17,853</b>
<b>Poly-Si ASP (US\$/kg)</b>	<b>65.4</b>	<b>50.0</b>	<b>51.7</b>	<b>60.1</b>	<b>52.1</b>
<b>Poly-Si production cost (US\$/kg)</b>	<b>39.4</b>	<b>33.3</b>	<b>25.4</b>	<b>22.9</b>	<b>27.7</b>
<b>Wafer Production (MW)</b>		<b>192</b>	<b>432</b>	<b>788</b>	<b>1,412</b>
<b>Wafer ASP (US\$/W)</b>		<b>0.77</b>	<b>0.80</b>	<b>0.82</b>	<b>0.81</b>
<b>Wafer production cost (US\$/W)</b>		<b>0.60</b>	<b>0.58</b>	<b>0.55</b>	<b>0.57</b>



# Increasing Poly-Si Production Volume

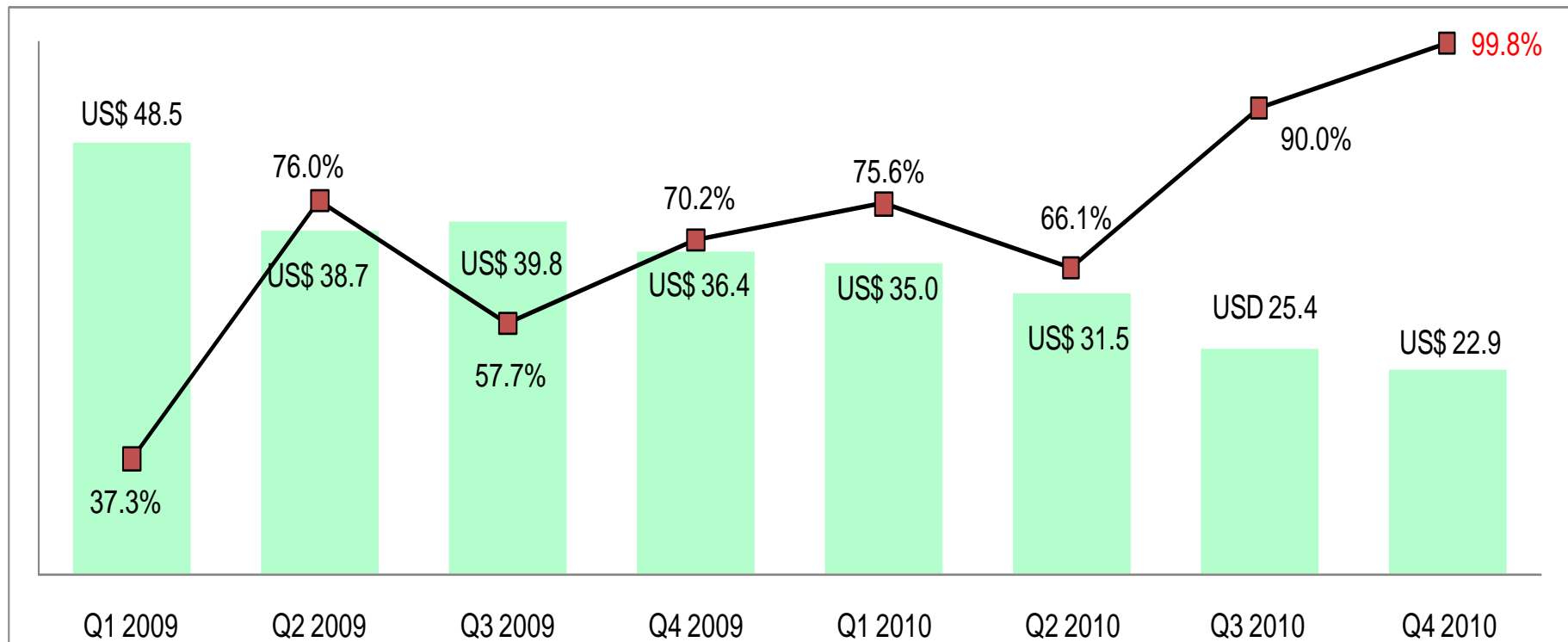


# Proven Capability to Reduce Poly-Si Production Cost



per kg

% of TCS Produced In-house





# Solar Business – Key Financial Metrics

<i>(HKD MM)</i>	<i>For the year ended 31 December 2010</i>	<i>For the year ended 31 December 2009</i>
Revenues	14,043.3	3,177.3
Gross Profit	6,231.0	1,157.7
Gross Profit Margin	44.4%	36.4%
EBITDA	6,623.7	1,250.5*
EBIT	5,693.3	970.0
CAPEX	8,837.8	2,319.1

