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)

Contents

Five-Year Financial Summary

	For the year ended 31 December				
	2009 HK$'000 (restated)	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
Revenue	4,943,622	18,471,924	25,505,564	22,348,026	**25,530,002**
(Loss) profit before taxation	(56,897)	5,547,369	5,839,132	(3,261,408)	**(255,713)**
Income tax expense	(93,236)	(1,159,320)	(1,269,174)	(123,876)	**(190,092)**
(Loss) profit for the year	(150,133)	4,388,049	4,569,958	(3,385,284)	**(445,805)**
(Loss) profit for the year attributable to:					
Owners of the Company	(199,736)	4,023,577	4,274,893	(3,515,515)	**(664,263)**
Non-controlling interests	49,603	364,472	295,065	130,231	**218,458**
	(150,133)	4,388,049	4,569,958	(3,385,284)	**(445,805)**

	At 31 December				
	2009 HK$'000 (restated)	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
Total assets	26,178,807	40,580,865	67,488,237	67,818,426	**76,642,608**
Total liabilities	13,960,562	23,201,579	45,354,105	50,047,966	**58,637,522**
	12,218,245	17,379,286	22,134,132	17,770,460	**18,005,086**
Equity attributable to owner of the Company	11,615,250	16,152,202	20,567,110	16,210,027	**16,146,060**
Non-controlling interests	602,995	1,227,084	1,567,022	1,560,433	**1,859,026**
	12,218,245	17,379,286	22,134,132	17,770,460	**18,005,086**

	2013 HK$'000 (audited)	2012 HK$'000 (audited)	Change	% of change
Revenue				
Sales of wafer	**14,699,723**	10,918,717	3,781,006	34.6%
Sales of electricity	**3,911,128**	3,501,462	409,666	11.7%
Sales of polysilicon	**2,199,555**	2,025,100	174,455	8.6%
Sales of steam	**1,881,216**	1,887,558	(6,342)	–0.3%
Sales of coal	**995,321**	489,657	505,664	103.3%
Sales of project assets	**600,370**	2,580,569	(1,980,199)	–76.7%
Others (mainly comprise the sales of ingot, module and processing fees)	**1,242,689**	944,963	297,726	31.5%
	25,530,002	22,348,026	3,181,976	14.2%
Loss attributable to owners of the Company	**(664,263)**	(3,515,515)	2,851,252	–81.1%

	HK Cents	HK Cents	Change	% of change
Basic and Diluted loss per share				
— Basic	**(4.29)**	(22.71)	18.42	–81.1%
— Diluted	**(4.29)**	(22.71)	18.42	–81.1%

	HK$ million	HK$ million	Change	% of change
EBITDA*	**5,400**	3,061	2,339	76.4%

* The following items were excluded in the calculation of Earnings before interest, tax, depreciation and amortization ("EBITDA"): i) Impairment losses on properly, plant and equipment; ii) losses on change in fair value of investment held for trading; iii) Impairment losses on goodwill; iv) Change in fair value of convertible bonds receivable; v) Change in fair value of convertible bonds payable; and vi) Gain on disposal of an associate

	31 December 2013 HK$'000 (audited)	31 December 2012 HK$'000 (audited)	Change	% of change
Extracts of consolidated statement of financial position				
Equity attributable to owners of the Company	**16,146,060**	16,210,027	(63,967)	–0.4%
Total assets	**76,642,608**	67,818,426	8,824,182	13.0%
Bank balances, cash, pledged bank and restricted bank deposits	**14,411,540**	9,716,165	4,695,375	48.3%
Indebtedness (bank borrowings, obligations under finance leases, notes payables and Convertible bonds payable)	**40,791,216**	36,911,031	3,880,185	10.5%
Key financial ratios				
Current ratio	**0.67**	0.73	(0.06)	–8.2%
Quick ratio	**0.61**	0.62	(0.01)	–1.6%
Net debt to equity attributable to owners of the Company	**163.4%**	167.8%	–4.4	N/A


Cohesion
Concentration
Collaboration
Communication
Bringing Green Power To Life

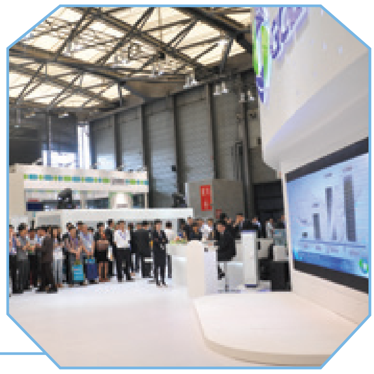
Company Profile

GCL-Poly Energy Holdings Limited is the world's leading polysilicon producer, the largest wafer supplier globally and a leading green energy enterprise in China. The product quality of the Group's polysilicon has reached electronic grade level since 2010, and the Group has ramped up its polysilicon production capacity to 65,000 MT since the end of 2011. The Group's wafer production capacity achieved 8 GW at the end of 2011 and reached 10 GW at the end of 2013. For the power business, the Group owns and invests in a total of 19 cogeneration power plants, two incineration power plants, one wind power plant and certain solar power projects. Most of these plants are located in Jiangsu and Zhejiang provinces in China with strong economic growth and robust demand for electricity and steam. Regarding the solar farm business, the Group has a total of 321 MW solar projects in operation in the world, particularly valuable experiences in our project development, construction and operation were obtained through large scale solar farms located in Datong, Shanxi and Ningxia, etc.

APR

On 9 April, #1 gas turbine of the Northern Gas Turbine Co-generation Project in Suzhou Industrial Park was successfully connected to the grid.

On 25 April, Phase I of the 20MW solar farm under Datong Xian GCL Solar Energy Co., Ltd.* (大同縣協鑫光伏電力有限公司), was successfully connected to the grid and was the first large-scale solar farm connected to the grid in Datong city, Shanxi province.



MAY

On 14 May, GCL-Poly announced that it successfully launched the third-generation high efficiency multicrystalline wafer — "GCL Multi-Wafer S3", which will continue to lead the "high-efficiency" trend in the global PV industry, and will speed up the pace in reducing the solar energy generation costs.

On 31 May, #2 gas turbine of the Northern Gas Turbine Co-generation Project in Suzhou Industrial Park commenced commercial operation, bringing the two units of the Northern Gas Turbine Co-generation Project into full operation.

SEP

On 6 September, the provincial major transformation project of, Jiangsu GCL Silicon Material Technology Development Co., Ltd., namely "Development of Advanced Manufacturing Technology and Production of High-performance Cost-effective N-type PV Quasi-monocrystalline Ingot and Wafer", was submitted to Jiangsu Provincial Government for approval. It was formally approved after vigorous assessment and subsidy was granted for this specific project.

18 September, a bank which is a third party independent of GCL-Poly has granted a US$480 million facility with a term of three years. Part of the facility was used to repay an existing loan of US$220 million and RMB530 million.

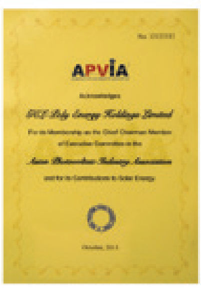
OCT

On 8 October, GCL-Poly won the "Environment-Friendly New Energy Enterprise of Mainland Enterprises Listed in Hong Kong for 2012-2013" award granted by Asia Weekly.

OCT

On 18 October, Funing New Energy's 30 MW solar farm project constructed on top of a fish pond was successfully connected to the grid.

On 29 October, GCL-Poly, was elected as the chief chairman of the second session of the Executive Committee at the fifth general meeting of the first session of Asian Photovoltaic Industry Association (APVIA) in Singapore.



On 29 October, GCL-Poly was honored the APVIA Award for Industrial Contribution at the awarding ceremony of the 2013 PV Asia Pacific Conference.

On 30 October, GCL-Poly participated in the PV Taiwan 2013 Expo and attended a signing ceremony to sign the upstream-and-downstream strategic cooperation agreement with TSEC and Wah Lee Industrial Corp.

NOV

On 1 November, GCL-Poly's Baoying Xingneng 30MW project on top of a fish pond was successfully connected to the grid.

On 21 November, the awarding ceremony of "Green China — 2013 Environmental Achievement Awards" was held at Hong Kong Convention and Exhibition Centre, Mr. Zhu Gongshan, Chairman of the Board of GCL-Poly, was honoured "The Outstanding Environmental Leader" award.

On 28 November, the winners of Golden Bauhinia Awards for Chinese Securities (中國證券金紫荊獎) was announced in Hong Kong. GCL-Poly was honoured "The Highest Growth Potential Listed Company" award.

29 November, GCL-Poly issued an aggregate principal amount of US$200 million convertible bonds due 2018 with a fixed interest rate of 0.75% per annum to an independent third party. The net proceeds of the issue was approximately USD194 million.

DEC

On 22 December, GCL-Poly launched the second-generation monocrystalline silicon wafer "GCL Monocrystalline G2" and announced the commencement of its commercial mass production.

On 28 December, Phase I of 30MW Tukai solar farm project in Huocheng County, jointly invested and constructed by GCL-Poly and Zhenfa New Energy, successfully connected to the grid.

On 30 December, Phase II of the 60MW solar farm in Datong, Shanxi province was successfully connected to the grid.

On 31 December, 100MW solar farm of Ningxia Qingyang New Energy Co., Ltd. (寧夏慶陽新能源有限公司), which was invested and constructed by GCL-Poly, Zhenfa New Energy and Zhong Wei Yinyang New Energy, was successfully connected to the grid.

On behalf of the Board of Directors, I hereby report the following operating results of GCL in 2013. For the year ended 31 December 2013, GCL recorded total revenue of approximately HK$25.53 billion, representing a 14.2% increase as compared with the same period in 2012. Gross profit was approximately HK$3.04 billion, a 73.8% increase as compared with the same period in 2012. Losses attributable to owners of the Company amounted to approximately HK$0.66 billion. Basic losses per share was HK4.29 cents, representing an improvement of 81.1% as compared with the same period in 2012. In early 2013, the Company's performance was still affected by unfavourable factors such as overcapacity along the solar value chain, EU's anti-dumping and countervailing investigation on China's PV products, solar subsidy adjustment and dumping of polysilicon into China from overseas manufacturers. However, due to the close attention paid by the Chinese government and supportive policies were launched in waves, China PV market recovered quickly in large scale. Meanwhile, increase in demand in the PV markets of Japan and United States was the result of supports from their respective governments. Following the final ruling announcement from the China Ministry of Commerce on the anti-dumping and countervailing investigation against solar grade polysilicon imported from the United States and South Korea, the price of polysilicon, wafers and other PV products in China bottomed out while demands picked up quickly. The Company's performance in 2013 improved significantly as compared with 2012 and especially during the second half of 2013. The overall business turned around to profitability. We believe global PV market will perform better in 2014.

We estimate that global new solar farm installation was 35–37 GW in 2013, an increase of approximately 10%–15% over 2012. In terms of new solar farm installation, China, Japan, and the United States were the three largest markets. According to the statistics from the China National Energy Administration, the new PV installations in China reached 9.5 GW in 2013. Before that, no country was able to increase new PV installation in excess of 8 GW within a year. China's outstanding performance exceeded the most optimistic forecast of the majority of analysts made a year ago. According to the latest statistics of the Ministry of Economy, Trade and Industry of Japan, the new PV installed capacity in Japan was 3.97GW from 1 April to 31 October 2013. Market consensus expects Japan's annual installed capacity could reach 7–8GW in 2013. The latest quarterly report on North American PV market shows that the new PV installation in the United States hit a record high of 4.75 GW in 2013, representing a 15% increase over 2012, thereby ranking the United States as one of the major solar farm markets in the world. Due to subsidy cut and other factors, the new PV installation in Europe declined notably in 2013 as compared with 2012, even though the total new installations reached 10 GW. Among these new installations, Germany and Italy contributed 3.5 GW and 2 GW, respectively. Meanwhile, other emerging markets, including Australia, India, South Africa, and Thailand, also experienced remarkable growth in new solar farm installations in 2013. Emerging markets have taken up a larger market share in the global solar farm market and hence have become a huge driving force for new solar farm development. We expect that the global new PV installations will be 40–45 GW in 2014.

By Increasing Investment in R&D, the Company Achieved Remarkable Technological Advancement and Improved Product Competitiveness

As one of the most influential and competitive silicon materials manufacturers and suppliers in the world, GCL-Poly achieved remarkable technological advancement and product competitiveness in 2013 due to increase in R&D investment. Last year, the Company sold 16,329 MT of polysilicon and 9.3 GW of wafers, representing an increase of 29.7% and 66.2%, respectively, as compared with the same period in 2012. At the same time, we were able to achieve continued cost reduction in every quarter. In 2013, we successfully produced high-quality granular silicon using silane-based technology, which had reached world class standard with respect to similar production facilities of global peers. After over a year trial run, we will begin the silane-based polysilicon production into large-scale commercial production in 2014. Meanwhile, the Company will continue to strive for product efficiency improvement on current modified Siemens method as well as continued cost reduction. In the future, we will keep on our focus on technology and R&D innovations, improvement in project economics, enhancement of management skill and ensuring high-quality, low-cost production. This will enable GCL to continue its leadership in the high-end polysilicon material market.

In the first half of 2013, GCL-Poly successfully launched its new wafer product "S3" in SNEC 2013 Exhibition held in Shanghai. This product was well-received by the market. In order to continue this momentum in the second half of the year, we launched the second-generation "GCL quasi-mono Wafer G2 (鑫單晶)" in a press conference held in December 2013. At the same time, we announced immediate mass commercial production of this new product. According to the data from laboratory tests provided by a number of our customers, when compared with the first-generation mono-wafer product launched in 2011, the average conversion efficiency of "GCL quasi-mono Wafer G2" has increased 1.1%, in which the conversion efficiency is close to direct-pulling monocrystalline ingot. Moreover, when compared with direct-pulling monocrystalline ingot, there is a 0.5% higher efficiency gain, a 1.8% increase in area and a 1% lower average luminous decay for "G2". With its performance improves significantly, the product can be used to manufacture module panel with output over 280/335W (60/72PCS). "GCL quasi-mono Wafer G2" is positioned for the mainstream application in the high-end silicon market which reflects GCL's demand-oriented strategy in product R&D. It will provide a very competitive wafer product for our customers resulting in the increase of our market share.

The Company Reported Excellent Results in Solar Farm Business and Expect Higher Growth with the New Platform

The GCL solar power investment team attained excellent results in 2013. At the end of December 2013, GCL owned 1 GW of overseas pipeline projects. In China, GCL accelerated the investment in the solar farm business with new installations totalled 270MW during the year. GCL has announced to acquire 67.99% new shares of Same Time Holdings Limited, a listed company in Hong Kong. The new platform will potentially deploy for the development of solar farm business in the future. Through this transaction, GCL is able to capitalize on its brand name, enable higher growth in the solar farm business and as a result, will benefit our shareholders.

Stable Power Business Outperformed Peers

In 2013, the power business continued to record stable performance. The Company, through centralized management and cost control measures, was able to maximize the efficiencies of existing resources resulting in stable development of its power and steam businesses. In 2013, the Company sold 5,840,653 MWh of electricity and 8,850,776 tonnes of steam with a 8.8% and 4.1% year-on-year increase, respectively. While ensuring stable growth of the business, the Company also adopted various measures including cost control on coal purchasing, bulk purchase of resources, increase steam sales, and try every possible ways to increase steam-prices. All these measures enabled us to achieve encouraging financial results in 2013 when compared with peer power operators.

While devoting our effort to the development of solar business, we will ensure our environmentally friendly power business development to remain healthy and stable. 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, thus raising the proportion of waste incineration and gas power generation.

Social Responsibilities

As a global leading enterprise that has long been engaged in the development of renewable energy, GCL is well aware of its responsibilities to environmental protection and social contribution. While ensuring our power generation and 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. In last year as well as this year, as a CPPCC member, I proposed government legislations to improve the subsidy mechanism for renewable energy, including streamline subsidy collection methods and procedures, simplify regulatory control on subsidy supervision and lower the associated risk of distributed solar installation, increase the likelihood of project financing and define the settlement mechanism of Feed-in Tariff. In the future, I will continue to make legislation proposals in relation to environmental protection and clean energy.

On 20 April 2013, Ya'an in Sichuan province was hit by a 7.0 Richter scale earthquake, GCL immediately mobilized volunteers to the disaster areas with relief supplies. At the same time, the Company also organized an internal donation campaign as a way of showing our care to the disaster areas.

On 29 October 2013, I was elected as the chief chairman of the second session of the Executive Committee at the fifth general meeting of the first session of the Asian Fifth Council Photovoltaic Industry Association (APVIA). Moreover, GCL was honored the APVIA Award for Industrial Contribution 2013, Green China Environmental Achievement Award 2013, and "Highest Growing Potential Enterprise" of China Securities Golden Bauhinia Awards. This indicates the society's trust and assurance of GCL. In 2014, we will continue to try our best effort in serving the society by means of creating jobs, making charitable donations and taking an active role in public welfare.

Outlook

In 2013, the PRC government rolled out a total of six supportive policies to bolster the healthy development of the PV industry. The National Development and Reform Commission announced the implementation of the policy in relation to electricity subsidy for distributed PV solar farms. The 2014 National Energy Conference held on 13 January indicated that new PV installation in China is expected to reach 14 GW this year. Separately, China has released a series of policies regarding industry regulations and consolidation to support industry leaders and best-in-class enterprises. Also, in this year's State of the Union, President Barack Obama proposed an aggressive plan to develop solar energy by reducing USD4 billion funding for fossil fuels, which will in turn be used for the development of solar energy. We expect that the PV market in the United States will maintain strong momentum with installed capacity reaching 6.5 GW in 2014. The demand from residential and commercial installation projects will see a booming trend which will account for over 45% on total demand. In addition, due to strong demand for solar energy, the new PV capacity in Japan will reach 7-8 GW. We believe that as the demand increase in major markets such as China, Japan, and the United States as well as in emerging markets such as India, South Africa, Australia, Chile and Mexico, PV global demand will grow at an accelerated rate.

In 2014, we will continue with our technological innovations and increase our R&D spending in order to keep on our progress in expanding the width and depth of our production lines and upgrading the quality of granular silicon, S series and G series wafer products while developing N-type mono-wafer products. This will improve product differentiation and core competitiveness of our products. It will satisfy demands on different segments of wafer products in the PV market. Meanwhile, we maintain our customer centric and market-oriented approach, as well as maintaining our leadership in cost, quality and performance, so as to further expand our market share. To pinpoint the fast-growing demand for distributed PV power, we will strengthen system integration and provide tailor-made commercial, residential, energy storage, micro-grid and off-grid solutions to our customers. We will also provide cloud platform to our customers for a one-stop solution incorporating product certification, financing, insurance and EPC services. By means of merging and acquiring solar farms, combining high-performance components produced in-house and our quality customer resources, we can develop solar farms with even higher performance and quality. At the same time, we are preparing restructuring of our asset structure and reasonably utilizing financial products to improve our debt structure and gearing ratio, in order to ensure healthy development and improve profitability. With our own effort, GCL-Poly will continue to strive for value-creation for our shareholders, customers and our society, and reiterating our role as industry forerunner resulting in sustainable operation. We are confident that we can further promote industry cost reduction and improvement in power generation efficiency, leading to less reliance on government subsidies and soon after attain grid-parity.

Finally, I would like to express my heartfelt gratitude to our Directors, management team and all the staff members of GCL 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 Gongshan
Chairman

Hong Kong, 13 March 2014

Executive Directors:

Mr. ZHU Gongshan (朱共山), aged 56, has been an Executive Director of the Company since July 2006 and is the Chairman, Chief Executive Officer and a member of the Strategic Planning Committee of the Company. Mr. Zhu, the founder of the Group, and his family (including his son, Mr. Zhu Yufeng, who is also a Director of the Company) are the beneficiaries of a discretionary trust which owns about 32.41% interest in the share capital of the Company at 31 December 2013. He is currently a member of the 12th National Committee of the Chinese People's Political Consultative Conference, the Chief Chairman of Asian Photovoltaic Industry Association,the Deputy Chairman of China Fortune Foundation Limited, the Co-Chairman of China Photovoltaic Industry Alliance, the Vice Chairman of the Cogeneration Professional Committee of the Chinese Society for Electrical Engineering (中國電機工程學會熱電專業委員會), the Vice Chairman of China Overseas Chinese Entrepreneurs Association, the Vice Chairman of China Industrial Overseas Development & Planning Association, the Honorable Chairman of the 4th Board of Directors of Nanjing University, the Honorary President of Hong Kong Baptist University Foundation, the Vice Chairman of Jiangsu Chinese Overseas Friendship Association, the Vice Director-general of Jiangsu Foundation for the Wellbeing of the Youth, the Honorary Chairman of Jiangsu Residents Association in Hong Kong, the Honorary Chairman of Jiangsu Yancheng Residents Association in Hong Kong, the Chairman of Hong Kong Yancheng Chamber of Commerce Limited, the Honorary Chairman of Jiangsu Chamber of Commerce in Guangdong, the Honorary Chairman of Xuzhou Chamber of Commerce in Shenzhen, the Vice President of Chinese Renewable Energy Industries Association, a member of the China Renewable Energy Club, the Vice Director of The Prince's Charities Foundation, a member of American Council on Renewable Energy and the Honorable Chairman of Africa Food Fund. Mr. Zhu is also conferred as the Honorary Citizen of Texas of United States, Honorary Citizen of Taicang, Jiangsu Province of the PRC, Honorary Citizen of Xilinheote, Inner Mongolia of the PRC and in 2012, awarded the Golden Bauhinia — Most Influential Leader Award. Mr. Zhu majored in electrical automation and holds a degree of Doctor of Philosophy in Business Administration.

Mr. SHU Hua (舒樺), aged 51, has been an Executive Director of the Company since October 2007. Mr. Shu was appointed as the Executive President of the Company in May 2010 and he is responsible the overall operation and management of the polysilicon and wafer businesses of the Company. He has over 20 years of experience in the energy industry. Mr. Shu has obtained a Master's degree in Business Administration for Senior Management from the Tongji University in the PRC.

Mr. JI Jun (姬軍), aged 66, has been an Executive Director of the Company since November 2006. He is also a member of the Strategic Planning Committee of the Company. Mr. Ji focuses on strategic planning and business development of the Group. He has extensive experience in the power industry and has experience in handling corporate finance projects.

Mr. YU Baodong (于寶東), aged 50, has been an Executive Director of the Company since November 2006. He is a member of the Connected Transaction Committee, Corporate Governance Committee and Nomination Committee of the Company. Mr. Yu is responsible for the overall development strategy and project implementation for the Group. He has over 15 years of experience in project investment and corporate management. Mr. Yu holds a Doctorate degree in Economics from the Wuhan University in the PRC. Mr. Yu is also the Chairman and a non-executive director of Asia Energy Logistics Group Limited.

Ms. SUN Wei (孫瑋), aged 42, re-joined the Company in October 2007 as an Executive Director. She is a member of the Remuneration Committee and Strategic Planning Committee of the Company. Ms. Sun is responsible for the financial management of the Group, including participation in the budget planning process of the Group. She is currently the Vice Director of China Hong Kong Economic Trading International Association. Ms. Sun holds a Doctorate degree in Business Administration and she has over 15 years of experience in power plant investment and management. Ms. Sun is currently a non-executive director of Asia Energy Logistics Group Limited.

Mr. ZHU Yufeng (朱鈺峰), aged 32, has been an Executive Director of the Company since September 2009. He graduated from George Brown College (Business Administration Faculty) in 2005. Mr. Zhu and his family (including his father, Mr. Zhu Gongshan, who is also a Director of the Company) are the beneficiaries of a discretionary trust which owns about 32.41% interest in the share capital of the Company as at 31 December 2013. Mr. Zhu joined a subsidiary of the Company in 2006. He is responsible for internal control, human resources, administration and project tender of the Group.

Independent Non-executive Directors:

Ir. Dr. Raymond HO Chung Tai (何鍾泰), SBS, MBE, S.B.St.J., JP, aged 74, has been an Independent Non-Executive Director of the Company since September 2007. He is the Chairman of the Remuneration Committee, the Strategic Planning Committee and the Corporate Governance Committee of the Company, and also a member of the Audit Committee of the Company.

Dr. Ho has 50 years' experience in the fields of civil, structural, environmental and geotechnical engineering and direct project management of mega size engineering projects including 40 years in Hong Kong and 10 years in the United Kingdom, with direct responsibility in the $3.0 billion project of Electrification and Modernisation of Kowloon-Canon Railway from the mid-70's till early 80's, all the government-funded infrastructure works for Shatin New Town and Tseung Kwan O New Town from early 80's till the end of 1993, major projects of tunnels, bridges, flyovers, roads, dockyards, jetties, hospitals, hotels, incinerators, high-rise commercial/residential buildings, geotechnical work, environmental studies and projects. Dr. Ho holds a Doctorate degree in Civil Engineering from the City University of London, United Kingdom, an Honorary Doctorate of Business Administration from the City University of Hong Kong, an Honorary Doctorate of Laws from University of Manchester, United Kingdom, a Postgraduate Diploma in Geotechnical Engineering from University of Manchester, United Kingdom and a Bachelor's degree in Civil Engineering from the University of Hong Kong. In addition, he is an independent non-executive director of Deson Development International Holdings Limited, China State Construction International Holdings Limited and Chinlink International Holdings Limited.

Mr. XUE Zhongsu (薛鍾甦), aged 74, has been an Independent Non-Executive Director of the Company since October 2007. He is the Chairman of the Nomination committee, a member of the Strategic Planning Committee and the Audit Committee of the Company. He graduated from Shanghai Jiaotong University in 1962. Mr. Xue worked for the Shanghai Municipal Power Company (上海市電力公司) in 1985 as the Deputy General Manager. From 1986 to 2000, Mr. Xue was the Vice President of the Shanghai Municipal Power Bureau (上海市電力工業局) and Deputy General Manager of Shanghai Municipal Power Company. From 1994 to 2000, Mr. Xue was also the General Manager of the Huaneng International Power Development Company, Shanghai Branch (華能國際電力開發公司上海分公司). From 2000 to 2005, Mr. Xue was the Party Secretary and General Manager of the China Huaneng Group Company, Shanghai Branch (中國華能集團公司上海分公司). Mr. Xue has over 20 years of experience in the power industry.

Mr. YIP Tai Him (葉棣謙), aged 43, has been an Independent Non-Executive Director of the Company since March 2009. He is the Chairman of the Audit Committee and the Connected Transaction Committee, he is also a member of the Remuneration Committee, the Corporate Governance Committee and the Strategic Planning Committee of the Company. Mr. Yip is a practising accountant in Hong Kong. He is also a member of the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants in the United Kingdom. He has over 20 years of experience in accounting, auditing and financial management. Mr. Yip is currently an independent non-executive director of the following listed companies in Hong Kong, namely, Wing Lee Holdings Limited, China Communication Telecom Services Company Limited, Vinco Financial Group Limited, China Media and Films Holdings Limited, iOne Holdings Limited and Redco Properties Group Limited.

Senior Management:

Mr. SHA Hongqiu (沙宏秋), aged 55, has been an Executive President of the Company since October 2007. Mr. Sha also served as an executive director of the Company during the period from November 2006 to November 2012. He is currently responsible for the overall operation and management of the Group's power business. Mr. Sha had been awarded various titles, including the Outstanding Entrepreneur of Xuzhou (優秀企業家) in 2000 and the Outstanding Enterprise Manager of Taicang (太倉市優秀企業管理人才) in 2005. He graduated from the China University of Mining and Technology in 1986, majoring in enterprise management. Mr. Sha is a Senior Economist. He has over 15 years of experience in the operation and management of power plants.

Overview

As global economy has improved, demand pick-up and over-supply situation of solar products eased, resulting in stable average selling price and gross margin of solar products since the second half of 2013. We see more evidence of supporting policies emerged from the PRC and Japan. There is no doubt that the PV industry will continue to grow in the coming few years and industry cost leaders will reap the rewards in 2014.

GCL continues to focus on both the upstream solar material business and downstream solar power plant business. During 2013, GCL successfully launched two high efficiency wafer products which satisfied our customers' need and ended up with higher wafer market shares. In 2013, we developed an aggregate of 270 MW of solar farm projects in the PRC, which was a great achievement in our downstream solar farm business and further strengthened our leadership in the solar industry.

Results of the Group

Revenue amounted to HK$25,530.0 million for the year ended 31 December 2013, representing an increase of 14.2% compared with the revenue of HK$22,348.0 million for the year ended 31 December 2012. Increase in revenue was mainly due to increase in the sales volume of polysilicon, wafer and electricity.

As a result of the recovery in the solar industry, impairment loss on plant and machinery and goodwill decreased significantly for the year ended 31 December 2013. The Group recorded a net loss attributable to owners of the Company of HK$664.3 million in 2013, as compared to net loss attributable to owners of the Company of HK$3,515.5 million in 2012.

Fund Raising Activities

On 11 July 2013, GCL-Poly Limited, a wholly-owned subsidiary of the Company, issued an aggregate principal amount of RMB600 million notes due 2014 to financial institutions in the PRC. The net proceeds of the notes of approximately RMB597 million was intended to use to repay its existing loans and for its working capital. As at 31 December 2013, the net proceeds were mainly used for the capital expenditure of Jiangsu Zhongneng and solar power plants in PRC and repayment of bank loan.

On 29 November 2013, the Company issued an aggregate principal amount of US$200 million convertible bonds due 2018 at a fixed interest rate of 0.75% per annum to an investor who was a third party independent of the Company and its associates. The net proceeds (net of fees, commissions and expenses) of the issue was approximately USD194 million, was maintained as a deposit in bank as at 31 December 2013. It was intended by the Company to use the net proceeds of the issue for capital expenditure and general corporate purpose. No shares was converted during the year 2013. The announcements of the Company dated 15 November 2013, 20 November 2013 and 29 November 2013 set out the details of the issue of the convertible bonds.

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 2013, our annual polysilicon production capacity was maintained at 65,000 MT. During the year ended 31 December 2013, GCL produced approximately 50,440 MT of polysilicon, representing an increase of 36.1% as compared to 37,055 MT for the same period in 2012. During this year, GCL completed the trial-run and had successfully produced high-purity polysilicon using FBR technology. We will continue to develop and improve FBR technology and commercial production will commence when test-run is completed.

In 2013, GCL carried out various technological improvement projects that increase both the production yield rate and conversion efficiency of our wafer. During the year, we have successfully launched our high-efficiency multi-crystalline silicon wafer "GCL Multi-Wafer S3" and our second-generation high-efficiency mono-crystalline silicon wafer "GCL Monocrystalline G2" in which both have notable increase in conversion efficiency of solar cells. In order to meet the increasing demand, our annual wafer production capacity increased to 10 GW as at 31 December 2013. For the year ended 31 December 2013, approximately 8,634 MW of wafers were produced, representing an increase of 53.6% as compared with 5,622 MW for the same period in 2012.

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 streamlined production processes.

During the year, Jiangsu Zhongneng carried out various cost control measures to reduce the electricity and steam consumption and other fixed costs incurred during the polysilicon production. Despite a lower utilisation rate in the first quarter of 2013, our average polysilicon production costs decreased by 13.7% from $152.7 (US$19.7) per kilogram for 2012 to HK$131.8 (US$17.0) per kilogram for 2013.

Attributed to effective raw material recycling method together with other measures resulting in increase in production yield and cost reduction, GCL was able to reduce its wafer production cost to an extremely competitive level. For the year ended 31 December 2013, our average wafer production cost (before eliminating the internal profit of polysilicon) was approximately HK$1.40 (US$0.18) per W, representing a decrease of 27.8% as compared to HK$1.94 (US$0.25) per W for the year ended 31 December 2012.

Sales Volume and Revenue

Revenue of our solar material business for the year ended 31 December 2013 amounted to approximately HK$17,583.0 million, representing an increase of 34.1% from HK$13,116.7 million for the year ended 31 December 2012.

For the year ended 31 December 2013, GCL sold 16,329 MT of polysilicon and 9,296 MW of wafer, an increase of 29.7% and 66.2% respectively, as compared with 12,593 MT of polysilicon and 5,594 MW of wafer for the corresponding period in 2012.

The average selling prices of polysilicon and wafer were approximately HK$134.9 (US$17.4) per kilogram and HK$1.63 (US$0.21) per W respectively for the year ended 31 December 2013. The corresponding average selling prices of polysilicon and wafer for the year ended 31 December 2012 were HK$161.2 (US$20.8) per kilogram and HK$1.94 (US$0.25) per W respectively.

For the year ended 31 December 2013, GCL sold approximately 120 MW PV modules. Revenue generated from trading of PV modules was approximately HK$537.8 million.

Overseas Solar Power Plant Business

As of 31 December 2013, the Group had approximately 100 MW PV projects currently under construction. The Group's total solar farm projects in operation in the United States reached 18 MW as at 31 December 2013 and over 1 GW projects in the United States and Puerto Rico are currently in the planning stage.

During the first half of 2013, the Group sold the 100% equity interests in a company in California which owned a solar farm project with a planned capacity of approximately 209 MW for approximately HK$429.0 million (US$55 million).

In the second half of 2013, the Group sold 100% equity interests in two solar farm project companies with a total planned capacity of approximately 19 MW in San Diego County, California. The project has achieved commercial operations date on 31 December 2013. The revenue from sale of the above solar farms was approximately HK$171.4 million (US$22 million).

For the year ended 31 December 2013, revenue from sales of electricity generated by the PV projects in the United States was approximately HK$78.2 million (US$10.1 million) (2012: HK$71.6 million).

Power Business

The Group's power business consists of cogeneration plants (including incineration plants) and renewable energy plants in the PRC. They are under the category of environmentally friendly power plants that are encouraged by the PRC government. As at 31 December 2013, the Group operated 30 power plants in the PRC (including subsidiaries and associates) as follows:

	2013			2012		
		Capacity (MW)			Capacity (MW)	
	Quantity	**Installed**	**Attributable Installed**	Quantity	Installed	Attributable Installed
Cogeneration plants						
Coal-fired cogeneration plants and resources comprehensive utilization cogeneration plants	**14**	**474.0**	**374.7**	14	474.0	374.7
Gas-fired cogeneration plants	**3**	**870.0**	**391.1**	2	510.0	257.1
Biomass cogeneration plants	**2**	**60.0**	**60.0**	2	60.0	60.0
Solid-waste incineration plants	**2**	**36.0**	**36.0**	2	24.0	24.0
	21	**1,440.0**	**861.8**	20	1,068.0	715.8
Renewable energy plants						
Wind power plant	**1**	**49.5**	**49.5**	1	49.5	49.5
Ground-mounted solar power plants	**7**	**300.0**	**236.3**	2	30.0	30.0
Rooftop solar power plant	**1**	**3.0**	**3.0**	1	3.0	3.0
	9	**352.5**	**288.8**	4	82.5	82.5
Total	**30**	**1,792.5**	**1,150.6**	24	1,150.5	798.3

The installed capacity and attributable installed capacity increased from 1,150.5MW and 798.3MW in 2012 to 1,792.5MW and 1,150.6MW in 2013, respectively. The increase was mainly due to:

1. A new gas-fired cogeneration plant in Suzhou with 360MW installed capacity and 134MW attributable installed capacity has commenced operation.

2. Unit number 2 of the Xuzhou waste incineration plant with 12MW installed and attributable capacity has commenced operation.

3. Three ground-mounted solar power plants in Jiangsu and Shanxi province with an aggregated installed and attributable capacity of 140MW, together with two ground-mounted solar power plants in Xinjiang and Ningxia Hui Autonomous Region with an aggregated installed capacity of 130 MW and attributable capacity of 66.3MW, have commenced operation.

As at 31 December 2013, the total steam extraction and attributable steam extraction were 2,439.0 tonne/h and 1,830.9 tonne/h respectively as compared to 2,239.0 tonne/h and 1,756.4 tonne/h in 2012. The increases was mainly due to the commencement of operation of a gas-fired cogeneration plant in Suzhou.

Sales Volume

For the year ended 31 December 2013, total electricity and steam sales volume were 5,840,653MWh and 8,850,776 tonnes respectively representing an increase of 8.8% and 4.1% respectively as compared to 5,370,397MWh and 8,501,198 tonnes in 2012. The increase was mainly due to an increase in sales volume of electricity and steam as a result of the expansion of business during the year.

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

Plants	**Electricity Sales *MWh* 31.12.2013**	Electricity Sales *MWh* 31.12.2012	**Steam Sales *tonne* 31.12.2013**	Steam Sales *tonne* 31.12.2012
Subsidiary cogeneration plants				
Kunshan Cogeneration Plant	**415,646**	415,986	**624,207**	647,935
Haimen Cogeneration Plant	**165,780**	162,320	**291,134**	266,440
Rudong Cogeneration Plant	**174,300**	179,668	**722,024**	757,481
Huzhou Cogeneration Plant	**131,411**	139,409	**403,725**	361,616
Taicang Poly Cogeneration Plant	**235,822**	216,542	**382,401**	393,945
Jiaxing Cogeneration Plant	**208,688**	212,923	**898,167**	898,819
Lianyungang Xinneng Cogeneration Plant	**110,920**	93,992	**414,289**	375,079
Puyuan Cogeneration Plant	**208,900**	196,155	**904,876**	956,028
Fengxian Cogeneration Plant *(note 1)*	**162,525**	127,836	**1,914,471**	1,550,359
Yangzhou Cogeneration Plant	**423,922**	342,849	**267,868**	249,227
Dongtai Cogeneration Plant	**125,145**	117,120	**502,025**	496,565
Peixian Cogeneration Plant	**180,974**	132,007	**222,560**	210,288
Xuzhou Cogeneration Plant	**172,811**	166,656	**224,207**	258,290
Suzhou Cogeneration Plant — Blue Sky	**1,884,773**	2,384,005	**722,738**	725,007
Suzhou Cogeneration Plant — Northern	**611,149**	N/A	**N/A**	N/A
Baoying Cogeneration Plant	**121,012**	120,507	**215,464**	204,009
Lianyungang Xiexin Cogeneration Plant	**147,477**	125,936	**123,710**	116,835
Taicang Incineration Plant	**78,652**	74,583	**N/A**	N/A
Xuzhou Incineration Plant *(note 2)*	**104,117**	50,263	**16,910**	33,275
Sub-total	**5,664,024**	5,258,757	**8,850,776**	8,501,198
Renewable energy plants				
Guotai Wind Power Plant	**91,931**	87,349	**N/A**	N/A
Xuzhou Solar Power Plant	**21,227**	21,377	**N/A**	N/A
DatongXian GCL Solar Power Plant	**28,935**	N/A	**N/A**	N/A
Sangri Solar Power Plant	**18,721**	N/A	**N/A**	N/A
Funing Xinneng Solar Power Plant	**6,856**	N/A	**N/A**	N/A
Baoying Xingneng Solar Power Plant	**5,269**	N/A	**N/A**	N/A
Huocheng Solar Power Plant	**297**	N/A	**N/A**	N/A
Jiangsu Guoneng Rooftop Solar Power Plant	**3,393**	2,914	**N/A**	N/A
Ningxia Qing Yang Solar Power Plant *(note 3)*	**N/A**	N/A	**N/A**	N/A
Sub-total	**176,629**	111,640	**0**	0
Total of subsidiaries	**5,840,653**	5,370,397	**8,850,776**	8,501,198
Associated cogeneration plants				
Funing Cogeneration Plant	**193,742**	121,464	**67,152**	77,006
China Resources Beijing Cogeneration Plant	**640,521**	679,624	**346,612**	393,478
Grand total	**6,674,916**	6,171,485	**9,264,540**	8,971,682

Note 1: It included the steam sales of its subsidiary, Fengxian Xincheng Environmental Cogeneration Co., Ltd.

Note 2: The steam sales of Xuzhou Incineration Plant was for inter-group consumption during the year.

Note 3: The construction of Ningxia Qing Yang Solar Power Plant was completed at the end of 2013.

Revenue

For the year ended 31 December 2013, the revenue for the power business was HK$6,709.5 million, a 15.5% increase as compared to HK$5,807.1 million in 2012. The increase was mainly due to an increase in the sales volume of electricity and coal during the year.

Average Utilisation Hour

Average utilisation hour for the Group's power plants is defined as the amount of electricity produced during a specified period (in MWh) divided by the average installed capacity of the Group's power plants during the same period (in MW).