Note: EBITDA of FY2009 excludes the one-off share-based payment expenses

# Polysilicon and Wafer

## Production Process Enhancement

### Polysilicon

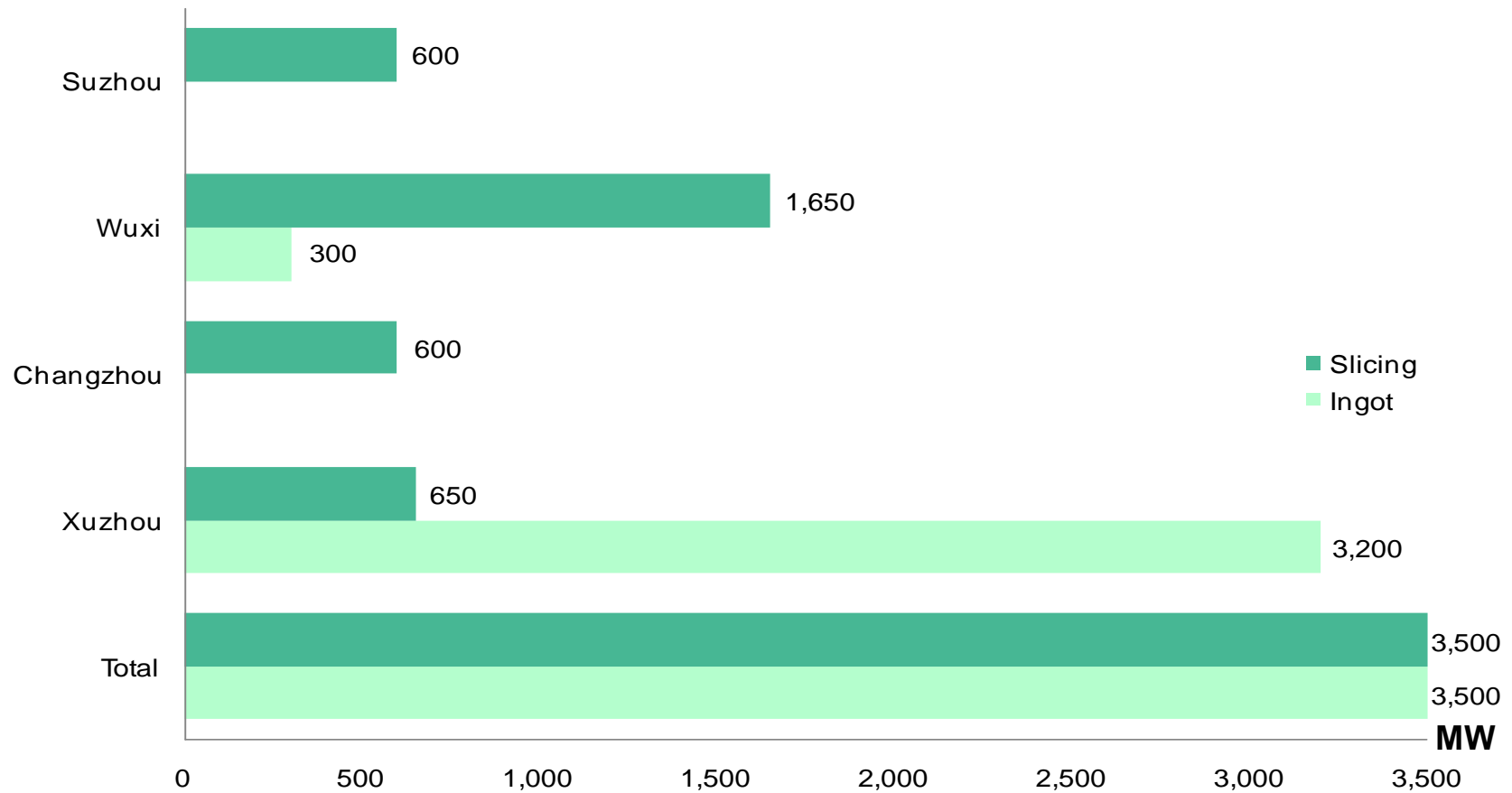
- Cost of producing TCS in-house significantly lower than purchasing from third party suppliers
- High-quality N-type resistivity of 200~500  $\Omega$ \*cm and continuously improving
- Producing electronic grade polysilicon in 2010 (average 11'Ns)
- Energy consumption of CVD process lower than 60kWh/kg
- Monthly production volume more than 2,000 MT
- Production cost down from US\$35.0/kg in 1Q 2010 to US\$22.9/kg in 4Q 2010
- Increased annual hydrochlorination capacity from 300,000 MT to 500,000 MT
- Technology improvement in chemical vapour deposition process
- Upgrading of distillation technologies