For the year ended 31 December 2013, the average utilization hour of subsidiary cogeneration plants (excluding Suzhou Cogeneration Plant — Northern) was 6,217 hours, representing a decrease of 4.4% as compared to the 6,501 hours in 2012. The average utilization hour of renewable energy plants was 1,591 hours, representing a decrease of 0.9% as compared to the 1,606 hours in 2012.

Approved On-Grid Tariff

For electricity output, the major customers of the Groups' power plants are their respective local provincial power-grid companies.

On-Grid Tariff of the Group's cogeneration plants are based on an approved on-grid tariff that is determined by the provincial price bureaus. The on-grid tariff depends on the type of fuel of the relevant power plants and whether government-encouraged desulphurisation equipment has been installed. For the year ended 31 December 2013, the approved on-grid tariff of the Group's cogeneration plants ranged from approximately HK$637.4/MWh to HK$951.8/MWh (2012: HK$656.2/MWh to HK$933.9/MWh).

On-Grid Tariff of the Group's renewable energy power plants are based on an approved on-grid tariff that is determined by the related policy documents of the National Development and Reform Commission, National Energy Administration, State Electricity Regulatory Commission and Administration for Commodity Prices. For the year ended 31 December 2013, the approved on-grid tariff of the Group's solar plants (excluding the Rooftop solar plant) ranged from approximately HK$1,252.3/MWh to HK$2,705.1/MWh. (2012: HK$1,413.1/MWh to HK$2,654.2/MWh.)

Approved Steam Price

In response to the PRC-government incentive program, 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 our cogeneration plants and are subject to local government pricing guidelines. Price may vary according to the market forces. For the year ended 31 December 2013, the approved steam price of the Group's cogeneration plants ranged from HK$187.9/tonne to HK$310.0/tonne (2012: HK$184.3/tonne to HK$304.1/tonne).

Fuel Costs

The major cost of sales for the Group's cogeneration plants was the cost of fuels including coal, natural gas, coal sludge, sludge and biomass materials.

For the group's coal-fired cogeneration plants, resource comprehensive utilisation plants and biomass cogeneration plants, the average unit fuel cost for electricity sales and steam sales were HK$374.6/MWh and HK$114.2/tonne respectively in 2013. The corresponding average unit fuel costs for electricity sales and steam sales were HK$493.0/MWh and HK$139.2/tonne respectively in 2012. The decrease was mainly due to the decrease in coal price during the year.

For the Group's two Suzhou cogeneration plants, natural gas was the major component of the cost of sales. The average unit fuel cost for electricity sales and steam sales were HK$568.7/MWh and HK$196.3/tonne respectively in 2013. The corresponding average unit fuel cost for electricity sales and steam sales in 2012 were HK$508.8/MWh and HK$192.5/tonne respectively. The increase was mainly due to the increase in natural gas price during the year.

The major components in the cost of sales for the Group's renewable energy plants are depreciation and labour costs.

Recent Developments

On 13 February 2014, GCL published an announcement in relation to the acquisition of a total of 0.36 billion new shares of Same Time Holdings Limited (stock code: 451) at HK$4 each, representing approximately 68% of the enlarged issued share capital of Same Time Holdings Limited after completion of this transaction. As we regard solar power plant business will be one of the growth drivers of the PV industry, we expect Same Time Holdings Limited will be a new platform specifically for our accelerated investments in solar farms and rooftop applications, in both the domestic and overseas markets. In this new platform, we will develop new distributed solar applications in China. In the meantime, GCL will continue to operate the existing solar farms, whereas the new platform will mainly be deployed for the development of new solar farm in China, and other high-growth markets.

Outlook

In the second half of 2013, we witnessed a modest recovery of the PV industry as restocking activities in the PV value-chain began. As a result, we experienced high utilisation of our manufacturing facilities in the fourth quarter and we expect robust demand to continue in 2014. Despite the module sales of the PRC manufacturers were affected by anti-dumping and countervailing investigations that were initiated by the United States and the European Union, global demand for new installations of PV systems grew to about 39 GW in 2013 with rising demand from China and Japan. In addition, overcapacity along the PV value chain seems to alleviate significantly in the second half of 2013 and as a result solar products selling prices began to increase. Higher capacity utilisation has also contributed to our manufacturing cost reduction.

We anticipate that 2014 global PV solar demand to grow modestly to approximately 40–45 GW, with slower European demand while demand in emerging markets such as China, the United States, Japan, India, Korea, Australia and Brazil will continue to increase. These emerging markets will play a more important role in the solar industry development, leading to a more balanced geographical diversification. The National Energy Bureau of China has earmarked 14GW of installations in China in 2014. As such, we believe the initial 35GW cumulative installation target by 2015 set by the National Development and Reform Commission ("NDRC") will have to be adjusted. In addition, we also expect a minimal decrease in ground-mounted Feed-In-Tariff ("FiT") in China this year which will not negatively impact the PV industry. A significant amount of installations in 2014 will be supported by the roof-top/Distributed generation subsidy announced in August 2013. In Japan, the government only reduced the solar FiT slightly from 42Yen/kWh to 37.8Yen/kWh, and we believe that the incentives in Japan will remain attractive in promoting Japan to be the second largest PV market in the next few years. With rich 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 of the PV industry.

As many small solar producers have halted their production or exited the market recently, we expect the average selling price of solar products will remain stable or slightly higher in 2014 as demand remain robust and our customers continue to restock. We are optimistic that our manufacturing cost will continue to decrease as capacity utilization continues to increase. We believe our Company will remain competitive with our superior cost structure and effective execution to manage our production facilities.

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 Monocrystalline G2" wafer in December 2013 and "GCL Multi-Wafer S3" wafer in May 2013 are able to meet the ever-rising requirements of our customers for high efficiency products. Average conversion efficiencies of these products have already attained over 19% and 18% respectively. It helps our customers to reduce their manufacturing costs, further lower the overall capital expenditure of solar power plants, and to increase the competitiveness and return on investment of PV system installation.

For the power business, coal price is an important factor to profitability. We recorded a small increase in coal price in the second half of 2013 after a significant decrease in 2012. We expect the average coal price in the first half of 2014 will remain stable. In the meantime, 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 focus 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 a 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 governments.

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 2013, the Group had approximately 13,516 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 operating results by business segments:

	Solar Material Business HK$ million	Power Business HK$ million	Overseas Solar Power Plant Business HK$ million	Corporate HK$ million	Consolidated HK$ million
Revenue from external customers	18,121	6,709	700	—	25,530
Segment (loss) profit	(1,259)	568	(45)	—	(736)
EBITDA*	3,729	1,606	45	20	5,400

* The following items were excluded in the calculation of Earnings before interest, tax, depreciation and amortization ("EBITDA"): i) Impairment losses on property, plant and equipment; ii) losses on change in fair value of investment held for trading; iii) Impairment losses on goodwill; iv) Change in fair value of convertible bonds receivable; v) Change in fair value of convertible bonds payable; and vi) Gain on disposal of an associate

Revenue

Revenue for the year ended 31 December 2013 amounted to HK$25,530.0 million, representing an increase of 14.2% as compared with HK$22,348.0 million for the year ended 31 December 2012. The increase was mainly due to surge in sales volume of polysilicon, wafer and electricity.

Gross Profit Margin

The Group's overall gross profit margin for the year ended 31 December 2013 was 11.9%, as compared with 7.8% for the year ended 31 December 2012. Gross profit margin for the solar material business increased from 4.4% for the year ended 31 December 2012 to 9.5% for the year ended 31 December 2013. The increase in gross profit margin was attributed to decrease in wafer production cost as a result of decrease in polysilicon cost together with effective cost control in wafer processing cost. Gross profit margin for the overseas solar power plant business was 8.1% for the year ended 31 December 2013 and 9.7% for the year ended 31 December 2012. For the power business, the gross profit margin increased from 15.9% for the year ended 31 December 2012 to 19.0% for the year ended 31 December 2013.

Other Income

Other income mainly comprised government grants of HK$222.7 million, sales of scrap materials of HK$221.3 million, bank interest income of HK$208.3 million, and waste processing fee income of HK$82.0 million.

Distribution and Selling Expenses

Distribution and selling expenses amounted to HK$42.1 million for the year ended 31 December 2013, representing a decrease of 56.0% from HK$95.6 million for the year ended 31 December 2012. In order to reduce cost, only effective sales and marketing activities were carried out in 2013.

Share-Based Payment Expenses

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

Administrative Expenses

Administrative expenses amounted to HK$1,785.6 million for the year ended 31 December 2013, representing a decrease of 6.0% from HK$1,899.5 million for the year ended 31 December 2012. The Company has exercised stringent cost control measure during the year which led to lower other administrative expenses.

Other Expenses, Gains and Losses

Other expenses for the year ended 31 December 2013 were HK$457.7 million, representing a significant drop of 69.2% from HK$1,486.1 million for the year ended 31 December 2012. The decrease was mainly due to less impairment loss on property, plant and equipment and goodwill as a result of the recovery in the solar industry.

Finance Costs

Finance costs of the Group in 2013 were HK$2,415.6 million, increased slightly by 4.6% as compared to HK$2,309.3 million in 2012. The increase was mainly because smaller amount of interest expense was capitalised as a result of lower construction-in-progress during the year.

Share of Profit of Associates

The Group's share of profits of associates for the year ended 31 December 2013 was HK$21.4 million, which was mostly derived from the power business.

Share of Loss of Joint Ventures

The amount represented the Group's share of loss of our joint ventures, which are located in the US and South Africa.

Income Tax Expense

Income tax expense for the year ended 31 December 2013 was HK$190.1 million, representing an increase of 53.4% as compared with HK$123.9 million for the year ended 31 December 2012. As the solar industry recovered, most of our PRC subsidiaries were profitable during the year, resulting in more PRC Enterprise Income Tax were incurred.

Loss attributable to Owners of the Company

Loss attributable to Owners of the Company decreased significantly from HK$3,515.5 million for the year ended 31 December 2012 to HK$664.3 million for the year ended 31 December 2013.

Liquidity and Financial Resources

	2013 **HK$ million**	2012 HK$ million
Net cash from operating activities	**8,507.2**	2,326.4
Net cash used in investing activities	**(6,668.1)**	(5,310.7)
Net cash (used in) from financing activities	**(328.8)**	616.8

For the year ended 31 December 2013, the Group's main source of funding was cash generated from operating activities. The net cash from operating activities in 2013 was HK$8,507.2 million, significantly increased from HK$2,326.4 million in 2012. Increase in net cash from operating activities was mainly due to recovery in the solar industry leading to more solar subsidiaries were profitable. The net cash used in investing activities primarily came from payments for the purchase of property, plant and equipment and net outflow was from placing of pledged and restricted bank deposits. The main financing activities of the Group in 2013 included new bank borrowings of HK$29,400.5 million, net proceeds from the issuance of convertible bonds for HK$1,536.0 million and repayment of bank borrowings amounted to HK$29,680.2 million.

The aggregate restricted and unrestricted cash and bank balances amounted to approximately HK$14,411.5 million as at 31 December 2013 (31 December 2012: HK$9,716.2 million). The Group's total assets as at 31 December 2013 were HK$76,642.6 million (31 December 2012: HK$67,818.4 million).

The Group incurred losses of HK$445.8 million from operations for the year ended 31 December 2013, and the Group's current liabilities exceeded its current assets by HK$13,987.5 million as at 31 December 2013. As at the same date, the Group had cash and cash equivalents of HK$6,168.8 million with bank borrowings due within one year amounted to HK$24,915.5 million.

In addition to the Group's current undrawn banking facilities and renewable bank borrowings, in order to improve liquidity, the Group has negotiated with certain banks, who have indicated that they do not foresee any reasons to withdraw the existing facilities in the foreseeable future, and will continue to negotiate with other banks to obtain revolving banking facilities to ensure the Group's bank borrowings can be renewed on an on-going basis. The Directors believe that the Group will be able to renew the banking facilities upon maturity dates.

The Directors are of the opinion that, taking into account the above undrawn banking facilities, renewal of existing banking facilities and the Group's cash flow projection for the coming year, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months.

Indebtedness

The indebtedness of the Group mainly comprises bank borrowings, obligations under finance lease, note payables and convertible bonds payable. As at 31 December 2013, the Group's total bank borrowings amounted to HK$33,255.9 million (31 December 2012: HK$32,522.4 million), obligations under finance lease amounted to HK$2,070.5 million (31 December 2012: HK$1,329.9 million), note payables amounted to HK$3,922.8 million (31 December 2012: HK$3,058.8 million) and convertible bonds payable amounted to HK$1,542.0 million (31 December 2012: Nil). Below is a table showing the bank borrowing structure and maturity profile of the Group's bank borrowings:

	2013 **HK$ million**	2012 HK$ million
Secured	**16,513.2**	10,120.4
Unsecured	**16,742.7**	22,402.0
	33,255.9	32,522.4
Maturity profile of bank borrowings		
On demand or within one year	**24,915.5**	19,705.1
After one year but within two years	**2,447.2**	8,726.4
After two years but within five years	**4,857.8**	3,353.3
After five years	**1,035.4**	737.6
Group's total bank borrowings	**33,255.9**	32,522.4
Bank borrowings are denominated in the following currencies		
RMB	**24,202.4**	24,913.1
USD	**9,053.5**	7,609.3
	33,255.9	32,522.4

As at 31 December 2013, 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. USD bank borrowings carried interest rates at rates with reference to the London Interbank Offer Rate (LIBOR).

The note payables bear interest at a fixed rate of 5.77%–7.05% per annum and the convertible bonds payable bear interest at a fixed rate of 0.75% per annum.

Key Financial Ratios of the Group

	2013	2012
Current ratio	**0.67**	0.73
Quick ratio	**0.61**	0.62
Net debt to equity attributable to the owners of the Company	**163.4%**	167.8%

Current ratio	=	Balance of current assets at the end of the year/balance of current liabilities at the end of the year
Quick ratio	=	(Balance of current assets at the end of the year — balance of inventories and project assets 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 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. Majority of our assets and liabilities are denominated in RMB, while the rest are mainly denominated in US dollars and Hong Kong 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 2013, the Group did not purchase any material foreign currency or interest rate derivatives or related hedging instruments.

Pledge of Assets

As at 31 December 2013, property, plant and equipment and prepaid lease payments with a carrying value of approximately HK$15,280.7 million and HK$497.7 million respectively, were pledged as security for certain banking facilities and borrowings granted to the Group (31 December 2012: HK$10,702.6 million and HK$476.6 million respectively). Apart from these, bank deposits and bills receivable for an aggregate amount of HK$987.4 million (31 December 2012: HK$1,590.6 million) and HK$775.7 million (31 December 2012: HK$166.0 million) were pledged to the banks to secure borrowings and finance leases granted to the Group.

Capital Commitments

As at 31 December 2013, the Group had capital commitments in respect of purchase of property, plant and equipment and constructions costs in respect of projects contracted for but not provided in the financial statements amounting to HK$1,188.1 million and HK$915.4 million, respectively (31 December 2012: HK$2,693.4 million and HK$2,950.7 million). In addition, the Group had capital commitments in respect of purchase of property, plant and equipment which were authorised internally but not contracted for amounted to HK$5,802.7 million (31 December 2012 HK$5,418.3 million).

Contingent Liabilities

i) Contingent liability

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

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

The Claimant alleges, among other things, that GCL Taicang breached the Agreement by failing to fulfil its obligations to purchase a certain number of units of the Equipment under the Agreement and to pay all relevant sums under the Agreement. The Claimant seeks, among other things, damages and/or relief for the alleged breach of the Agreement, together with interests and costs. The notice does not specify the actual amount of the claim. GCL Taicang has sought legal advice in respect of the Dispute and will vigorously contest the claim and take all appropriate steps to defend its position against the Claimant's allegations.

On 16 December 2013, The Group announced that GCL Taicang and the Claimant entered into an amendment agreement (the "Amendment Agreement") to amend and restate certain terms and conditions under the Agreement, including but not limited to the obligations in relation to the purchase of the Equipment by GCL Taicang. Under the terms of the Amendment Agreement, following its execution, the Claimant will immediately take appropriate steps to suspend the arbitration, and upon the completion of the purchase of the Equipment by GCL Taicang under the Agreement (as amended by the Amendment Agreement), the Claimant will immediately take appropriate steps to withdraw the arbitration. On the same date, both the parties have notified the arbitral tribunal and the HKIAC of the suspension of the arbitration.

As the Dispute is currently suspended by both parties, the Group did not recognise any provision in relation to the Dispute as at 31 December 2013.

ii) Financial guarantees contracts

As at 31 December 2013, the Group has provided guarantee of HK$127.2 million (31 December 2012: HK$135.7 million) to a bank in respect of the banking facility granted to an associate company. The utilised amount of this facility was HK$63.6 million as at 31 December 2013 (2012: HK$101.1 million).

Events After the End of Reporting Year

On 13 February 2014, the Company and Same Time Holdings Limited ("Same Time") entered into a subscription agreement pursuant to which Same Time has conditionally agreed to allot and issue to the Company and the Company has conditionally agreed to subscribe in cash for 360,000,000 new shares of Same Time at a subscription price of HK$4.00 per share. Same Time is a company listed on the main board of the Hong Kong Stock Exchange.

Details of this transaction were set out in the announcement of the Company dated 13 February 2014.

The Company is dedicated to achieve and maintain a high standard of corporate governance to maximize the Company's and the shareholders' value, with continuous review and evaluation of the various systems and procedures to ensure their effectiveness. During 2013, the Corporate Governance Committee reviewed and assessed the effectiveness of the whistle-blowing policy, the connected transactions policy, the inside information policy and the notifiable transaction policy. The Nomination Committee has adopted the board diversity policy on 27 August 2013.

Corporate Governance Practice

The Company has complied with all the code provisions as set out in the Corporate Governance Code ("CG Code") under Appendix 14 in the Listing Rules for the year ended 31 December 2013 save for the deviation from code provision A.2.1 and A.5.1 of the CG 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.

Code provision A.5.1 stipulates that a nomination committee should comprise a majority of independent non-executive directors. As a result of the resignation of an independent non-executive director ("INED") on 8 January 2014, the nomination committee currently comprises one executive director and one INED. The Board will appoint another INED as additional committee member in due course.

The Board

Board Composition

The Board is currently comprised nine Directors with professional background and/or extensive expertise in the Group's business related industries. The Board comprises six executive Directors and three independent non-executive Directors. The Directors who served the Board during the year ended 31 December 2013 and up to the date of this report are as follows:

Executive Directors

Zhu Gongshan *(Chairman and CEO)*
Ji Jun
Shu Hua
Yu Baodong
Sun Wei
Zhu Yufeng

Non-executive Directors

Zhang Qing	*resigned on 14 January 2014*
Zhou Yuan	*resigned on 14 January 2014*

Independent non-executive Directors

Qian Zhixin	*resigned on 8 January 2014*
Ho Chung Tai, Raymond	
Xue Zhongsu	
Yip Tai Him	

Biographical details of the Directors are set out under the section headed "Biographical details of Directors and Senior Management" of this annual report on pages 11 to 12.

Mr. Zhu Yufeng is the son of Mr. Zhu Gongshan. Save for the above and to the best knowledge of the Company, there is no financial, business, family or other material or relevant relationships among members of the Board.

Mr. Zhu Gongshan is the founder of a trust which owned approximately 32.41% interests in the share capital of the Company as at 31 December 2013 for himself and his family, including Mr. Zhu Yufeng. Mr. Zhou Yuan and Mr. Zhang Qing are employees of China Investment Corporation, which through its wholly-owned subsidiary, namely Chengdong Investment Corporation, controlled approximately 12.37% issued share capital of the Company at 31 December 2013. Mr. Zhou Yuan and Mr. Zhang Qing resigned as non-executive Directors on 14 January 2014 when Chengdong Investment Corporation's shareholding (including its affiliate) in the entire issued share capital of the Company was less than 5%. Save as disclosed in this paragraph and to the best knowledge of the Company, there is no relevant relationships between the members of the Board and the substantial shareholders of the Company.

Each INEDs has made a written confirmation to the Company of his independence with reference to the criteria and guidelines as set out in Rule 3.13 of the Listing Rules. Each Director has declared to the Company of his/her interests in any material contracts or other interest in the business of the Group or in any competing business with the Group. During the year ended 31 December 2013, the Company has complied with the requirements under Rules 3.10 and 3.10A of the Listing Rules, which requires that every board of directors of a listed issuer must include at least 3 INEDs, at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise and an issuer must appoint INEDs representing at least one-third of the board, respectively. Mr. Qian Zhixin resigned as an INED with effect from 8 January 2014, which resulted in the number of INEDs less than one-third of the Board. However, upon the resignations of Mr. Zhou Yuan and Mr. Zhang Qing as the non-executive Directors on 14 January 2014, the number of INEDs was restored to one-third of the Board and Rule 3.10A of the Listing Rules was complied with.