### Wafer

- Manufacturing crucibles in-house
- Slurry recovery with annual production of 20,000 MT
- Average conversion efficiency of over 17% using polysilicon produced in-house
- Beginning to use diamond wire and more efficient use of steel wire
- Wafer production yield rate over 94%



# Wafer Capacity Achieved by End of 2010



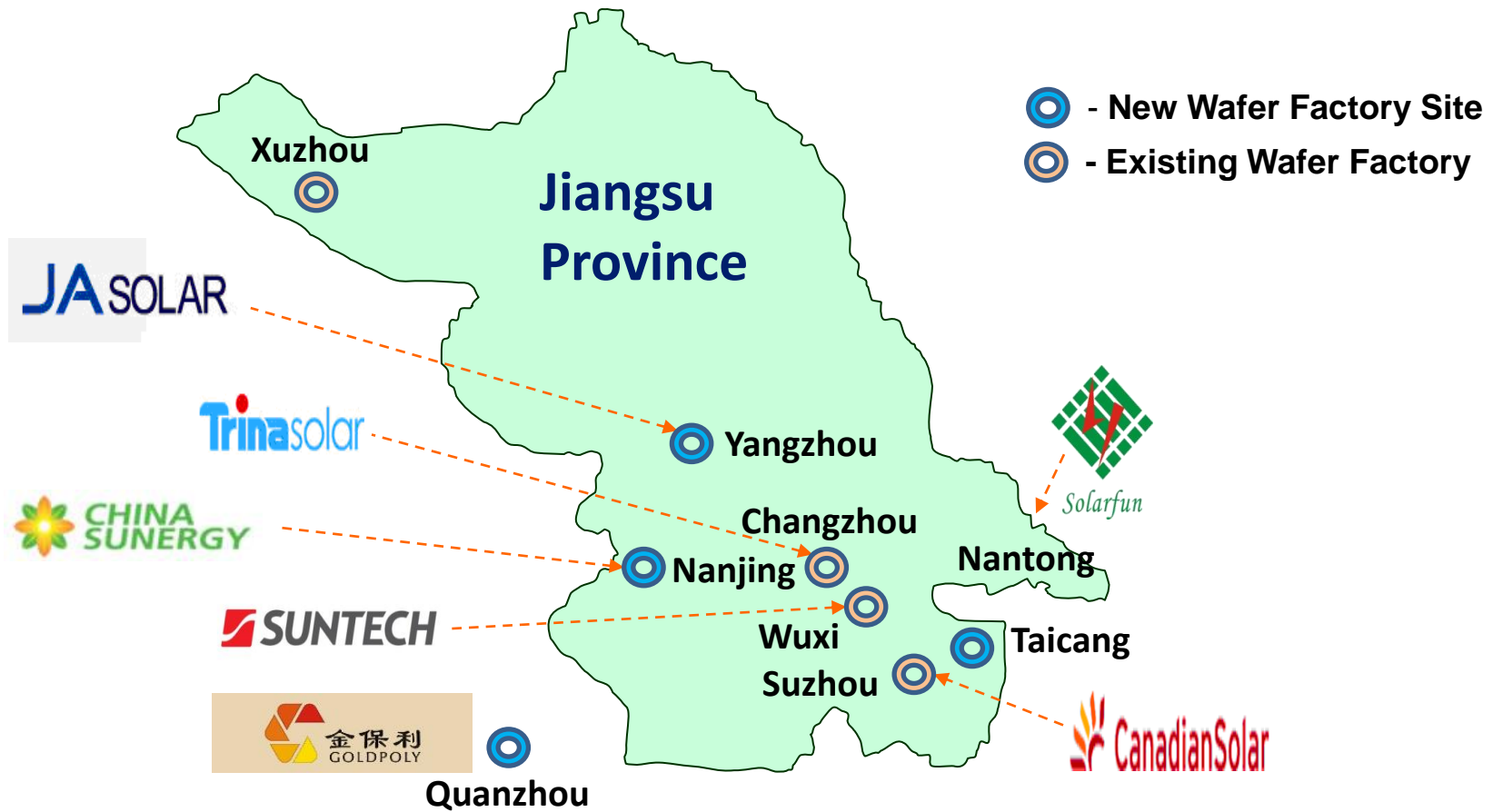
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# Competitive Advantages from Co-location Strategy