Appropriate insurance to cover against liability of the Directors and officers of the Company was arranged and will be renewed annually.

Board Process and Effectiveness

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

Key features of Board process:

- At least four regular Board meetings will be held each year, with additional meetings to be held as and when required. All Directors will be informed of the tentative dates of the regular Board meetings to be held at the beginning of each year. In 2013, there were four regular meetings and four non-regular meetings held by the Board;
- In respect of regular meetings, at least 14 days' notice is given to all Directors to give them an opportunity to attend. For all other meetings, reasonable notice is given;
- proposed agenda will be given to all Directors at least 14 days prior to the regular meetings to give them an opportunity to include matters in the agenda and the board papers will be sent to all Directors at least 3 days before the meetings;
- all Directors is able to access to the advice and services of the company secretary, management and external professionals with a view to ensuring that board procedures, all applicable rules and regulations, are followed;
- minutes of all board meetings and committee meetings have been sent to all directors for their comments and records respectively, within a reasonable time after the meetings are held;
- a procedure was adopted by the Company to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense.

Appointment and Re-election of Directors

The INEDs and non-executive Directors are appointed for a specific term of office for three years. The Board had renewed the term of service of Mr. Yip Tai Him, an INED, for a term of three years commencing from 31 March 2012. Ir. Dr. Raymond Ho Chung Tai and Mr. Xue Zhongsu, each have his term of office renewed for three years, commencing from 13 November 2013. The two non-executive Directors who resigned on 14 January 2014, namely Mr. Zhou Yuan and Mr. Zhang Qing, were appointed for a term of three years commencing from their appointment date, ie. 9 November 2012 and 12 March 2012, respectively. All Directors, including the INEDs and non-executive Directors are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Articles of Association, provided that every Director shall be retired at least once every three years. In the annual general meeting held in May 2013, Mr. Shu Hua, Mr. Yu Baodong, Mr. Zhou Yuan, Ir. Dr. Raymond Ho Chung Tai and Mr. Xue Zhongsu had been retired and re-elected as Directors.

Nomination of Director

Where vacancies arise at the Board or whenever any qualified professionals or individuals with relevant expertise and experience is likely to be invited to join the Board, the qualifications, experience and awards (if any) of the proposed candidate(s) will be put forward to the Nomination Committee for its consideration and recommendation to the Board.

Responsibilities of Directors

During the year, Directors, including non-executive Directors attended and participated in various committees, board and general meetings. In order to encourage the Director's active participation in the meetings, meeting materials will be and had been dispatched to the Directors days in advance of the meetings to allow them to have the chance to read and understand the issues to be discussed in the meetings. The Company had circulated a monthly report to the Directors to keep them up-to-date of the financial status and position of the Group during the year.

At the beginning of each year, the Directors are provided with the tentative schedule of meetings so that they can mark their calendar as early as possible to avoid conflict of meetings. There were eight Board meetings held during the year and the average attendance rate is 85.4%. One general meeting, the annual general meeting, was held during the year 2013. The attendance of such meetings was shown in the table below:

Members of the Board	Number of Board meetings attended/held	Number of general meetings attended/held
Executive Directors		
Zhu Gongshan *(Chairman and CEO)*	5/8	1/1
Ji Jun	7/8	0/1
Shu Hua	6/8	1/1
Yu Baodong	8/8	1/1
Sun Wei	8/8	1/1
Zhu Yufeng	6/8	0/1
Non-Executive Directors		
Zhang Qing *(resigned on 14 January 2014)*	7/8	0/1
Zhou Yuan *(resigned on 14 January 2014)*	6/8*	0/1
Independent Non-executive Directors		
Yip Tai Him	7/8	1/1
Qian Zhixin *(resigned on 8 January 2014)*	7/8	1/1
Ho Chung Tai, Raymond	8/8	1/1
Xue Zhongsu	8/8	1/1

* 1 out of the 6 meetings attended by his proxy

Directors' Induction and Continuous Professional Development

Upon the appointment of Directors, a comprehensive Directors' handbook, which sets out the Company's business and a summary of the applicable laws, rules and regulations and key governance issues, will be provided to each newly appointed Director. A briefing regarding the rules and regulations applicable to directors of listed companies to observe during their services on Board as well as the businesses and development of the Group will also be provided to each of the newly appointed Directors. The Directors' handbook will be regularly updated.

The Company will also update the Directors and senior management on any amendments to or revision of any applicable rules, regulations and laws or refresh their knowledge and skills by providing briefings or arrangement of seminars for the Directors and senior management to attend. During the year, an update on the board diversity requirements was provided to the Nomination Committee and in January 2014, a briefing on the environmental, social and governance reporting guide was provided to the executive Directors. Subsequent to the seminar in relation to the inside information disclosure requirements was offered to the Directors in November 2012, a briefing of such topic was provided to the senior management in January 2013.

The Directors acknowledged the importance of updating their professional development and refreshing their knowledge and skills. The Company encouraged the Directors to participate in any seminar or forum organized by professional bodies, independent auditors, solicitors, chambers and business organizations as well as reading relevant articles. Below is a table in accordance with the records maintained by the Company indicating the Directors had received the following training in compliance with Rule A.6.5 of the Listing Rules during the year:

	Corporate Governance/Updates on Laws, Rules & Regulations		**Accounting/Financial/ Management or Other Professional Skills**	
Directors	**Read Materials**	**Attend Seminars/ Briefings**	**Read Materials**	**Attend Seminars/ Briefings**
Executive Directors				
Zhu Gongshan *(Chairman and CEO)*	✓		✓	✓
Ji Jun	✓	✓	✓	
Shu Hua	✓	✓	✓	
Yu Baodong	✓	✓	✓	
Sun Wei	✓	✓	✓	
Zhu Yufeng	✓	✓	✓	✓
Non-Executive Directors				
Zhang Qing *(resigned on 14 January 2014)*	✓		✓	
Zhou Yuan *(resigned on 14 January 2014)*	✓		✓	
Independent Non-executive Directors				
Yip Tai Him	✓	✓	✓	✓
Qian Zhixin *(resigned on 8 January 2014)*	✓	✓	✓	
Ho Chung Tai, Raymond	✓	✓	✓	✓
Xue Zhongsu	✓	✓	✓	

Chairman and Chief Executive Officer

Mr. Zhu Gongshan is the Chairman and the Chief Executive Officer of the Company. The primary responsibilities of the Chairman are to provide leadership to the Board in setting corporate goals of the Company, overseeing the performance and effectiveness of the Board, ensuring the compliance of rules and regulation and taking a lead to ensure that the Board acts in the best interest of the Company and shareholders as a whole. In particular, the Chairman should ensure that Board meetings are effectively conducted, including all directors to receive timely, adequate, accurate, complete and reliable information. The Chairman also takes the primary responsibility for ensuring that good corporate governance practices and procedures are established. The primary responsibilities of the Chief Executive Officer of the Company are to provide leadership for the management of the Company, taking a lead to implement the Company's business strategies and oversee the performance of the management in achieving corporate goals. The Board notes that the Chairman and the Chief Executive Officer of the Company are being acted by the same person and will continuously monitor and make new appointments when appropriate.

The Chairman will meet with the non-executive Directors to discuss openly with them of any issues concerning the Company, without the presence of executive Directors. During the year, a meeting has been held among the Chairman and the INEDs.

Delegation by the Board

The Board delegates certain responsibilities to various committees which are discussed below. Each of these committees has its respective terms of reference, which are posted on the Stock Exchange's and the Company's websites.

Accountability and Audit

The Directors acknowledge their responsibility for preparing the financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the profits and cash flows of the Group in accordance with the International Financial Reporting Standards, disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. In preparing the financial statements for the year ended 31 December 2013, the Directors have selected suitable accounting policies and applied them consistently; made judgements and estimates which are reasonable and have prepared the financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position, results of operations, cash flows and changes in equity of the Group. The Independent Auditor's Report relating to their reporting responsibilities on the financial statements of the Company is set out on pages 61 and 62 of this annual report.

Audit Committee

The Company established the Audit Committee on 22 October 2007, which currently comprises three INEDs, namely Mr. Yip Tai Him, Mr. Xue Zhongsu and Ir. Dr. Raymond Ho Chung Tai. Mr. Xue Zhongsu was appointed as a member of the Audit Committee on 14 January 2014 to fill up the vacancy created by the resignation of Mr. Qian Zhixin on 8 January 2014. Mr. Yip Tai Him, who is a practicing accountant in Hong Kong and a member of the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants in the United Kingdom, possesses extensive accounting experience and serves as the chairman of the committee.

The terms of reference of the Audit Committee setting out the operation, authorities and responsibilities of the committee is available on the websites of the Company and the Stock Exchange. The major responsibilities of the Audit Committee includes:

- monitoring integrity of the financial statements;
- reviewing annual report and interim report;
- monitoring and assessing the internal control system (including the adequacy of resources, qualifications and experience of accounting and financial reporting staff) and risk management system;
- monitoring and assessing the performance of internal control function;
- monitoring the independence of an external auditor;
- monitoring and assessing the performance of external auditor, proposing to the board the appointment or removal of external auditor, and facilitating the communication between external auditor and internal audit function;
- reviewing arrangements on raising, independent investigation and appropriate follow-up action in relation to possible improprieties in financial reporting and internal control are in place; and
- acting as key representative body for overseeing the Company's relations with the external auditor.

Three Audit Committee meetings were held in 2013 and the attendance is set out in the following table:

Members of Audit Committee	Number of meetings attended/held
Mr. Yip Tai Him *(Chairman)*	3/3
Mr. Qian Zhixin *(resigned on 8 January 2014)*	3/3
Ir. Dr. Raymond Ho Chung Tai	3/3

In addition to the aforesaid three meetings, the Audit Committee also held a meeting in March 2014. The following work was performed by the Audit Committee during and subsequent to the year ended 31 December 2013:

i. reviewed and approved the audit fees;

ii. assess the independence of the external auditors;

iii. approved the scope of audit for the year ended 31 December 2013;

iv. reviewed the 2013 auditor's report from Deloitte Touche Tohmatsu;

v. reviewed the 2013 audited financial statements and the results announcement (including the unaudited financial statements and the results announcement for 1st half of 2013);

vi. reviewed the report on the continuing connected transactions for the financial year ended 31 December 2013;

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

viii. reviewed various aspects of risk management; and

ix. recommendation of the election of the proposed external auditors at the forthcoming annual general meeting.

The Audit Committee monitors the audit and non-audit services rendered to the Group by its external auditors and ensures that their engagement in other non-audit services will not impair their audit independence.

For the year ended 31 December 2013, the total remuneration in respect of services provided by Deloitte Touche Tohmatsu is analyzed as follows:

Nature of Service	**Fees** (HK$'000)
Audit services	
— 2013 Annual audit	7,393
Non-audit services	
— 2013 Interim review	1,005
— Professional services fee	1,689
	10,087

Internal Controls

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

The various system and procedures, accessible on the Group's intranet, is maintained and communicated to all staff for compliance purposes. In addition, the Whistleblowing Policy for staff to raise concerns about suspected misconducts implementation and, malpractice or improprieties relating to the Group was implemented. The Inside Information Policy to safeguard the exposure of breaching the disclosure risk was also established during the year.

In addition to the internal control function carried out internally by the Group, an external independent risk advisory firm (the "Advisor") has been engaged to review and appraise the internal control system of the Group regularly over the past few years. The semi-annual internal control review plan of the Group carried out by the Advisor covers major activities and material controls (including operational, financial and compliance) of the Group's business and service units. During the year the Advisor had reviewed (i) accounts receivable and credit control of photovoltaic business; (ii) the operations and efficiency of financial resources centre and data technology centre in Suzhou management office. The Advisor had conducted on-site visits and initiated discussions with our management teams during the review for the purpose of assessing the overall risks. A report on the result of assessment and recommendations from the Advisor was provided to the Audit Committee in August 2013 and March 2014, respectively. In addition, during the year, our internal audit department (with the assistance of an external consultant) completed the review of the existing systems and procedures in respect of our crystal growing business unit and prepared a formal "internal control handbook", which provides standard guideline over risk management

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

The Board assessed the effectiveness of the internal control by considering the views of the Audit Committee and both the internal and external auditors.

Remuneration of Directors and Senior Management

Remuneration Committee

The Remuneration Committee was established on 22 October 2007 and currently comprises two INEDs and an executive Director, namely Ir. Dr. Raymond Ho Chung Tai, Mr. Yip Tai Him and Ms. Sun Wei. Ms. Sun Wei, an executive Director, was appointed by the Board as a member of the Remuneration Committee on 14 January 2014 to fill up the vacancy created by the resignation of Mr. Qian Zhixin on 8 January 2014. Ir. Dr. Raymond Ho Chung Tai is the chairman of the committee. The Board resolved to adopt that the Remuneration Committee has the duty to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management on 15 March 2012. A copy of the terms of reference setting out the operation, authorities and responsibilities of the Remuneration Committee is available at the Company's and the Stock Exchange's websites.

The primary responsibilities of the Remuneration Committee include:

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

Two meetings were held by the Remuneration Committee during the year 2013 and the attendance is set out in the following table:

Members of Remuneration Committee	Number of meetings attended/held
Ir. Dr. Raymond Ho Chung Tai *(Chairman)*	2/2
Mr. Qian Zhixin *(resigned on 8 January 2014)*	1/2
Mr. Yip Tai Him	2/2

The Remuneration Committee had performed the following work during and subsequent to the year ended 31 December 2013:

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

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

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

iv. approved the granting of share options to qualified executives.

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

Other Committee

Strategic Planning Committee

The Strategic Planning Committee was established on 22 October 2007 and currently comprises six members, three INEDs and three executive Directors. The INEDs include Ir. Dr. Raymond Ho Chung Tai (who is also the chairman of the committee), Mr. Yip Tai Him and Mr. Xue Zhongsu. The executive Directors who are also the committee members are Mr. Zhu Gongshan, Ms Sun Wei and Mr. Ji Jun. Mr. Yip Tai Him (an INED) was appointed as a member of the Committee by the Board on 14 January 2014 to fill in the vacancy created by the resignation of Mr. Qian Zhixin on 8 January 2014.

The primary responsibilities of the Strategic Planning Committee include:

- reviewing long-term strategic development plans;
- reviewing the annual performance of the Company and assessing implementation and progress of the long term strategic development plans;
- reviewing and making recommendations to the Board for opportunities of upgrading the facilities, expansion, mergers and acquisitions;
- reviewing and making recommendations to the Board with regard to the political, social and economic development affecting or potentially affecting the business activities of the Group; and

- reviewing and monitoring the relationship of the Company with its key strategic joint-venture partners or the relationship building with these partners.

A meeting was held during the year and all the members (except Mr. Qian Zhixin) had attended such meeting in person. During the meeting, the Strategic Planning Committee had reviewed the market analysis, development strategy and expected return of the solar business sector of the Group.

Nomination Committee

The Board approved to set up the Nomination Committee and its terms of reference on 15 March 2012. The Committee currently comprises an INED, namely Mr. Xu Zhongsu (Chairman of the Committee), and an executive Director, namely Mr. Yu Baodong. Mr. Qian Zhixin and Ms. Sun Wei resigned as a member of the Nomination Committee on 8 January 2014 and 14 January 2014, respectively. Mr. Yu Baodong was appointed as a member of the Nomination Committee with effect from 14 January 2014. The Board will appoint an INED as an additional member as soon as practicable to comply with Code A.5.1 of the CG Code, which requires the committee should comprise a majority of INEDs.

A copy of the terms of reference setting out the operation, authorities and responsibilities of the Nomination Committee is available at the Company's and the Stock Exchange's websites.

The duties of the Nomination Committee includes reviewing the structure, size and composition of the Board at least annually and making recommendations on any proposed changes to the Board, identifying and making recommendations to the Board on the selection of individual nominated for directorships, assessing the independence of INEDs, and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

A meeting was convened in August 2013 by the Committee and all of the members had attended the meeting personally. During the meeting, the committee had reviewed and assessed (i) the independence of the INEDs against the criteria and guidelines as set out in Rule 3.13 of the Listing Rules and concluded that all INEDs are complied with the criteria; (ii) the composition of the existing Board members with reference to their age, sex, experience, qualification and expertise against the business scope of the Company, (iii) the authorities and responsibilities of the Nomination Committee; and (iv) adoption of the board diversity policy of the Company.

A summary of the board diversity policy is set out as follows:-

The Company continuously seeks to enhance the effective performance of its Board and also recognizes the benefits of diversity in the boardroom.

When identifying suitable candidates and making nominations of the Board members, the Nomination Committee will consider their skills, knowledge, experience and an appropriate mix of diversity, the perspectives of which involve a number of factors, including but not limited to gender, age, culture and other qualities.

The Nomination Committee will take into account the Company's own business model and specific needs to ensure the diversity perspectives appropriate to the Company.

Equality of opportunity in all aspects of the Company's business is highly concerned by the Company. Board candidates will be considered against objective criteria and Board appointments will continue to be made on a merit basis.

The Nomination Committee will regularly review the diversity policy to ensure its continued effectiveness and report to the Board of any revisions of or recommendation on this policy.

Connected Transaction Committee

The Connected Transaction Committee was established in March 2011. The Committee currently comprises two members (Mr. Yip Tai Him , an INED and Mr. Yu Baodong, an executive Director) after Mr. Zhou Yuan resigned as a member on 14 January 2014. Mr. Yip Tai Him was appointed the Chairman of the Committee. The Board will appoint an INED as an additional member of the Committee as soon as practicable so that the number of members of the Committee shall be three, as stated in its terms of reference.

The main duties of the Committee are to:

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

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

The Committee held two meetings during the year 2013, the attendance of which is set out below. The meetings had reviewed and analyzed two continuing connected transactions of the Company, the conclusions and the recommendations of which were reported to the Board.

Members of Connected Transaction Committee	**Number of meetings attended/held**
Yip Tai Him *(chairman of committee)*	2/2
Zhou Yuan *(resigned on 14 January 2014)*	1/2
Yu Baodong	2/2

Corporate Governance Committee

The Board resolved to establish the Corporate Governance Committee and its terms of reference on 15 March 2012. The Committee comprises two INEDs, namely Mr. Yip Tai Him and Ir. Dr. Raymond Ho Chung Tai, and an executive Director, namely Mr. Yu Baodong. Ir. Dr. Raymond Ho Chung Tai was appointed the Chairman of the Committee.

A copy of the terms of reference setting out the operation, authorities and responsibilities of the Corporate Governance Committee is available at the Company's and the Stock Exchange's websites.

The duties of the Corporate Governance Committee includes:

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

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

iii. reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

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

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

A meeting has been convened by the Committee during the year 2013 and all members had attended the meeting in person. At the meeting, the committee had reviewed (i) the performance of certain policies and practices of the Company to determine its compliance with the Listing Rules, including the whistle-blowing policy, the inside information policy, notifiable transaction policy and the connected transaction policy; and (ii) the policy in relation to the training and continuous professional development of directors and senior management and the trainings/briefings provided to Directors in 2013. The Committee also reviewed the effectiveness of these policies after implementation. Subsequent to the year end, the members had also reviewed the contents of the corporate governance report to ensure its compliance with the Corporate Governance Code under the Listing Rules.

Compliance with Model Code

The Board adopted the model code with terms no less exacting than the required standard as set out in Appendix 10 of the Listing Rules as its own model code of conduct regarding Directors' securities transactions (the "Model Code"). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2013.

Investor Relations and Communication with Shareholders

The Board recognizes the importance of communication with shareholders and has adhered to its established communication policy. The general communication policy includes timely dispatch full and accurate information to shareholders and investment public by announcement, financial reports and circulars through the website of the Stock Exchange and the Company's website; maintain dialogue with shareholders by disclosing the way of communication to the Board and in relation to share registration matters, the contact of the share registrar in Hong Kong; and by convening the general meetings (if any) and annual general meeting. On 31 May 2013, the Company convened an annual general meeting, the Chairman of the Company and the chairman of each of the Audit Committee, Remuneration Committee, Nomination Committee, Corporate Governance Committee and Connected Transaction Committee had all attended such meeting to talk to and answer questions raised by the shareholders, if any.