Co-location strategy involves manufacturing close to key customers' manufacturing sites:

- Strategic partnership with leading cell and module manufacturers to further capture market share
- Provide quality assurance to customers
- Minimise breakage rate
- Minimise packaging and transportation costs
- Customer inventory reduction
- Quicker response time to customers' needs

# Competitive Advantages from Co-location Strategy



# Our New Wafer Factories



Changzhou Wafer Factory



Suzhou Wafer Factory



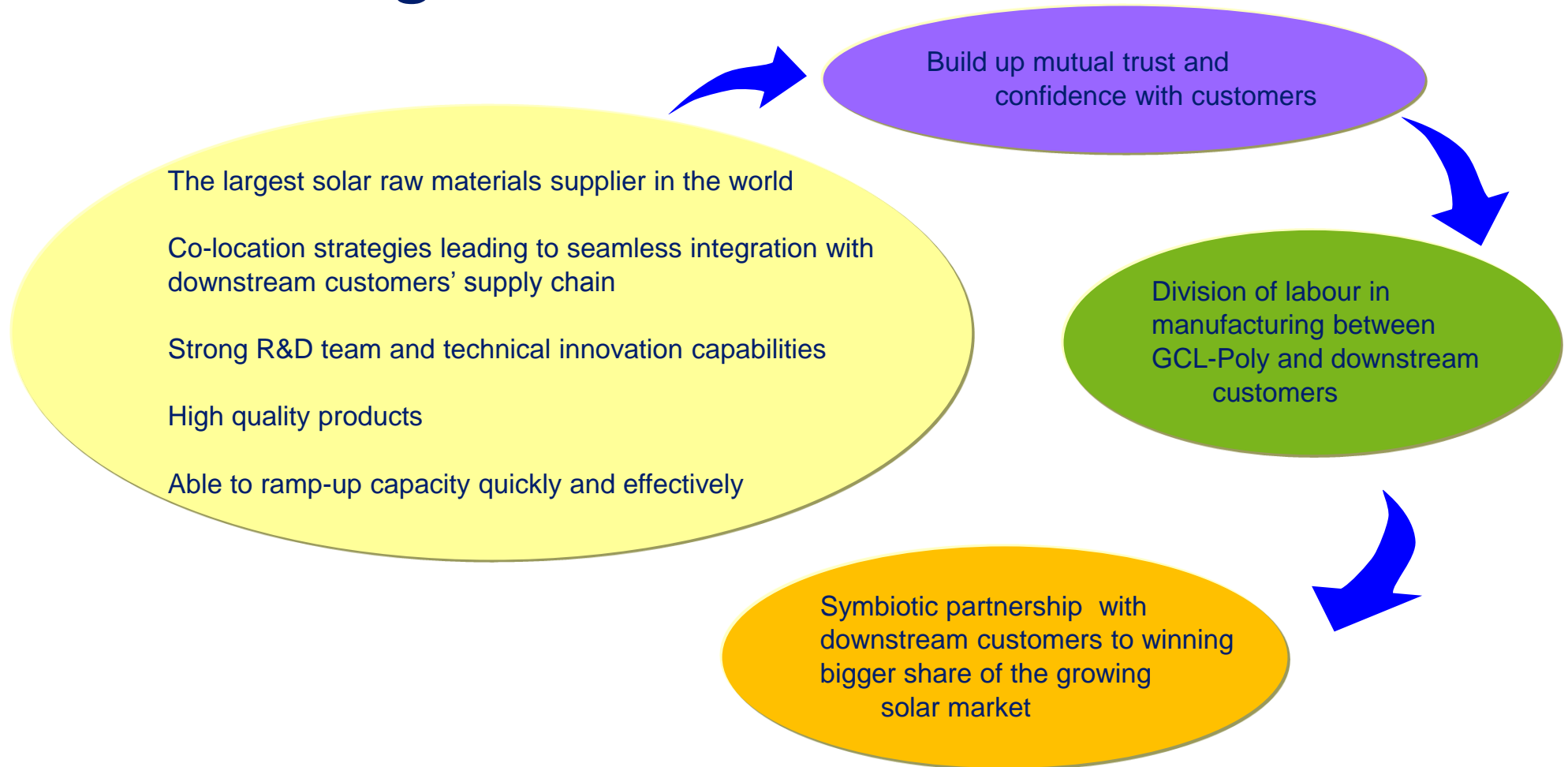


# Announced Long-term Wafer Contracts

<u>Customers</u>	<u>Contract Volume/Amount</u>	<u>Delivery Period</u>
Solarfun	2,500 MW	Jan 2011 – Dec 2015
JA Solar	10,031 MW	Jan 2011 – Dec 2015
Indosolar	815 MW (About US\$600M)	Nov 2010 – Dec 2014
Neosolar	350 MW	Oct 2010 – Dec 2013
Hareon	Totaling RMB20.8 billion	Jan 2011 – Dec 2013
Delsolar	At least 664 MW	Oct 2010 – Dec 2015
Goldpoly	5,500 MW	2011 – 2015
Trina	7,500 MW	Jan 2011 – Dec 2015
Canadian Solar	5,200 MW	Jan 2011 – Dec 2015
China Sunergy	4,400 MW	Feb 2011 – Dec 2016

# Our Competitive Edges

## Leading to Market Dominance



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# R&D Capabilities

The three R&D centers in Richland in the US, Suzhou & Xuzhou in China cooperate closely with one another

- Focus on advanced technology innovation and research on all solar applications
- Also emphasise on related green technologies in solar power generation, energy efficient applications, emerging technologies, etc.

GCL R&D centers are maintained by some of the world's best crystal growth scientists. They focus more on technology innovation of existing processes and developing new GCL technologies through advanced research for use and licensing.

The GCL R&D centers are also staffed with proven industry technologists (with previous experience from REC, MEMC, etc.) in all areas of the solar and related green energy industry with an emphasis on making existing technologies operate at “Best in Class” and integrating next generation technologies in existing facilities.

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# Results of the Solar Farm Business

# Development of Solar Power Business in 2010

On 8 Nov 2010, GCL-Poly and Wells Fargo announced a joint program through which Wells Fargo will provide over \$100 million by the end of 2011 to fund solar PV power projects throughout the U.S. which will be developed by GCL Solar Energy, a GCL-Poly subsidiary

On 18 Nov 2010, GCL Solar Energy and Solar Reserve LLC formed a joint venture to develop, build and operate solar photovoltaic facilities in the U.S. The joint venture will own photovoltaic development projects pipeline of more than 1,100 MW. The scale of these projects primarily ranges between 5MW to 20MW

On 30 Dec 2010, GCL Solar Energy completed the construction of 4.78MW ANTELOPE VALLEY Union High School District solar PV projects

On 31 Dec 2010, GCL Solar Energy completed the construction of 1.17MW University of San Diego project. It is the largest rooftop solar PV project of the educational institutions in the U.S.





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# Solar Farm – Projects on Stream in 2010

Project Name

Project Size

University of San Diego	1.170 MW
Antelope Valley High School	1.185 MW
Desert Winds High School	0.196 MW
Knight High School	1.184 MW
Little Rock High School	1.033 MW
Palmdale High School	1.181 MW



# Solar Power Project Core Competence

<b>GCL Group strong brand, reputation and balance sheet</b>	<ul style="list-style-type: none"><li>• GCL Group has significant development experience and capability through its 20-year commitment in the IPP business, especially in the area of EPC and O&amp;M</li><li>• Solid reputation in the solar market and a strong balance sheet make GCL Group a partner of choice for project development</li><li>• Focus on being a long term owner and operator of solar assets</li></ul>
<b>Extensive network</b>	<ul style="list-style-type: none"><li>• GCL Group and GCL Solar Energy have a wide network and strong relationships with quality local developers, cell, module and EPC partners</li><li>• Each of these partners continue to refer and introduce partners to GCL Group</li><li>• We will continue to build on the existing network and trust with developers to win and enhance future development opportunities</li></ul>
<b>Tailor-made development strategies</b>	<ul style="list-style-type: none"><li>• GCL Solar Energy tailors its development strategy in each of its target market to minimise development costs<ul style="list-style-type: none"><li>• Co-development</li><li>• Acquisition of late stage projects</li><li>• Self-development</li></ul></li><li>• For international markets, GCL Solar Energy has developed partnerships with local developers who are familiar with the local land, permitting, regulatory considerations</li><li>• Each of the strategy is aimed at minimising local market risks and investment exposure during the development period</li></ul>

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# Results of the Power Business



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# Key Financial Results of the Power Business

<i>(HKD'000)</i>	<i>FY 2010</i>	<i>FY 2009<sup>1</sup></i>
Revenue	4,428,639	1,766,295
Revenue from power and steam sales	4,070,314	1,590,284
Segment Profit	276,344	204,380

Note: (1) Revenue of the power business from 1 August 2009 to 31 December 2009 was included in FY2009.