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

There is no change in the Company's Memorandum and Articles of Association during the year. A copy of the Memorandum and Articles of Association was available at the websites of the Stock Exchange and the Company.

Shareholders' Rights

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

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

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

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

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

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

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

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

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

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

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

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

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

3 The period for lodgment of such a written notice will commence on the day after the despatch of the notice of the general meeting and end no later than seven (7) clear days prior to the date of such general meeting. If the notice is received less than fifteen (15) business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the members at least fourteen (14) clear days and not less than ten (10) business days prior to the general meeting.

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

Enquiries to the Board

No procedure set in the Articles of Association of the Company available for any member to put forward an enquiry to the Board. A member may, of course, at any time write to the board of directors of the Company at the Company's principal office at Unit 1703B-1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time. In relation to share registration matters in Hong Kong, a member shall contact the branch share registrar in Hong Kong, namely Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Major Investor Relations Activities

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

In 2013, we launched various non-deal roadshows in Hong Kong, Singapore, Taiwan, the United States, Europe and the Mainland China (such as Beijing, Shanghai and Shenzhen). Since it was a recovery year for the photovoltaic industry last year, we made proactive actions in contacting and communicating with the investors community, so that they get to keep abreast of the overall condition of solar industry and various active measures of the Company responding to market changes and effects of those on the industry as a whole to maintain confidence in the future growth of the Company.

Throughout last year, we participated in over 300 investor relations activities including non-deal roadshows, investor seminars and one-on-one meetings. We met over 3,000 investors/institutions and visited more than 300 international institutional investors by participating in respective roadshows activities arranged by investment banks such as Goldman Sachs, Deutsche Bank, BOA Merrill Lynch, Citigroup and Nomura, and through domestic and overseas investment advisory conferences organized by Morgan Stanley, Credit Suisse, HSBC, Standard Chartered, Macquarie, CLSA, Piper Jaffray, Barclays, BOCI, JP Morgan, Daiwa, CIG, CICC, Shenyin Wanguo, Sinolink, Guotai Junan, China Merchants, GF Securities, Industrial Securities and Orient Securities.

We also organized a number of site visits in our Open Day in 2013 as we hoped that global investors would learn more about our manufacturing competitive advantages in the solar industry. Representatives from major media groups, research analysts of major investment banks, a number of fund managers and representatives of large investors all over the world were invited to visit our power plants and our polysilicon and wafer manufacturing facilities in the PRC. Through face-to-face meetings with our frontline staff members, media and investors were able to experience our operations and management in an objective manner.

Furthermore, we update the information on our website on a timely basis and participate in interactions among social networking platforms, and through various new methods, we communicate immediately with a number of investors on the latest business developments of the Company.

The directors of the Company (the "Directors" or the "Board") submit their report together with the audited consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2013.

Principal Activities

The principal activities of the Group are principally engaged in the manufacturing of polysilicon and wafers for the solar industry, the development, management and operation of environmentally friendly power plants. The particulars of the Company's principal subsidiaries, associates and joint ventures are set out in notes 54, 20 and 19 of the consolidated financial statements, respectively.

Results and Appropriations

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss and other comprehensive income on page 63.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2013 (2012: Nil).

Financial Summary

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years is set out on pages 2 to 3.

Property, Plant and Equipment

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

Share Capital

Details of movements in the issued share capital of the Company during the year are set out in note 40 to the consolidated financial statements.

Distributable Reserves

The distributable reserves of the Company as at 31 December 2013 amounted to HK$22,909.0 million (2012: HK$22,074.3 million).

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

Bank Borrowings

Particulars of the Group's bank borrowings are set out in note 36 to the consolidated financial statements.

Donations

Donations by the Group for charitable and other purposes as at 31 December 2013 amounted to HK$7.1 million.

Directors

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

Executive Directors

Mr. Zhu Gongshan *(Chairman and Chief Executive Officer)*
Mr. Shu Hua *(Executive President)*
Mr. Ji Jun
Mr. Yu Baodong
Ms. Sun Wei
Mr. Zhu Yufeng

Non-Executive Directors

Mr. Zhang Qing *(resigned on 14 January 2014)*
Mr. Zhou Yuan *(resigned on 14 January 2014)*

Independent Non-executive Directors

Mr. Qian Zhixin *(resigned on 8 January 2014)*
Mr. Xue Zhongsu
Ir. Dr. Raymond Ho Chung Tai
Mr. Yip Tai Him

In accordance with Articles 87(1) and (2) of the Articles of Association of the Company, Mr. Zhu Gongshan, Mr. Ji Jun and Ms. Sun Wei will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") (the "Listing Rules"). The Company has assessed their independence and considers that all the independent non-executive Directors are independent in accordance with guidelines set out in the Listing Rules.

Directors' Services Contracts

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

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

Directors' Interest in Contracts

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

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

As at 31 December 2013, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules:

Long position in the shares and underlying shares of the Company

Name of director/ chief executive	Number of ordinary shares			Number of underlying shares	Total	Approximate percentage of issued share capital of the Company
	Beneficiary of a trust	Corporate interests	Personal interests			
Zhu Gongshan	4,758,843,327 *(note 1)*	—	—	260,000,000 *(note 1)*	5,018,843,327	32.41%
Ji Jun	—	—	—	3,000,000	3,000,000 *(note 2)*	0.02%
Shu Hua	—	—	1,200,000	3,000,000 *(note 2)*	4,200,000	0.03%
Yu Baodong	—	6,108,934 *(note 3)*	1,112,000	3,000,000 *(note 2)*	10,220,934	0.07%
Sun Wei	—	—	5,723,000	3,000,000 *(note 2)*	8,723,000	0.06%
Zhu Yufeng	4,758,843,327 *(note 1)*	—	—	261,000,000 *(note 4)*	5,019,843,327	32.42%
Yip Tai Him	—	—	—	500,000 *(note 2)*	500,000	0.003%
Ho Chung Tai, Raymond	—	—	—	500,000 *(note 2)*	500,000	0.003%
Xue Zhongsu	—	—	—	500,000 *(note 2)*	500,000	0.003%
Qian Zhixin	—	—	—	500,000 *(note 2)*	500,000	0.003%

Notes:

(1) An aggregate of 4,758,843,327 shares of the Company are collectively held by Highexcel Investments Limited and Happy Genius Holdings Limited, both of which were wholly-owned by Golden Concord Group Limited, which in turn was wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited was in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited was ultimately held under a discretionary trust by Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan). Happy Genius Holdings Limited had lent 260,000,000 shares of the Company to the convertible bond investor's associate on 29 November 2013, and therefore was also interested in a long position of 260,000,000 shares of the Company.

(2) These are share options granted by the Company to the Directors, pursuant to the pre-IPO share option scheme and the share option scheme, both were adopted by the shareholders of the Company on 22 October 2007. Such granted share options can be exercised by the Directors at various intervals during the period from 1 April 2009 to 14 July 2021 at an exercise price of HK$4.10 or HK$0.59.

(3) Mr. Yu Baodong is the ultimate beneficial owner of Bonus Billion Group Limited which owns 6,108,934 shares of the Company as at 31 December 2013.

(4) The 261,000,000 underlying shares comprises the long position of 260,000,000 shares of the Company held by Happy Genius Holdings Limited under Note (1) and 1,000,000 option shares mentioned under Note (2) above.

Save as disclosed above, as at 31 December 2013, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register that was required to be kept under Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Option Schemes

(A) Pre-IPO share option scheme

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

Details of the outstanding and movements of the pre-IPO share options of the Company during the year are as follows:

				Number of options				
Name or category of participant	**Date of grant**	**Exercise period**	**Exercise Price HK$**	**Outstanding as at 01.01.2013**	**Granted during the year**	**Lapsed or forfeited during the year**	**Exercised during the year**	**Outstanding as at 31.12.2013**
Directors/chief executive								
Ji Jun	13.11.2007	13.11.2010 to 12.11.2017	4.10	1,500,000	—	—	—	1,500,000
Shu Hua	13.11.2007	13.11.2010 to 12.11.2017	4.10	1,500,000	—	—	—	1,500,000
Yu Baodong	13.11.2007	13.11.2010 to 12.11.2017	4.10	1,500,000	—	—	—	1,500,000
Sun Wei	13.11.2007	13.11.2010 to 12.11.2017	4.10	1,500,000	—	—	—	1,500,000
Non-director employees								
(in aggregate)	13.11.2007	13.11.2010 to 12.11.2017	4.10	20,340,000	—	1,280,000	—	19,060,000
				26,340,000		1,280,000		25,060,000

Notes:

(1) the consideration for the pre-IPO share options granted to each participant is HK$1.00.

The vesting scale of the granted share options is 20%, 30% and 50% to be vested on the third, fourth and fifth anniversaries of the Date of Listing, respectively, such that the share options granted are fully vested on the fifth anniversary of the Date of Listing.

During the year, 1,280,000 option shares were lapsed.

(B) Share option scheme

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

During the year, 44,600,000 option shares were granted by the Company, a total of 22,400,000 option shares were lapsed, 7,147,000 option shares were exercised and there were 143,292,000 option shares outstanding as at 31 December 2013.

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

				Number of options				
Name or category of participant	**Date of grant**	**Exercise period**	**Exercise Price HK$**	**Outstanding as at 01.01.2013**	**Granted during the year**	**Lapsed or forfeited during the year**	**Exercised during the year**	**Outstanding as at 31.12.2013**
Directors/ chief executive								
Ji Jun	16.02.2009	01.04.2009 to 15.02.2019	0.59	1,500,000	—	—	—	1,500,000
Shu Hua	16.02.2009	01.04.2009 to 15.02.2019	0.59	1,500,000	—	—	—	1,500,000
Yu Baodong	16.02.2009	01.04.2009 to 15.02.2019	0.59	1,500,000	—	—	—	1,500,000
Sun Wei	16.02.2009	01.04.2009 to 15.02.2019	0.59	1,500,000	—	—	—	1,500,000
Zhu Yufeng	16.02.2009	01.04.2009 to 15.02.2019	0.59	1,000,000	—	—	—	1,000,000
Yip Tai Him	15.07.2011	01.09.2011 to 14.07.2021	4.10	500,000	—	—	—	500,000
Ho Chung Tai, Raymond	15.07.2011	01.09.2011 to 14.07.2021	4.10	500,000	—	—	—	500,000
Xue Zhongsu	15.07.2011	01.09.2011 to 14.07.2021	4.10	500,000	—	—	—	500,000
Qian Zhixin	15.07.2011	01.09.2011 to 14.07.2021	4.10	500,000	—	—	—	500,000
Non-director employees (in aggregate)	16.02.2009	01.04.2009 to 15.02.2019	0.59	13,103,000	—	—	(5,762,000)	7,341,000 *(note 1)*
	24.04.2009	01.05.2009 to 23.04.2019	1.054	1,536,000	—	—	(288,000)	1,248,000
	12.01.2011	01.03.2011 to 11.01.2021	3.32	17,000,000	—	(2,000,000)	—	15,000,000
	15.07.2011	01.09.2011 to 14.07.2021	4.10	87,600,000	—	(18,900,000)	—	68,700,000 *(note 2)*
	05.07.2013	16.09.2013 to 04.07.2023	1.642	—	44,600,000	(1,500,000)	(1,097,000)	42,003,000
				128,239,000	44,600,000	(22,400,000)	(7,147,000)	143,292,000

Notes:

(1) The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised during the year ended 31 December 2013:

Date of Grant	No. of options exercised	Exercise price per share (HK$)	Weighted average closing price (HK$)
16.2.2009	5,762,000	0.59	2.05
24.4.2009	288,000	1.054	2.11
5.07.2013	1,097,000	1.642	2.50

(2) 20% of the share options granted will be vested on the year of grant, the first, second, third and fourth anniversary of the date of grant, respectively, such that the share options granted are fully vested on the fourth anniversary of the date of grant.

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

Interests and Short Positions of Substantial Shareholders

As at 31 December 2013, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO:

(i) Long position in the shares and underlying shares of the Company

Name	Note	Capacity/nature of interest	Number of ordinary shares/ underlying shares	Approximate percentage of issued share capital of the Company
Asia Pacific Energy Fund Limited	1	Interest in a controlled corporation	5,018,843,327	32.41%
China Investment Corporation	2	Interest in a controlled corporation	1,915,271,187	12.37%
PAG Holdings Limited	3	Interest in a controlled corporation	926,184,281	5.98%
JPMorgan Chase & Co.	4	Beneficial owner, investment manager, custodian corporation/ approved lending agent	774,326,058	5.00%

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

Name	Note	Capacity/nature of interest	Number of ordinary shares/ underlying shares	Approximate percentage of issued share capital of the Company
PAG Holdings Limited	3	Other	360,000,000	2.33%
JPMorgan Chase & Co.	4	Beneficial owner	26,966,000	0.17%

Notes:

(1) Highexcel Investments Limited and Happy Genius Holdings Limited collectively held 4,758,843,327 shares of the Company, both of which were wholly owned by Golden Concord Group Limited, which in turn was wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited was in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited was ultimately held under a discretionary trust by Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan (a Director and Chairman of the Company) and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan) as beneficiaries. Happy Genius Holdings Limited had lent 260,000,000 shares of the Company to the convertible bond investor's associate on 29 November 2013, and therefore was also interested in a long position of 260,000,000 shares of the Company.

(2) China Investment Corporation ("CIC") was interested in approximately 1,915,271,187 shares of the Company, out of which Chengdong Investment Corporation (a wholly-owned subsidiary of CIC) owned 1,908,163,054 shares. Mr. Zhou Yuan and Mr. Zhang Qing, both were non-executive directors of the Company and resigned on 14 January 2014, were employees of CIC.

(3) PAG Holdings Limited disclosed that as at 17 December 2013, it was interested in a long position of 926,184,281 shares of the Company and a short position of 360,000,000 shares of the Company, both held through controlled corporation. Out of the long positions in 926,184,281 shares of the Company, 566,184,281 shares were involved in derivative interests.

(4) JP Morgan Chase & Co. disclosed that as at 10 September 2013, it had long positions in 774,326,058 shares of the Company, out of which 29,620,223 shares were held as beneficial owner, 273,593,000 shares were held as investment manager and 471,112,835 shares were held as custodian corporation/approved lending agent, respectively.

(5) The total number of ordinary shares of the Company in issue as at 31 December 2013 is 15,483,223,268.

Save as disclosed aforesaid, so far as is known to any Directors or chief executive of the Company, as at 31 December 2013, no other persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO.

Continuing Connected Transactions

The INEDs of the Company, has reviewed and confirmed that the continuing connected transactions for the year ended 31 December 2013 were entered into:

i. in the ordinary course of the business of the Group;

ii. either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third party; and

iii. in accordance with the relevant written agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

The auditor has confirmed to the Board in writing that for the year ended 31 December 2013, the continuing connected transactions, which were entered into:

1. have received the approval of the Board;

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

3. have not exceeded the relevant announced cap amounts for the financial year ended 31 December 2013.

Details of the continuing connected transactions of the Company for the year ended 31 December 2013 are as follows:

(1) Provision of operation and management services

南京協鑫生活污泥發電有限公司 Nanjing Xiexin Life Sludge Power Co., Ltd.* ("Nanjing Cogeneration Plant") and 蘭溪協鑫環保熱電有限公司 Lanxi Golden Concord Environmental Protection Cogen-Power Co., Ltd.* ("Lanxi Cogeneration Plant") are owned by a trust of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, the "Zhu Family Trust") are beneficiaries. 徐州金山橋熱電有限公司 Xuzhou Jinshanqiao Cogeneration Co., Ltd.* ("Jinshanqiao Cogeneration Plant"), a company which was then controlled by Mr. Zhu Yufeng (a Director of the Company), has transferred to and entirely owned by Zhu Family Trust since May 2012. Thus Nanjing Cogeneration Plant, Lanxi Cogeneration Plant and Jinshanqiao Cogeneration Plant are associates of Mr. Zhu Yufeng and Mr. Zhu Gongshan, and therefore are connected persons of the Company under Chapter 14A of the Listing Rules.

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

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

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

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

Due to the relocation of the management and operational staff from Shanghai to Suzhou and the transfer of the staff from the Management Company to a wholly-owned subsidiary of the Company which is incorporated in Suzhou, namely 保利協鑫有限公司 GCL-Poly Co., Ltd* ("GCL Subsidiary"). The Management Company, GCL-Poly Subsidiary and each of the Nanjing Cogeneration Plant, Lanxi Cogeneration Plant and Jinshanqiao Cogeneration Plant entered into a tri-parties supplemental agreement dated 28 February 2013 to assign all rights and liabilities under the Renewed Nanjing Agreement, Renewed Lanxi Agreement and the Renewed Jinshanqiao Agreement (as amended) from the Management Company to GCL Subsidiary with effect from 1 January 2013.

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

Agreement	**Aggregate fee for the year ended 31 December 2013** (RMB)	**Annual cap for the year ended 31 December 2013** (RMB)
Renewed Nanjing Agreement (as amended by the supplemental agreement dated 28 February 2013)	2,400,000	2,880,000
Renewed Lanxi Agreement (as amended by the supplemental agreement dated 28 February 2013)	1,000,000	1,200,000
Renewed Jinshanqiao Agreement (as amended by the supplemental agreements dated 15 February 2012 and 28 February 2013)	4,000,000	4,800,000
Total	7,400,000	8,880,000

(2) Supply of coal

In addition to act as a central procurement arm of coal for the Group companies, 保利協鑫電力燃料有限公司 GCL-Poly Power Fuel Co., Ltd.("GCL-Poly Fuel Company"), a wholly-owned subsidiary of the Company, also trades coal to increase income for the Group.

GCL-Poly Fuel Company entered into an agreement with each of Nanjing Cogeneration Plant ("Nanjing Coal Sale Agreement"), Lanxi Cogeneration Plant ("Lanxi Coal Sale Agreement") and Jinshanqiao Cogeneration Plant ("Jinshanqiao Coal Sale Agreement") on 10 June 2011 to supply coal to each of the power plants for a term of three years, commencing from 1 July 2011. The coal price (inclusive of tax and delivery charge) for July 2011 was RMB750/tonne for a net calorific value of 5,000 kcal/kg, subject to adjustment.

As each of the Nanjing Cogeneration Plant, Lanxi Cogeneration Plant and Jinshanqiao Cogeneration Plant were owned by the Zhu Family Trust, of which Mr. Zhu Gongshan and Mr. Zhu Yufeng (both are directors of the Company) and their family are beneficiaries, Nanjing Cogeneration Plant, Lanxi Cogeneration Plant and Jinshanqiao Cogeneration Plant are associates of Mr. Zhu Yufeng and Mr. Zhu Gongshan, and therefore are connected persons of the Company under Chapter 14A of the Listing Rules.

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

The amount of coal sale for the year ended 31 December 2013 and the annual caps for the year ended 31 December 2013 in respect of the Nanjing Coal Sale Agreement, the Lanxi Coal Sale Agreement and the Jinshanqiao Coal Sale Agreement were as follows:

Agreement	**Transaction amount for the year ended 31 December 2013** (RMB)	**Annual Cap for the year ended 31 December 2013** (RMB)
Nanjing Coal Sale Agreement	105,900,000	194,400,000
Lanxi Coal Sale Agreement	6,300,000	97,200,000
Jinshanqiao Coal Sale Agreement	84,700,000	647,420,000

(3) Steam supply

(a) Steam Supply to 江蘇中能硅業科技發展有限公司 Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. ("Jiangsu Zhongneng")

On 26 November 2010, Jiangsu Zhongneng entered into an agreement with each of 徐州金山橋熱電有限公司 Xuzhou Jinshanqiao Cogeneration Co., Ltd.* ("Jinshanqiao Cogeneration Plant") ("Jinshanqiao Steam Supply Agreement") to purchase steam from Jinshanqiao Cogeneration Plant for a period from 1 January 2011 to 31 October 2013. On 18 October 2013, Jiangsu Zhongneng entered into a new agreement with Jinshanqiao Cogeneration Plant to renew the terms of the Jinshanqiao Steam Supply Agreement for one year commencing from 1 November 2013 (the "Renewed Steam Supply Agreement"). Pursuant to the Renewed Steam Supply Agreement, Jinshanqiao Cogeneration Plant has agreed to supply, and Jiangsu Zhongneng has agreed to purchase, steam with pressure of 0.8 Mpa and 3.8 Mpa at RMB165 per tonne and RMB215 per tonne, respectively, and the steam price will be payable monthly in arrears based on the amount of steam utilised by Jiangsu Zhongneng in the relevant month. The agreed steam price cannot exceed the price approved by the Xuzhou Price Bureau and will be adjusted subject to mutual negotiations between the parties with reference to any change on the approved price by the Xuzhou Price Bureau.