# Key Operating Metrics of the Power Business

	<i>FY 2010</i>	<i>FY 2009</i>	<i>Change</i>
Total Installed Capacity (MW)	1,126	1,126	Nil
Average Utilization Hours	5,465	6,291	(13.1%)
Power Sales <sup>1</sup> (GWh)	4,709	5,092	(7.5%)
Steam Sales <sup>2</sup> (000 tons)	7,042	5,759	22.3%
Average On-grid Tariff (HKD/MWh, VAT excluded)	568.7	543.5	4.6%
Average Steam Price (HKD/ton, VAT excluded)	198.4	179.1	10.8%
Average Coal Cost (HKD/ton, VAT excluded, 5,000Kcal)	647.8	523.0	23.9%

Notes: (1), (2) Excluding the power and steam sales of associated power plants

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# **2010 Full Year Financial Results**

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# Income Statement

<i>(HK\$'000)</i>	<i>FY 2010</i>	<i>FY 2009</i>
Revenue	18,471,924	4,943,622
Cost of sales	(11,661,227)	(3,453,008)
<b>Gross Profit</b>	<b>6,810,697</b>	<b>1,490,614</b>
Other income	575,194	219,309
Administrative expenses	(996,317)	(408,321)
Finance costs	(606,427)	(348,814)
<b>Profit (loss) before tax</b>	<b>5,547,369</b>	<b>(56,897)</b>
Income tax expense	(1,159,320)	(93,236)
<b>Profit (loss) for the year</b>	<b>4,388,049</b>	<b>(150,133)</b>
<i>Profit (loss) for the year attributable to:</i>		
<i>Owners of the Company</i>	4,023,577	(199,736)
<i>Non-controlling interests</i>	364,472	49,603
<i>Earnings (loss) per share</i>	<i>HK\$</i>	<i>HK\$</i>
- <i>Basic</i>	26.01 cents	(1.78) cents
- <i>Diluted</i>	25.96 cents	(1.78) cents

# 2010 Segment Results

<i>(HKD'000)</i>	Solar Business	Power Business	Consolidated
Revenue	14,043,285	4,428,639	18,471,924
Segment Profit	4,213,502	276,344	4,489,846



# Balance Sheet Summary

<i>(HKD'000)</i>		<i>31 Dec 2010</i>	<i>31 Dec 2009</i>
Cash		6,505,089	5,311,337
Pledged bank deposits		2,051,009	1,029,451
Trade and other receivables		2,370,216	1,569,473
<b>Borrowings:</b>			
Solar business	Current	5,029,164	2,799,808
	Non-current	4,100,992	1,691,786
	Sub-Total	9,130,156	4,491,594
Power plants business	Current	1,492,955	2,232,740
	Non-current	1,909,792	1,847,788
	Sub-Total	3,402,747	4,080,528
GCL-Poly	Non-Current	1,810,043	-
<b>Total borrowings</b>		<b>14,342,946</b>	<b>8,572,122</b>

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## 2010 Key Financial Ratios

	<i>FY 2010</i>	<i>FY 2009</i>
<b>Current Ratio</b>	<b>1.02</b>	<b>1.05</b>
<b>Quick Ratio</b>	<b>0.89</b>	<b>0.96</b>
<b>Net Debt to Equity</b>	<b>35.8%</b>	<b>19.2%</b>

# Share Price Performance



Source: ETNET

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# Business Outlook

# 2011 Installation Forecasts

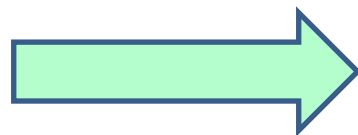
<b>Solarbuzz</b>	Solarbuzz forecasts a global PV market of 20.4 GW in 2011. Manufacturers plan strong capacity and shipment growth in 2011
<b>Photon International</b>	15.6 - 25.4 GW German growth looks set to slow, but the market should remain on top in 2011; Italy should be second, and the US market is the consensus pick to finish third
<b>iSuppli</b>	Worldwide installations of renewable solar energy systems in 2011 will increase at a healthy rate, reaching 22.2 GW, up from 16.0 GW in 2010
<b>EPIA</b>	The market in 2011 could stagnate around the 16 GW level. However, in a policy-driven scenario, 20 GW could be reached

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# Our Confidence in the Solar Market Development

Attractiveness of solar PV projects will be stronger because of:

- Overall decrease in production costs of the solar value chain resulting in lower module prices
- Improved conversion rate
- Improved solar PV project IRR
- Long-term rising trend of fuel costs (natural gas, crude oil and coal, etc.) will make PV projects more attractive



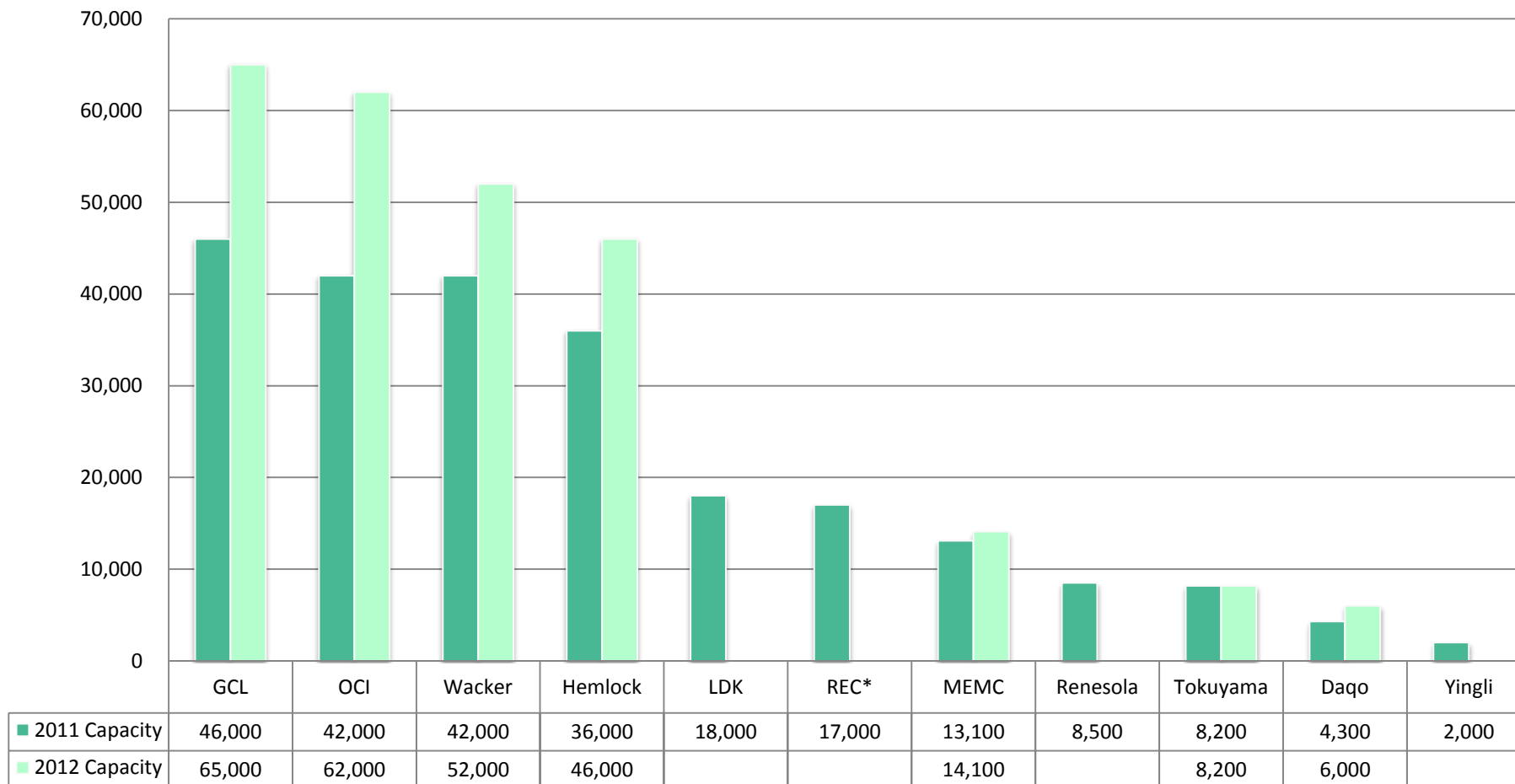
**Boosting demand for installations**

# Outlook for Solar Business

<b>Polysilicon</b>	<ul style="list-style-type: none"><li>• Ramping up our production capacity to 65,000 MT by mid-2012 and will be the world's largest manufacturer</li><li>• Continuing to reduce production cost</li><li>• Benefiting after the PRC government has set out stringent standards for polysilicon capacity expansion</li><li>• Expected production in 2011 to be about <b>31,000 MT</b></li></ul>
<b>Wafers</b>	<ul style="list-style-type: none"><li>• Ramping up to 6.5 GW of capacity by end of 2011 and will be the world's largest manufacturer</li><li>• Further increase of crucible capacity and slurry recovery</li><li>• Use of diamond wire and more efficient use of steel wire</li><li>• Expected production in 2011 to be about <b>5.5 GW</b></li></ul>
<b>Solar farm joint venture</b>	<ul style="list-style-type: none"><li>• Invest in solar farm opportunities in US, Europe and China, India, South Africa &amp; Australia</li><li>• Projects with target IRR of 12-15%</li></ul>