As mentioned in paragraph (1) above, Jinshanqiao Cogeneration Plant is a connected person of the Company. Details of the Renewed Steam Supply Agreement were disclosed in the announcement of the Company dated 18 October 2013.

The transaction amount and the annual cap for the year ended 31 December 2013 under the Jinshanqiao Steam Supply Agreement and the Renewed Steam Supply Agreement were as follows:

	Transaction amount for the year ended 31 December 2013 (RMB)	**Annual cap for the year ended 31 December 2013** (RMB)
Jinshanqiao Steam Supply Agreement	667,800,000#	1,908,504,000#
Renewed Steam Supply Agreement	142,100,000##	145,130,000##

Note: #: for the period from 1 January 2013 to 31 October 2013

##: for the period from 1 November 2013 to 31 December 2013

(b) Steam Supply to 江蘇協鑫硅材料科技發展有限公司 Jiangsu GCL Silicon Material Technology Development Co., Ltd. "Jiangsu GCL" from Jinshanqiao Cogeneration Plant

On 8 November 2011, Jiangsu GCL (a wholly-owned subsidiary of the Company) entered into a steam supply agreement (the "Steam Supply Agreement") with Jinshanqiao Cogeneration Plant, pursuant to which Jiangsu GCL purchased steam from Jinshanqiao Cogeneration Plant for the period from 8 November 2011 to 31 October 2014 at a price of RMB195 per tonne, to be payable monthly in arrears. Any change to the steam supply price in future will be subject to the application and approval by the Xuzhou Price Bureau. As mentioned in paragraph (1) above, Jinshanqiao Cogeneration Plant is a connected person of the Company. An announcement dated 8 November 2011 setting out the details of the Steam Supply Agreement was published by the Company.

The transaction amount and the annual cap for the year ended 31 December 2013 under the Steam Supply Agreement were as follows:

	Transaction amount for the year ended 31 December 2013 (RMB)	**Annual cap for the year ended 31 December 2013** (RMB)
Steam Supply Agreement	5,700,000	21,914,000

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

Konca Solar, a non-wholly owned subsidiary of the Company, entered into an energy supply agreement with Wuxi Huilian Cogeneration Company Limited ("Wuxi Huilian") on 7 January 2011, pursuant to which Wuxi Huilian agreed to supply utility, including power and steam at RMB210.60 per tonne to Konca Solar for the period from 1 January 2011 to 31 December 2013. The charges are adjustable with reference to the price approved by the Jiangsu Price Bureau. Wuxi Huilian is a subsidiary of Wuxi Guolian Development (Group) Co., Ltd., a substantial shareholder of Konca Solar. As Wuxi Huilian is an associate of Wuxi Guolian, and thus a connected person of the Company under the Listing Rules.

An announcement of the Company with full details of the utility energy supply was published by the Company on 7 January 2011. The aggregate transaction amount for the year ended 31 December 2013 was 35,500,000. The annual cap for the year ended 31 December 2013 RMB202,800,000.

Note: * English name for identification only

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

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

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

Under the Facility I Agreement, it shall be a change of control event if at any time Mr. Zhu Gongshan, Mr. Zhu Yufeng and other members of their immediate family and their associates (as defined in the Listing Rules) either cease to (i) beneficially own at least 30% of the issued share capital of the Company; or (ii) remain as the single largest shareholder of the Company; or (iii) control the Company. If any of the above change of control event occurs, the Bank may, by notice to the Company, immediately cancel the Facility I and declare the outstanding principal together with accrued interest and all other amounts accrued under the Facility I Agreement immediately due and payable. If the Bank chooses not to exercise its right as above-mentioned, the Company shall in any event repay such outstanding principal together with accrued interest on the next interest payment date as provided in the Facility I Agreement, unless the Bank otherwise agreed. Up to the date of this report, part of the Facility I has been repaid and the outstanding principal is US$300 million and RMB1.5 billion.

On 18 September 2013, the Company (as borrower) entered into a facility agreement (the "Facility II Agreement") with the Bank in relation to the provision to the Company of a US$480 million (the "Facility II") with a term of three years.

Under the terms of the Facility II Agreement, it will be a change of control event if at any time (i) Mr. Zhu Gongshan, the Chairman and a director of the Company, ceases to remain as one of the major beneficiaries of a discretionary trust with Credit Suisse Trust Limited as trustee; (ii) such discretionary trust ceases to hold Asia Pacific Energy Fund Limited; (iii) Asia Pacific Energy Fund Limited ceases to be the single largest shareholder of the Company; or (iv) Mr. Zhu Gongshan ceases to control the Company. If any of the above change of control events occurs, the Bank may, by notice to the Company, immediately cancel the Facility II and declare the outstanding principal together with accrued interest and all other amounts accrued under the Facility II Agreement, the Facility I and all relevant security documents, to be immediately due and payable.

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

Directors' Interests in Competing Business

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

Names of the Company's Directors	Name of company in which the relevant Director has interest	Approved installed capacity (MW)	Principal activities of the competing company	% interest in competing company
(i) Mr. Zhu Gongshan	Taicang Harbour Golden Concord Electric-Power Generation Co., Ltd.*	4x300 2x135	Operation of a power plant in Taicang, Jiangsu, the PRC	72% interest is held by a discretionary trust,of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Nanjing Xiexin Domestic Sludge Power Co., Ltd.*	2x48	Operation of a cogeneration plant in Nanjing, Jiangsu, the PRC	100% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Guohua Taicang Power Generation Company Limited*	2x600	Operation of a power plant in Taicang, Jiangsu, the PRC	an effective interest of 36% is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Lanxi Xiexin Environmental Cogeneration Company Limited*	1x15 1x6	Operation of the cogeneration plant in Lanxi, Zhejiang Province, the PRC	100% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Xuzhou Jinshanqiao Cogeneration Co., Ltd.*	1x15 2x15	Operation of the cogeneration plant in Xuzhou, Jiangsu, the PRC	100% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Suzhou Dongwu Cogeneration Co., Ltd.*	2x24	Operation of the cogeneration plant in Dongwu, Suzhou, Jiangsu, the PRC	9% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Guangzhou GCL Blue Sky Gas Turbine Cogeneration Co., Ltd.*	2x180	The cogeneration power plant is in the commencement of construction stage	100% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Lianyungang Baoxin Biomass Cogeneration Co., Ltd.	—	Operation of steam generation	Mr. Zhu Gongshan, owns 100% interest
	Kailuan GCL Power Generation Co. Ltd*	2x300	The coal fired power plant in Tangshan City, Hebei, the PRC is in the commencement of construction stage	36% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Shanxi GCL (Luan) Electric Co., Ltd.*	3x1,000	The coal fired power plant in Zhangzhi City, Shanxi, the PRC is in the pre-development and pre-construction stage	80% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Binhai coal fired power project	2x1,000	Development of a coal fired power plant in Binhai, Jiangsu, the PRC. It is in the pre-development and pre-construction stage	Initially planned about 34.3%–49% interest to be held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries

Names of the Company's Directors	Name of company in which the relevant Director has interest	Approved installed capacity (MW)	Principal activities of the competing company	% interest in competing company
(ii) Mr. Zhu Yufeng	Taicang Harbour Golden Concord Electric-Power Generation Co., Ltd.*	4x300 2x135	Operation of a cogeneration plant in Taicang, Jiangsu, the PRC	72% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Nanjing Xiexin Domestic Sludge Power Co., Ltd.*	2x48	Operation of a cogeneration plant in Nanjing, Jiangsu, the PRC	100% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and Mr. Zhu Yufeng are among the beneficiaries
	Lanxi Xiexin Environmental Cogeneration Company Limited*	1x15 1x6	Operation of the cogeneration power plant in Lanxi, Zhejiang, the PRC	100% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Guohua Taicang Power Generation Company Limited*	2x600	Operation of a power plant in Taicang, Jiangsu, the PRC	An effective interest of 36% is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Xuzhou Jinshanqiao Cogeneration Co., Ltd.*	1x15 2x15	Operation of the cogeneration plant in Xuzhou, Jiangsu, the PRC	100% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Suzhou Dongwu Cogeneration Co., Ltd.*	2x24	Operation of the cogeneration plant in Dongwu, Suzhou, Jiangsu, the PRC	9% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Guangzhou GCL Blue Sky Gas Turbine Cogeneration Co., Ltd.*	2x180	The cogeneration power plant is in commencement of construction stage	100% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Kailuan GCL Power Generation Co. Ltd*	2x300	The coal fired power plant in Tangshan City, Hebei, the PRC is in the commencement of construction stage	36% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Shanxi GCL (Luan) Electric Co., Ltd.*	3x1,000	The coal fired power plant in Zhangzhi City, Shanxi, the PRC is in the pre-development and pre-construction stage	80% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Binhai coal fired power project	2x1,000	Development of a coal fired power plant in Binhai, Jiangsu, the PRC. It is in the pre-development and pre-construction stage.	Initially planned about 34.3%–49% interest to be held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Xiaojinxian Jitai Power Investment Co., Ltd.*	2x8 1x4	Operation of the hydro-power station in Sichuan, the PRC	Mr. Zhu Yufeng, through companies controlled by him, holds 49% interest
	Xilingol Zhongneng Silicon Co., Ltd.*	—	Ingot Plant is in the construction stage	Mr. Zhu Yufeng, through companies controlled by him, holds 70% interest

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

Note: * English name for identification only

Deed of Non-Competition

As disclosed in the prospectus of the Company dated 31 October 2007 (the "Prospectus") issued in connection with the listing of shares of the Company in the Main Board of the Stock Exchange in November 2007 (the "Listing"), Highexcel Investments Limited, Mr. Zhu Gongshan and Mr. Zhu Yufeng, collectively the "Covenantors", entered into a deed of non-competition dated 27 October 2007 (the "NCD") with the Company. Each of the Covenantors had undertaken to the Company that, save as disclosed in the Prospectus, he/it would not, and would procure that his/its associates (except any members of the Company and its subsidiaries) would not, during the restricted period set out in the Prospectus, participate or hold interests in or be engaged in or acquire or hold any business which is involved in the construction, development, operation or management of power plants or sales of electricity or heat in the PRC (the "Restricted Business"). Each Covenantor had undertaken that if he/it or any of his/its affiliates is offered or becomes aware of any new investment or business opportunity which is in competition, directly or indirectly, or may lead to direct or indirect competition with the Group in connection with the Restricted Business, he/it must first procure that such opportunity be offered to the Company on no less favourable terms, and that such Covenantor would only be allowed to take up the opportunity himself/itself if the Company has declined it (the "Right of First Refusal Arrangement"). The INEDs had reviewed a number of such opportunities, including large-scale coal-fired power projects, offered by Mr. Zhu Gongshan and/or Mr. Zhu Yufeng during the year, which did not involve cogeneration power plant in the PRC.

On 22 August 2013, the Company received an enquiry (the "Enquiry") from the Stock Exchange relating to the non-competition undertakings given by the Covenantors in favour of the Company in connection with the Listing. Page 178 of the Prospectus states that, each of the Covenantors had undertaken that he/it would not engage in any business which involves the construction, development, operation or management of cogeneration power plants in the PRC, other than the cogeneration power plants which are disclosed in the Prospectus. The Prospectus further states, on page 178, that the Right of First Refusal Arrangement shall not apply to any project involving the construction or operation of cogeneration power plants (the "First Refusal Carve-out").

In 2008, Mr. Zhu Yufeng, through two companies controlled by him, and after having first offered the opportunities to the Company and obtained its consent to proceed in accordance with terms of the NCD, acquired the following interests ("Interests"): (i) the entire equity interest in Jinshanqiao Cogeneration Plant, a cogeneration plant located in Jinshanqiao Development Zone, Xuzhou, the PRC; and (ii) a 10% equity interest (which was later diluted to 9% equity interest due to an increase in registered capital) in Dongwu Cogeneration Plant, a cogeneration plant located in Suzhou, Jiangsu Province, the PRC. The interests in Dangwu Cogeneration Plant and the interests in the Jinshanqiao Cogeneration Plant were respectively transferred to the Zhu Family Trust in 2010 and May 2012. As Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries under the Zhu Family Trust, Mr. Zhu Gongshan and Mr. Zhu Yufeng are thus interested in the Interests.

Since receiving the Enquiry, the Board has conducted a review of its records relating to Mr. Zhu Yufeng's acquisition of the Interests and re-examined the detailed terms of the NCD. Based on such review, it has become apparent to the Board that there are inconsistencies between the terms of the NCD and the non-compete undertakings summarised in the Prospectus. Specifically, the First Refusal Carve-out was not included in the execution version of the NCD.

Since the plants in which Mr. Zhu Yufeng and Mr. Zhu Gongshan are interested as described above are cogeneration plants in the context of the description of the non-competition provisions in the Prospectus, it would appear that on the one hand, Mr. Zhu Yufeng had originally acquired the Interests after having first offered the opportunities to the Company and obtained its consent in accordance with the terms of the NCD (which is in the form of a contract between the Covenantors and the Company), and on the other hand, these acquisitions appear to be inconsistent with the non-competition provisions as described in the Prospectus.

In addition, as part of the Company's preliminary review in response to the Enquiry, the Company is given to understand that Mr. Zhu Gongshan is, or has been, interested in two other cogeneration plant projects located in Wuxi and Nanjing, the PRC, respectively, through his participation in the proposed development of such projects. Each of these projects are at their pre-development stage in respect of which construction work has yet to commence, and the Group has assumed Mr. Zhu Gongshan's interests in such projects at cost in or about October 2013.

In light of the matters identified above, the Company needs to assess the implications of the acquisition by Mr. Zhu Yufeng and Mr. Zhu Gongshan of the Interests and Mr. Zhu Gongshan's potential interests in the proposed cogeneration plant projects in Wuxi and Nanjing, the PRC. To facilitate the making of an objective assessment of such matter, on 13 September 2013, the Board resolved to take the following steps:

(i) establish an independent committee of the Board ("IBC") to undertake a full review of the facts relating to Mr. Zhu Yufeng's and Mr. Zhu Gongshan's respective interests, and to determine:

    (a) whether the governing non-competition provisions are those contained in the NCD or the Prospectus;

    (b) whether Mr. Zhu Yufeng and/or Mr. Zhu Gongshan (or their associates) have committed a breach of their non-compete undertakings;

    (c) the reasons why the NCD did not reflect the non-competition statements in the Prospectus;

    (d) if there have been breaches of the Prospectus how these should be remedied; and

    (e) whether any public statements previously made by the Company, including in announcements, circulars and annual reports (relating to the Interests and/or the Convenantors' non-compete undertakings) might be required to be re-stated or clarified; and

(ii) engage external counsel to assist with the Company's review and to advise the Board of the Company's legal and regulatory obligations.

Based on the IBC's findings and recommendations, the Company shall report to and discuss with the Stock Exchange as to any remedial action which may be appropriate to be taken.

Based on the review of the relevant factual circumstances, the IBC determined (and the Board concurred) that the Company, the Covenantors and the Stock Exchange intended that the non-competition obligations as defined in the Prospectus should apply to the Covenantors. Accordingly, while the Prospectus correctly recorded the parties' intended non-competition undertakings, the Prospectus mistakenly stated that the NCD contained the intended non-competition undertakings.

The Company has disclosed information in relation to the Enquiry and the initial findings of the IBC in the announcements dated 4 October 2013 and 26 November 2013, respectively. The IBC's review of the other matters within its terms of reference is continuing. Further announcement(s) will be made to inform shareholders and potential investors of the latest development and findings of the IBC as may be required under all applicable laws and the Listing Rules.

Two meetings of the INEDs were held in 2013 and were attended by all of the INEDs (except that Mr. Qian Zhixin, who resigned as a director with effect from 8 January 2014, was absent from the second meeting). During these meetings, the INEDs reviewed the business portfolios of the Covenantors which are deemed, to be in competition with the business of the Group (which are listed under the section headed "Directors' Interests in Competing Business" of this report) and noted that under the NCD, the Company is entitled to a subscription right to acquire such business portfolios. Full information on the status of operation or development, shareholders and financial position of each of the projects under the business portfolios was provided by the Covenantors to the INEDs for their review and consideration.

The Covenantors have provided confirmations to the Company that they have complied with the NCD but not the non-competition undertakings as described in the Prospectus by reason of the aforesaid and provided all information necessary for the updating of the INEDs in relation to the business portfolios. The INEDs confirmed that the NCD has been complied with but not the non-competition undertakings as described in the Prospectus.

Emolument Policy

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

The Company has adopted a Pre-IPO Share Option Scheme and a Share Option Scheme as an incentive to Directors and eligible employees, details of the schemes are set out under the section headed "Pre-IPO Share Option Scheme" and "Share Option Scheme" in this report and in note 50 to the consolidated financial statements.

Pre-Emptive Rights

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

Major Customers and Suppliers

In 2013, the Group's largest supplier accounted for 26% of total purchases. The five largest suppliers accounted for 52% of the Group's total purchases, evidencing the purchasing department's commitment to ensuring that the Group is not dependent on any one supplier, and that our purchases are at fair market terms.

The Group's largest customer accounted for 15% of our revenue for the year 2013. In 2013, the Group's five largest customers accounted for 37% of our revenue. To the best knowledge of the Directors, there is no Directors or any of their associates or any shareholder who holds more than 5% of the ordinary shares of the Company has any interests in the suppliers or customers disclosed above save and except a steam supplier, namely Jinshanqiao Cogeneration Plant, in which Mr. Zhu Gongshan and Mr. Zhu Yufeng, both Directors of the Company have interest. Details of the steam supply from Jinshanqiao Cogeneration Plant was set out under the section headed of "Continuing Connected Transactions" of this report on page 52 to 53.

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.

Related Party Transactions

Details of the related party transactions undertaken in normal course of business are set out in note 53 to the consolidated financial statements. All related party transactions were constituted connected transactions/continuing connected transactions under the Listing Rules and that they have complied with the disclosure requirements in accordance with chapter 14A of the Listing Rules other than a continuing connected transaction in connection with utility supply to Konca Solar from Wuxi Hui Lian.

Public Float

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

Auditor

The consolidated financial statements for the year ended 31 December 2013 have been audited by Messrs. Deloitte Touche Tohmatsu who will retire on conclusion of the forthcoming annual general meeting. A resolution for re-appointment of Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting.

Post Balance Sheet Events

Details of the post balance events of the Group are set out in the note 51 to the consolidated financial statements.