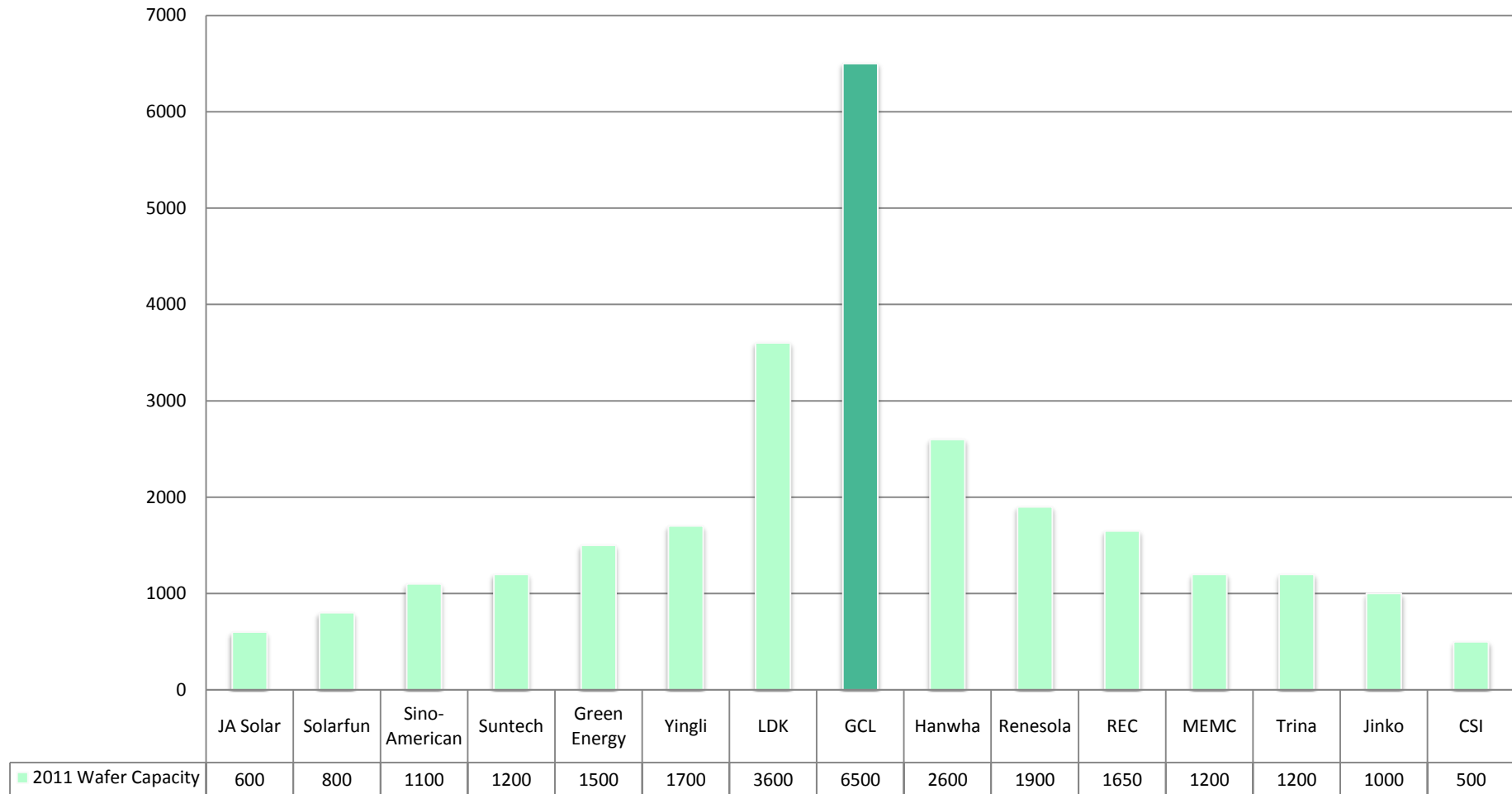
## 2011/2012 Polysilicon Capacity (MT)



REC\* - Expected Production

Source: Company estimates

## 2011 Global Wafer Capacity (MW)



Source: Company estimates

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# Outlook for Power Business

Focusing on steam sales as the contract prices of steam can be negotiated with customers

Potential for China to further reform its power pricing mechanism, linking power pricing to coal costs

Ongoing implementation of cost-cutting measures to lower costs

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