On behalf of the Board
Zhu Gongshan
Chairman

Hong Kong, 13 March 2014

Deloitte.
德勤

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

We have audited the consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 63 to 178, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013 and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
13 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	NOTES	2013 HK$'000	2012 HK$'000
Revenue	6	**25,530,002**	22,348,026
Cost of sales		**(22,490,373)**	(20,598,931)
Gross profit		**3,039,629**	1,749,095
Other income	7	**965,126**	783,826
Distribution and selling expenses		**(42,148)**	(95,593)
Administrative expenses		**(1,785,594)**	(1,899,497)
Finance costs	8	**(2,415,617)**	(2,309,342)
Other expenses, gains and losses	9	**(457,724)**	(1,486,144)
Share of loss of joint ventures	19	**(5,253)**	(7,165)
Share of profit of associates	20	**21,370**	3,412
Gain on disposal of an associate	20(b)	**424,498**	—
Loss before tax		**(255,713)**	(3,261,408)
Income tax expense	10	**(190,092)**	(123,876)
Loss for the year	11	**(445,805)**	(3,385,284)
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Exchange differences arising from translation to presentation currency		**558,293**	(27,371)
Item that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investment		**63,234**	—
Total comprehensive income (expense) for the year		**175,722**	(3,412,655)
(Loss) profit for the year attributable to:			
Owners of the Company		**(664,263)**	(3,515,515)
Non-controlling interests		**218,458**	130,231
		(445,805)	(3,385,284)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**(95,414)**	(3,542,638)
Non-controlling interests		**271,136**	129,983
		175,722	(3,412,655)
		HK cents	HK cents
Loss per share	14		
Basic		**(4.29)**	(22.71)
Diluted		**(4.29)**	(22.71)

Consolidated Statement of Financial Position

At 31 December 2013

	NOTES	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**43,995,130**	42,232,520
Prepaid lease payments	16	**1,811,084**	1,727,257
Goodwill	17	**652,326**	675,650
Other intangible assets	18	**200,683**	222,967
Interests in joint ventures	19	**341,362**	215,606
Interests in associates	20	**194,673**	235,600
Available-for-sale investment	21	**291,818**	—
Convertible bonds receivable	22	**246,426**	—
Deferred tax assets	23	**15,541**	—
Deposits for acquisitions of property, plant and equipment and prepaid lease payments		**673,697**	134,184
Pledged bank deposits	30	**162,509**	205,723
		48,585,249	45,649,507
CURRENT ASSETS			
Inventories	24	**1,656,867**	2,247,825
Project assets	25	**804,720**	1,177,410
Trade and other receivables	26	**11,057,441**	8,681,408
Amounts due from related companies	27	**118,946**	176,777
Loan to a related company	28	**66,949**	79,916
Prepaid lease payments	16	**42,653**	39,809
Tax recoverable		**48,282**	208,870
Held for trading investment	29	**12,470**	15,453
Pledged and restricted bank deposits	30	**8,080,217**	5,014,867
Bank balances and cash	30	**6,168,814**	4,495,575
		28,057,359	22,137,910
Assets classified as held for sale	31	**—**	31,009
		28,057,359	22,168,919
CURRENT LIABILITIES			
Trade and other payables	32	**13,737,306**	9,127,716
Amounts due to related companies	33	**734,880**	130,304
Advances from customers	34	**955,402**	810,571
Bank borrowings — due within one year	36	**24,915,536**	19,705,114
Obligations under finance leases — due within one year	37	**654,197**	464,479
Notes payables — due within one year	38	**761,330**	—
Deferred income		**121,066**	113,604
Tax payables		**165,185**	87,621
		42,044,902	30,439,409
NET CURRENT LIABILITIES		**(13,987,543)**	(8,270,490)
TOTAL ASSETS LESS CURRENT LIABILITIES		**34,597,706**	37,379,017

Consolidated Statement of Financial Position

At 31 December 2013

	NOTES	2013 HK$'000	2012 HK$'000
NON-CURRENT LIABILITIES			
Advances from customers	34	**1,093,415**	1,736,398
Bank borrowings — due after one year	36	**8,340,370**	12,817,239
Obligations under finance leases — due after one year	37	**1,416,322**	865,391
Notes payables — due after one year	38	**3,161,449**	3,058,808
Convertible bonds payable	39	**1,542,012**	—
Deferred income		**620,847**	616,354
Deferred tax liabilities	23	**418,205**	514,367
		16,592,620	19,608,557
NET ASSETS		**18,005,086**	17,770,460
CAPITAL AND RESERVES			
Share capital	40	**1,548,322**	1,547,607
Reserves		**14,597,738**	14,662,420
Equity attributable to owners of the Company		**16,146,060**	16,210,027
Non-controlling interests		**1,859,026**	1,560,433
TOTAL EQUITY		**18,005,086**	17,770,460

The consolidated financial statements on pages 63 to 178 were approved and authorised for issue by the Board of Directors on 13 March 2014 and are signed on its behalf by:

DIRECTOR

DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to owners of the Company												
	Share capital HK$'000	Other reserve HK$'000 (Note i)	Share premium HK$'000	Capital reserve HK$'000 (Note ii)	Statutory reserve fund HK$'000 (Note iii)	Special reserves HK$'000 (Note iv)	Share options reserve HK$'000	Revaluation reserve HK$'000	Translation reserve HK$'000	Accumulated profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2012	1,547,096	2,430,041	7,762,512	62,470	1,617,666	(2,680,931)	101,165	—	1,338,898	8,388,193	20,567,110	1,567,022	22,134,132
Exchange differences arising from translation to presentation currency	—	—	—	—	—	—	—	—	(27,123)	—	(27,123)	(248)	(27,371)
(Loss) profit for the year	—	—	—	—	—	—	—	—	—	(3,515,515)	(3,515,515)	130,231	(3,385,284)
Total comprehensive (expense) income for the year	—	—	—	—	—	—	—	—	(27,123)	(3,515,515)	(3,542,638)	129,983	(3,412,655)
Recognition of share-based payment expenses in respect of share options (note 50)	—	—	—	—	—	—	41,988	—	—	—	41,988	—	41,988
Exercise of share options	511	(31)	3,883	—	—	—	(1,105)	—	—	—	3,258	—	3,258
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	404,725	404,725
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(549,902)	(549,902)
Dividend recognised as distribution (note 13)	—	—	(851,086)	—	—	—	—	—	—	—	(851,086)	—	(851,086)
Dilution of equity interest in a subsidiary	—	—	—	—	—	—	—	—	—	(8,605)	(8,605)	8,605	—
Transfer to reserves	—	—	—	—	37,761	—	—	—	—	(37,761)	—	—	—
At 31 December 2012	1,547,607	2,430,010	6,915,309	62,470	1,655,427	(2,680,931)	142,048	—	1,311,775	4,826,312	16,210,027	1,560,433	17,770,460
Exchange differences arising from translation to presentation currency	—	—	—	—	—	—	—	—	505,615	—	505,615	52,678	558,293
Fair value change of available-for-sale investment	—	—	—	—	—	—	—	63,234	—	—	63,234	—	63,234
(Loss) profit for the year	—	—	—	—	—	—	—	—	—	(664,263)	(664,263)	218,458	(445,805)
Total comprehensive income (expense) for the year	—	—	—	—	—	—	—	63,234	505,615	(664,263)	(95,414)	271,136	175,722
Recognition of share-based payment expenses in respect of share options (note 50)	—	—	—	—	—	—	25,943	—	—	—	25,943	—	25,943
Exercise of share options	715	—	6,942	—	—	—	(2,153)	—	—	—	5,504	—	5,504
Forfeitures of share options	—	(1,601)	—	—	—	—	(17,823)	—	—	19,424	—	—	—
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	125,418	125,418
Acquisition of subsidiary (note 41)	—	—	—	—	—	—	—	—	—	—	—	3,063	3,063
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(101,024)	(101,024)
Transfer to reserves	—	—	—	—	102,877	—	—	—	—	(102,877)	—	—	—
At 31 December 2013	1,548,322	2,428,409	6,922,251	62,470	1,758,304	(2,680,931)	148,015	63,234	1,817,390	4,078,596	16,146,060	1,859,026	18,005,086

Notes:

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

Movement in 2012 was arising from the exercise of share options which were granted before the reverse acquisition by GCL Solar in 2009. When these share options were exercised, the amount previously recognised in share options reserve (currently included in other reserve) was transferred to share premium.

(ii) Capital reserve represents the amount of contribution from immediately holding company of GCL Solar of US$15,009,000 (equivalent to HK$117,070,000) net of the 500,000 ordinary shares of GCL Solar repurchased for a consideration of US$7,000,000 (equivalent to HK$54,600,000) and cancelled prior to 2009.

(iii) Pursuant to the relevant laws in the PRC, each of the subsidiaries established in the PRC is required to transfer 5%–10% (2012: 5%–10%) of its profit after tax as per statutory financial statements (as determined by the management of the subsidiary) to the reserve fund (including the general reserve fund and enterprise development fund where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the subsidiary. The enterprise development fund can only be used for development and is not available for distribution to shareholder.

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES		
Loss before tax	**(255,713)**	(3,261,408)
Adjustments for:		
Finance costs	**2,415,617**	2,309,342
Interest income	**(211,770)**	(189,370)
Depreciation of property, plant and equipment	**3,315,121**	2,744,721
Amortisation of prepaid lease payments	**42,704**	37,204
Amortisation of other intangible assets	**28,930**	47,384
Amortisation of deferred income	**(109,241)**	(87,102)
Loss on disposal of property, plant and equipment	**70**	20,128
Share of loss of joint ventures	**5,253**	7,165
Share of profit of associates	**(21,370)**	(3,412)
Share-based payment expenses	**25,943**	41,988
Waiver of other payables	**(22,151)**	(8,943)
Loss on fair value change of held for trading investment	**2,208**	6,483
Gain on fair value change of convertible bonds receivable	**(6,722)**	—
Gain on fair value change of convertible bonds payable	**(17,969)**	—
Gain on disposal of an associate	**(424,498)**	—
Impairment loss on trade and other receivables	**51,220**	129,656
Impairment loss on inventories	**1,001**	284,443
Impairment loss on property, plant and equipment	**257,192**	865,354
Impairment loss on interest in joint ventures	**—**	23,396
Impairment loss on other intangible assets	**—**	14,244
Impairment loss on deposits for acquisitions of property, plant and equipment and prepaid lease payments	**7,356**	60,849
Impairment loss on goodwill	**43,780**	318,656
Discount on acquisition of a subsidiary	**—**	(151)
Operating cash flows before movements in working capital	**5,126,961**	3,360,627
Decrease in inventories	**664,986**	253,307
Decrease (increase) in project assets	**403,222**	(23,638)
Increase in trade and other receivables	**(1,966,552)**	(1,685,301)
Decrease (increase) in amounts due from related companies	**54,812**	(99,789)
Increase in trade and other payables	**4,247,786**	1,317,672
Increase (decrease) in amounts due to related companies	**611,817**	(15,890)
Decrease in advances from customers	**(568,946)**	(564,553)
Increase (decrease) in deferred income	**10,802**	(25,463)
Cash generated from operations	**8,584,888**	2,516,972
Income taxes paid	**(77,701)**	(190,589)
NET CASH FROM OPERATING ACTIVITIES	**8,507,187**	2,326,383

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	NOTE	2013 HK$'000	2012 HK$'000
INVESTING ACTIVITIES			
Addition of property, plant and equipment		**(3,454,263)**	(3,828,091)
Addition of prepaid lease payments		**(25,291)**	(611,369)
Addition of other intangible assets		**(119)**	(79,946)
Acquisition of subsidiaries	41	**(3,187)**	(451,066)
Investments in joint ventures		**(127,996)**	(105,388)
Investments in associates		**—**	(48,000)
Interest received		**187,985**	189,012
Withdrawal of pledged and restricted bank deposits		**5,228,636**	3,948,323
Placement of pledged and restricted bank deposits		**(8,043,383)**	(4,810,327)
Repayment from related companies		**171,792**	165,744
Advances to related companies		**(165,903)**	(183,392)
Receipt of repayment from entrusted loans receivable		**62,617**	62,423
Addition of entrusted loans receivable		**(250,470)**	(61,440)
Deposits paid for acquisitions of property, plant and equipment and prepaid lease payments		**(565,140)**	(22,307)
Dividend received from associates		**46,402**	34,807
Proceeds from disposal of property, plant and equipment		**149,491**	128,205
Proceeds from disposal of assets held for sales		**31,487**	—
Receipt of government grants related to depreciable assets		**89,262**	362,102
NET CASH USED IN INVESTING ACTIVITIES		**(6,668,080)**	(5,310,710)
FINANCING ACTIVITIES			
Interest paid		**(2,414,968)**	(2,222,437)
New bank borrowings raised		**29,400,502**	23,570,923
Repayment of bank borrowings		**(29,680,190)**	(20,459,936)
Proceeds from sale and finance lease back arrangements		**535,351**	69,295
Repayment of obligations under finance leases		**(513,019)**	(445,230)
Proceeds from issuance of convertible bonds payable		**1,550,680**	—
Proceeds from issuance of notes payables		**748,351**	1,217,744
Proceeds from exercise of share options		**5,504**	3,258
Contribution from non-controlling interests		**125,418**	404,725
Dividends paid to non-controlling interests		**(86,402)**	(575,584)
Dividends paid to the owners of the Company		**—**	(851,086)
Repayment to related companies		**—**	(94,896)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(328,773)**	616,776
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,510,334**	(2,367,551)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**4,495,575**	6,882,663
Effect of foreign exchange rate change		**162,905**	(19,537)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER represented by bank balances and cash		**6,168,814**	4,495,575

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company collectively the "Group"), associates and joint ventures are principally engaged in manufacturing of polysilicon and wafers for the solar industry development, management and operation of environmental friendly power plants and trading of coal.

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

2. BASIS OF PREPARATION

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

The Group incurred losses of HK$446 million from operations for the year ended 31 December 2013, and the Group's current liabilities exceeded its current assets by HK$13,988 million as at 31 December 2013. As at the same date, the Group had cash and cash equivalents of HK$6,169 million with bank borrowings due within one year amounted to HK$24,916 million.

In addition to the Group's current undrawn banking facilities and renewable bank borrowings, in order to improve liquidity, the Group has negotiated with certain banks, who have indicated that they do not foresee any reasons to withdraw the existing facilities in the foreseeable future, and will continue to negotiate with other banks to obtain revolving banking facilities to ensure the Group's bank borrowings can be renewed on an on-going basis. The Directors believe that the Group will be able to renew the banking facilities upon maturity dates.

The Directors are of the opinion that, taking into account the above undrawn banking facilities, renewal of existing banking facilities and the Group's cash flow projection for the coming year, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

(a) Application of new and revised IFRSs

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") for the first time in the current year:

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

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

Amendments to IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IFRS 7 *Disclosures — Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to IFRS 7 require entities to disclose information about:

- recognised financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*; and

- recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32.

The amendments to IFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements but has resulted in more disclosures relating to the Group's offsetting arrangements. Detailed disclosures are set out in note 45.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

(a) Application of new and revised IFRSs *(Continued)*

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, IAS 27 (as revised in 2011) *Separate Financial Statements* and IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding transitional guidance.

IAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

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

Impact of the application of IFRS 10

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC-Int 12 *Consolidation — Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

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

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

(a) Application of new and revised IFRSs *(Continued)*

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

Impact of the application of IFRS 11

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

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

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

Impact of the application of IFRS 12

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see notes 19, 20 and 54 for details).

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

(a) Application of new and revised IFRSs *(Continued)*

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

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of IFRS 13 is broad: the fair value measurement requirements of IFRS 13 apply 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 for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value.

IFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application. In accordance with the transitional provisions of IFRS 13, the Group has not made any new disclosures required by IFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

(a) Application of new and revised IFRSs *(Continued)*

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

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to IAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Furthermore, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

(b) New and revised IFRSs issued but not yet effective

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

Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[1]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[2]
IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[2]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle[3]
IFRIC 21	Levies[2]

1 Available for application — the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised.

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

3 Effective for annual periods beginning on or after 1 July 2014.

4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

5 Effective for first annual IFRS financial statements beginning on or after 1 January 2016.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

(b) New and revised IFRSs issued but not yet effective *(Continued)*

Annual Improvements to IFRSs 2010–2012 Cycle

The Annual Improvements to IFRSs 2010–2012 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Directors do not anticipate that the application of the amendments included in the Annual Improvements to IFRSs 2010–2012 Cycle will have a material effect on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

(b) New and revised IFRSs issued but not yet effective *(Continued)*

Annual Improvements to IFRSs 2011–2013 Cycle

The Annual Improvements to IFRSs 2011–2013 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of IAS 40; and
- the transaction meets the definition of a business combination under IFRS 3.

The Directors do not anticipate that the application of the amendments included in the Annual Improvements to IFRSs 2011–2013 Cycle will have a material effect on the Group's consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

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.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

(b) New and revised IFRSs issued but not yet effective *(Continued)*

IFRS 9 Financial Instruments (Continued)

- 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.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

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

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting 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 have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

The Directors do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

(b) New and revised IFRSs issued but not yet effective *(Continued)*

Amendments to IAS 32 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 Directors do not anticipate that the application of these amendments to IAS 32 will have a significant impact on the Group's consolidated financial statements.

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The principal accounting policies are set out below.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

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

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

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

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint control over the joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

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

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

Revenue from sales of goods and scrap materials are recognised when the goods are delivered and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales agreements typically do not contain product warranties except for return and replacement of defective products within 30 days from delivery. Sales agreements do not contain any post-shipment obligations or any other return or credit provisions.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

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

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

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

Property, plant and equipment

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Prepaid lease payments

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

Leasing

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

The Group as lessor

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

The Group as lessee

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

Leasehold land and building

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

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

Sale and leaseback resulting in a finance lease

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

Foreign currencies

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Translation of functional currency to presentation currency

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

Borrowing costs

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

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

Retirement benefit costs

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

Intangible assets

Intangible assets acquired separately

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets *(Continued)*

Research and development expenditure

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

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

Intangible assets acquired in a business combination

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

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

Inventories

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

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

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

Financial assets

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

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial assets is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest earned on the financial assets and is included in the other expense, gain and losses line item. Fair value is determined in the manner described in note 44.

Loans and receivables

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

Interest income is recognised by applying the effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Group designated certain items as AFS financial assets on initial recognition of equity instruments of a listed company, please refer to note 21.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

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

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include, but not limited to, the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days.

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

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

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of revaluation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

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

Equity instruments

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

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

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

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL (Continued)

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities and is included in the other expense, gain and losses line item. Fair value is determined in the manner described in note 44.

Other financial liabilities

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis other than those financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

Convertible bonds payable

At the date of issue, the Directors have designated convertible bonds payable as at FVTPL and initially recognised at fair value. In subsequent periods, the convertible bonds payable measured at fair value with changes in fair value recognised in profit or loss. Transaction costs relating to the issuance of the convertible bonds payable are charged to profit or loss immediately.

Financial guarantee contracts

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

A financial guarantee contract issued by the Group and not designated as at FVTPL. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

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

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

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

Share-based payment arrangements

Share options granted to employees

For grants of share options that are conditional upon satisfying specified vesting condition, the fair value of services received determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

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

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit and loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

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

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

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than previously estimated, a material impairment loss may arise. As at 31 December 2013, the carrying amount of goodwill is HK$652,326,000 (2012: HK$675,650,000), net of accumulated impairment loss of HK$591,735,000 (2012: HK$530,666,000). Details of the recoverable amount calculation are disclosed in note 17.

Useful lives and impairment of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are expected to be shorter than previously estimated, or it will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold.

Determining whether certain property, plant and equipment is impaired requires an estimation of the value in use of those property, plant and equipment. The value in use calculation requires the Group to estimate the future cash flows expected to arise from respective property, plant and equipment and a suitable discount rate in order to calculate the present value. During the current year, impairment losses of HK$257,192,000 (2012: HK$865,354,000) are recognised in profit or loss. Where the actual future cash flows are less than expected due to unfavourable changes in the major assumptions adopted in the Group's estimation, such as market demand, utilisation rate of the Group's production plants and unit production cost, a material impairment loss may arise.

As at 31 December 2013, the carrying amount of property, plant and equipment is HK$43,995,130,000 (2012: HK$42,232,520,000), net of accumulated depreciation and impairment of HK$11,792,419,000 (2012: HK$7,929,351,000).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

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

Where there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2013, the carrying amount of trade and other receivables is HK$11,057,441,000 (2012: HK$8,681,408,000), net of allowance for doubtful debts of HK$191,738,000 (2012: HK$136,439,000). Additionally, as at 31 December 2013, the carrying amount due from related companies is HK$118,946,000 (2012: HK$176,777,000, net of impairment loss on amount due from an associate).

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

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

As disclosed in note 21, the available-for-sale investment has a twelve-month lock-up period and assumptions are made based on quoted market price adjusted for a discount in developing the valuation of the investment. As at 31 December 2013, the fair value of the available-for-sale investment is approximately HK$291,818,000 (2012: Nil).

As disclosed in note 22, the estimation of fair value of the convertible bonds receivable may include some assumptions not supported by observable market prices or rates, including the volatility of the share price of the issuer and its comparable entities for the relevant period, dividend yields, discount rate, the possibility to satisfy the Profit Guarantee Requirement (as defined in note 21), which is determined based on the management's expectations for the market development. As at 31 December 2013, the fair value of convertible bonds receivable was approximately HK$246,426,000 (2012: Nil).

As disclosed in note 39, the estimation of fair value of the convertible bonds payable may include some assumptions not supported by observable market prices or rates, including the volatility of the share price of the Company dividend yields, discount rate, which is determined based on the management's expectations for the market development. As at 31 December 2013, the fair value of convertible bonds payable was approximately HK$1,542,012,000 (2012: Nil).

Note 44 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities. Any change of these inputs and assumptions would impact the assessment of the fair value of the instruments.

6. 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.

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

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

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

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

6. SEGMENT INFORMATION *(Continued)*

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 2013

	Solar material business HK$'000	Power business HK$'000	Overseas solar power plant business HK$'000	Total HK$'000
Segment revenue				
Revenue	18,526,729	6,712,588	709,419	25,948,736
Inter-segment sale (Note a)	(405,964)	(3,137)	(9,633)	(418,734)
Revenue from external customers	18,120,765	6,709,451	699,786	25,530,002
Segment (loss) profit	(1,259,249)	568,532	(44,944)	(735,661)
Unallocated income				52,475
Unallocated expense				(85,038)
Fair value adjustments (Note b)				(54,839)
Share-based payment expenses				(25,943)
Impairment loss on goodwill				(43,780)
Gain on disposal of an associate				424,498
Gain on fair value change of convertible bonds receivable				6,722
Gain on fair value change of convertible bonds payable				17,969
Loss on fair value change of held for trading investment				(2,208)
Loss for the year				(445,805)

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Year ended 31 December 2012

	Solar material business HK$'000	Power business HK$'000	Overseas solar power plant business HK$'000	Total HK$'000
Segment revenue				
Revenue	14,023,477	5,812,988	2,652,168	22,488,633
Inter-segment sales (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 expenses				(19,137)
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 change of held for trading investment				(6,483)
Loss for the year				(3,385,284)

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

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4.

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	2013 HK$'000	2012 HK$'000
Segment assets		
Solar material business	55,990,207	51,843,272
Power business	14,217,929	10,817,481
Overseas solar power plant business	2,296,675	2,574,079
Total segment assets	72,504,811	65,234,832
Fair value adjustments (Note)	553,464	600,207
Goodwill	652,326	675,650
Available-for-sale investment	291,818	—
Convertible bonds receivable	246,426	—
Unallocated bank balances and cash	1,901,658	845,891
Unallocated corporate assets	492,105	461,846
Consolidated total assets	76,642,608	67,818,426

	2013 HK$'000	2012 HK$'000
Segment liabilities		
Solar material business	45,932,457	41,088,630
Power business	8,522,747	6,472,154
Overseas solar power plant business	1,652,783	1,429,938
Total segment liabilities	56,107,987	48,990,722
Fair value adjustments (Note)	141,609	148,174
Convertible bonds payable	1,542,012	—
Unallocated bank borrowings	517,046	833,034
Unallocated corporate liabilities	328,868	76,036
Consolidated total liabilities	58,637,522	50,047,966

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

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

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

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

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

Other segment information

Year ended 31 December 2013

	Solar material business HK$'000	Power business HK$'000	Overseas solar power plant business HK$'000	Unallocated HK$'000	Fair value adjustment HK$'000 (Note)	Total HK$'000
Amount included in the measure of segment profit or loss or segment assets:						
Addition to joint ventures	—	—	127,996	—	—	127,996
Addition to property, plant and equipment, prepaid lease payments and other intangible assets						
— arising from acquisition of subsidiary	—	2,579	—	—	—	2,579
— other additions	1,777,884	2,453,335	11,044	—	—	4,242,263
Depreciation of property, plant and equipment	(2,778,250)	(453,847)	(30,341)	(30,959)	(36,605)	(3,330,002)
Amortisation of prepaid lease payments	(26,749)	(6,837)	—	—	(9,118)	(42,704)
Amortisation of other intangible assets	(10,139)	—	—	—	(18,791)	(28,930)
Loss on disposal of property, plant and equipment	(387)	317	—	—	—	(70)
Impairment loss on inventories	(1,001)	—	—	—	—	(1,001)
Impairment loss on trade and other receivables	(34,391)	(13,557)	(3,272)	—	—	(51,220)
Finance costs	(1,987,680)	(344,375)	(35,640)	(47,922)	—	(2,415,617)
Impairment loss on property, plant and equipment	(239,013)	—	(18,179)	—	—	(257,192)
Impairment loss on deposits for acquisitions of property, plant and equipment and prepaid lease payments	(7,356)	—	—	—	—	(7,356)
Research and development expenses	(223,455)	—	—	—	—	(223,455)
Sales of project assets (included in segment revenue)	—	—	600,370	—	—	600,370
Income tax credit (expense)	38,492	(232,184)	(6,075)	—	9,675	(190,092)
Interests in joint ventures	—	—	341,362	—	—	341,362
Interests in associates	—	194,673	—	—	—	194,673

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

6. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

Year ended 31 December 2012

	Solar material business HK$'000	Power business HK$'000	Overseas solar power plant business HK$'000	Unallocated HK$'000	Fair value adjustment HK$'000 (Note)	Total HK$'000
Amount included in the measure of segment profit or loss or segment assets:						
Addition to joint ventures	—	—	105,388	—	—	105,388
Addition to associates	—	48,000	—	—	—	48,000
Addition to property, plant and equipment, prepaid lease payments and other intangible assets						
— arising from acquisitions of subsidiaries	273,497	404,164	—	—	139,752	817,413
— other additions	3,580,343	1,105,761	23,972	453,886	—	5,163,962
Depreciation of property, plant and equipment	(2,614,392)	(381,257)	(26,052)	(12,627)	(15,832)	(3,050,160)
Amortisation of prepaid lease payments	(23,275)	(7,141)	—	—	(6,788)	(37,204)
Amortisation of other intangible assets	(20,050)	(912)	—	—	(26,422)	(47,384)
Loss on disposal of property, plant and equipment	(18,203)	(1,925)	—	—	—	(20,128)
Impairment loss on inventories	(284,443)	—	—	—	—	(284,443)
Impairment loss on trade and other receivables	(128,799)	(857)	—	—	—	(129,656)
Finance costs	(1,983,638)	(296,178)	(27,494)	(2,032)	—	(2,309,342)
Impairment loss on property, plant and equipment	(850,306)	(246)	—	—	(14,802)	(865,354)
Impairment loss on other intangible assets	(6,030)	(8,214)	—	—	—	(14,244)
Impairment loss on deposits for acquisitions of property, plant and equipment and prepaid lease payments	(60,849)	—	—	—	—	(60,849)
Research and development expenses	(195,331)	—	—	—	—	(195,331)
Income tax credit (expense)	43,189	(152,500)	(30,763)	—	16,198	(123,876)
Sales of project assets (included in segment revenue	—	—	2,580,569	—	—	2,580,569
Interests in joint ventures	—	—	215,606	—	—	215,606
Interests in associates	—	235,600	—	—	—	235,600

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

6. SEGMENT INFORMATION *(Continued)*

Revenue from major products

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

	2013 HK$'000	2012 HK$'000
Sales of wafer	14,699,723	10,918,717
Sales of electricity	3,911,128	3,501,462
Sales of polysilicon	2,199,555	2,025,100
Sales of steam	1,881,216	1,887,558
Sales of coal	995,321	489,657
Sales of project assets	600,370	2,580,569
Others (comprise the sales of ingot, module and processing fees)	1,242,689	944,963
	25,530,002	22,348,026

Geographical information

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

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

	Revenue from external customers		Non-current assets	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
The PRC	20,731,480	16,210,156	46,423,061	44,074,356
Taiwan	2,435,145	2,145,730	—	—
Germany	1,244,067	741,692	—	—
The USA	761,454	3,216,108	1,016,187	924,697
Japan	289,329	—	—	—
Hong Kong	—	16,644	429,707	444,731
Others	68,527	17,696	—	—
	25,530,002	22,348,026	47,868,955	45,443,784

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

6. SEGMENT INFORMATION *(Continued)*

Information about major customers

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

	2013 HK$'000	2012 HK$'000
Customer A[1]	3,832,913	3,425,135
Customer B[2]	N/A[3]	2,580,569

[1] Revenue from power business.

[2] Revenue from solar material business.

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

7. OTHER INCOME

	2013 HK$'000	2012 HK$'000
Government grants (note 35)	222,650	285,940
Sales of scrap materials	221,322	137,343
Bank interest income	208,285	182,926
Waste processing management fee	82,031	59,311
Management and consultancy fee income	50,575	33,703
Sales commission	60,584	—
Waiver of other payables	22,151	8,943
Interest income from related companies	3,485	6,444
Others	94,043	69,216
	965,126	783,826

8. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest on:		
Bank borrowings		
— wholly repayable within five years	**1,574,338**	1,878,451
— not wholly repayable within five years	**57,911**	19,605
Discounted bills	**445,574**	242,281
Obligations under finance leases	**98,012**	108,580
Notes payables and convertible bonds payable	**279,580**	196,491
Loans from related companies	**—**	3,425
Total borrowing costs	**2,455,415**	2,448,833
Less: Interest capitalised	**(39,798)**	(139,491)
	2,415,617	2,309,342

9. OTHER EXPENSES, GAINS AND LOSSES

	2013 HK$'000	2012 HK$'000
Research and development costs	**223,455**	195,331
Impairment loss on property, plant and equipment	**257,192**	865,354
Impairment loss on goodwill	**43,780**	318,656
Impairment loss on deposits for acquisitions of property, plant and equipment and prepaid lease payments	**7,356**	60,849
Impairment loss on interests in joint ventures	**—**	23,396
Impairment loss on other intangible assets	**—**	14,244
Gain on fair value change of convertible bonds receivable	**(6,722)**	—
Gain on fair value change of convertible bonds payable	**(17,969)**	—
Loss on fair value change of held for trading investment	**2,208**	6,483
Exchange (gain) loss, net	**(51,576)**	1,982
Discount on acquisition of a subsidiary	**—**	(151)
	457,724	1,486,144

10. INCOME TAX EXPENSE

	2013 HK$'000	2012 HK$'000
PRC Enterprise Income Tax ("EIT")		
Current tax	**271,306**	195,139
Overprovisions in prior years	**(46,173)**	(72,816)
	225,133	122,323
USA Federal and State Income Tax		
Current tax	**127**	30,762
Overprovisions in prior years	**(3,035)**	—
	(2,908)	30,762
Hong Kong Profits Tax — Current tax	**26,656**	8,051
Others jurisdictions	**236**	—
PRC withholding tax	**66,802**	54,296
Deferred tax (note 23)	**(125,827)**	(91,556)
	190,092	123,876

The PRC EIT 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. The overprovisions of EIT in prior years arose mainly as a result of completion of tax clearance procedures by certain PRC subsidiaries with the respective tax authorities.

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

Certain subsidiaries operating in the PRC 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 current year. The qualification as a High and New Technology Enterprise will be subject to annual review by the relevant government authorities in the PRC.

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

Federal and State tax rates in the USA are calculated at 35% and 8%, respectively for the both years.

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 ("BVI"), respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008. Accordingly, a reversal of provision for deferred taxation of HK$100,852,000 (note 23) (2012: HK$118,266,000) in respect of withholding tax on undistributed profits has been credited to profit or loss during the current year.

10. INCOME TAX EXPENSE *(Continued)*

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

	2013 HK$'000	2012 HK$'000
Loss before tax	**(255,713)**	(3,261,408)
Tax at PRC EIT rate of 25%	**(63,928)**	(815,352)
Tax effect of other expenses not deductible for tax purpose	**253,743**	205,502
Tax effect of income not taxable for tax purpose	**(52,035)**	(63,612)
Tax effect of gain on disposal of an associate	**(106,125)**	—
Tax effect of share of profit of associates	**(5,343)**	(853)
Tax effect of share of loss of joint ventures	**1,313**	1,791
Tax effect of impairment loss on goodwill	**10,945**	79,664
Tax effect of temporary difference not recognised	**74,221**	312,071
Tax effect of tax losses not recognised	**370,633**	561,908
Utilisation of tax losses previously not recognised	**(157,194)**	(7,670)
Effect of additional tax deduction for procuring domestic plant and machinery in the PRC	**(17,701)**	(21,784)
Effect of tax exemption and tax concessions granted to certain subsidiaries in the PRC	**(6,034)**	(704)
Effect of different tax rates of group companies	**(29,145)**	9,701
Withholding tax	**(34,050)**	(63,970)
Overprovision in prior years	**(49,208)**	(72,816)
Income tax expense for the year	**190,092**	123,876

11. LOSS FOR THE YEAR

	2013 HK$'000	2012 HK$'000
Loss for the year has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**1,899,213**	1,700,549
Retirement benefit scheme contributions	**55,970**	56,892
Share-based payment expenses	**25,943**	41,988
Total staff costs	**1,981,126**	1,799,429
Depreciation of property, plant and equipment	**3,330,002**	3,050,160
Amortisation of prepaid lease payments	**42,704**	37,204
Amortisation of other intangible assets (included in cost of sales and administrative expenses)	**28,930**	47,384
Total depreciation and amortisation	**3,401,636**	3,134,748
Less: Amounts included in inventories	**(14,881)**	(305,439)
Total of depreciation and amortisation charged to profit or loss	**3,386,755**	2,829,309
Auditor's remuneration	**10,581**	18,891
Cost of inventories recognised as cost of sales	**20,890,304**	17,146,562
Cost of project assets recognised as cost of sales	**568,758**	2,363,681
Impairment loss on inventories (included in cost of sales)	**1,001**	284,443
Impairment loss on trade and other receivables (included in administrative expenses)	**51,220**	129,656
Loss on disposal of property, plant and equipment	**70**	20,128

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

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

(a) Directors' and chief executive's emoluments

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

Year ended 31 December 2013

Name of director	Directors' fee HK$'000	Bonuses HK$'000	Salaries and other benefit HK$'000	Retirement benefits scheme contributions HK$'000	Share-based payment HK$'000	Total HK$'000
Mr. ZHU Gongshan	—	—	4,250	—	—	4,250
Mr. JI Jun	—	—	1,275	59	2	1,336
Mr. SHU Hua	—	—	2,100	97	2	2,199
Mr. YU Baodong	—	—	1,870	86	2	1,958
Ms. SUN Wei	—	—	2,550	118	2	2,670
Mr. ZHU Yufeng	—	—	1,034	48	1	1,083
Ir. Dr. HO Raymond Chung Tai	380	—	—	—	144	524
Mr. XUE Zhongsu	180	—	—	—	144	324
Mr. YIP Tai Him	300	—	—	—	144	444
Mr. QIAN Zhixin (Note 1)	180	—	—	—	144	324
Mr. ZHANG Qing (Note 2)	—	—	—	—	—	—
Mr. ZHOU Yuan (Note 3)	—	—	—	—	—	—
	1,040	—	13,079	408	585	15,112

Note 1: Mr. Qian Zhixin resigned as an independent non-executive director on 8 January 2014.

Note 2: Ms. Zhang Qing resigned as a non-executive director on 14 January 2014.

Note 3: Ms. Zhou Yuan resigned as a non-executive director on 14 January 2014.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

Year ended 31 December 2012

Name of director	Directors' fee HK$'000	Bonuses HK$'000	Salaries and other benefit HK$'000	Retirement benefits scheme contributions HK$'000	Share-based payment HK$'000	Total HK$'000
Mr. ZHU Gongshan	—	3,000	5,000	—	—	8,000
Mr. JI Jun	—	100	1,498	69	247	1,914
Mr. SHU Hua	—	1,500	3,000	138	247	4,885
Mr. YU Baodong	—	800	2,200	102	247	3,349
Ms. SUN Wei	—	1,000	3,000	138	247	4,385
Mr. ZHU Yufeng	—	800	1,200	55	13	2,068
Ir. Dr. HO Raymond Chung Tai	368	—	—	—	255	623
Mr. QIAN Zhixin	176	—	—	—	255	431
Mr. XUE Zhongsu	176	—	—	—	255	431
Mr. YIP Tai Him	284	—	—	—	255	539
Mr. SHA Hongqiu (Note 1)	—	1,000	2,567	118	237	3,922
Mr. CHAU Kwok Man (Note 2)	—	—	—	—	—	—
Ms. BAI Xiaoqing (Note 3)	—	—	—	—	—	—
Mr. ZHANG Qing (Note 4)	—	—	—	—	—	—
Mr. ZHOU Yuan (Note 5)	—	—	—	—	—	—
	1,004	8,200	18,465	620	2,258	30,547

Note 1: Mr. Sha Hongqiu resigned as an executive director on 9 November 2012.

Note 2: Mr. Chau Kwok Man resigned as a non-executive director on 9 November 2012.

Note 3: Ms. Bai Xiaoqing resigned as a non-executive director on 12 March 2012.

Note 4: Mr. Zhang Qing was appointed as a non-executive director on 12 March 2012.

Note 5: Mr. Zhou Yuan was appointed as a non-executive director on 9 November 2012.

Mr. Zhu Gongshan is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

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

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

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2012: three) were directors and the chief executive of the Company whose emoluments are included in (a) above.

The emoluments of the remaining three individuals in 2013 (2012: two) were as follows:

	2013 HK$'000	2012 HK$'000
Salaries and other allowances	**7,783**	5,213
Retirement benefits scheme contributions	**389**	20
Share-based payment expense	**—**	40
	8,172	5,273

Their emoluments were within the following bands:

	2013 No. of employees	2012 No. of employees
Nil to HK$3,500,000	**3**	1
HK$4,500,001 to HK$5,000,000	**—**	1
	3	2

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

(c) Compensation of key management personnel

The remuneration of senior management personnel, including directors' and chief executive's remuneration during the year is as follows:

	2013 HK$'000	2012 HK$'000
Short-term benefits	17,728	30,252
Post-employment benefits	578	724
Share-based payments	587	2,298
	18,893	33,274

The remuneration of directors and other key management members is determined by the remuneration committee having regard to the performance of individuals and market trends.

The remunerations of each senior management who is not the director of the Company are within following bands:

	2013	2012
HK$0–HK$1,500,000	1	1
HK$2,000,001–HK$2,500,000	—	1
HK$2,500,001–HK$3,000,000	1	—
	2	2

13. DIVIDENDS

	2013 HK$'000	2012 HK$'000
Dividends recognised as distribution during the year: 2011 Final — HK5.5 cents per share	—	851,086

The Directors do not recommend the payment of a dividend for the current year.

On 28 May 2012, a final dividend of HK5.5 cents per share amounting to approximately HK$851,086,000 payable to shareholders of the year ended 31 December 2011 was approved at the annual general meeting of the Company and was paid on 20 July 2012.

14. LOSS PER SHARE

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

	2013 HK$'000	2012 HK$'000
Loss		
Loss for the purposes of calculation of basic and diluted loss per share		
— Loss for the year attributable to owners of the Company	(664,263)	(3,515,515)

	2013 '000	2012 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	15,479,604	15,475,299

Diluted loss per share for the years ended 31 December 2013 and 2012 did not assume the exercise of the share options and conversion of the convertible bonds payable since the exercise and conversion would decrease the loss per share for the year presented.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Plant and machinery HK$'000	Aircraft HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 January 2012	6,175,656	32,833,257	—	447,019	139,926	5,608,136	45,203,994
Additions	488,928	480,878	453,004	27,708	14,018	3,008,111	4,472,647
Transfer	1,049,748	5,296,688	—	979	1,302	(6,348,717)	—
Acquired on acquisition of subsidiaries	128,341	250,998	—	2,087	970	261,422	643,818
Disposals	(17,039)	(147,517)	—	(3,318)	(3,255)	—	(171,129)
Exchange realignment	5,360	17,583	1,676	46	31	(12,155)	12,541
At 31 December 2012	7,830,994	38,731,887	454,680	474,521	152,992	2,516,797	50,161,871
Additions	420,852	342,779	—	16,506	12,680	3,375,725	4,168,542
Acquired on acquisition of subsidiary	—	—	—	734	461	1,384	2,579
Transfer	112,704	2,297,636	—	1,068	—	(2,411,408)	—
Disposals	(23,922)	(141,183)	—	(4,276)	(8,098)	—	(177,479)
Exchange realignment	253,003	1,251,011	14,227	15,068	4,867	93,860	1,632,036
At 31 December 2013	8,593,631	42,482,130	468,907	503,621	162,902	3,576,358	55,787,549
DEPRECIATION/AND IMPAIRMENT							
At 1 January 2012	525,797	3,366,958	—	90,249	37,351	2,372	4,022,727
Provided for the year	367,927	2,586,468	12,583	57,050	26,132	—	3,050,160
Eliminated on disposals	(1,439)	(16,696)	—	(2,329)	(2,332)	—	(22,796)
Impairment losses recognised in profit or loss	—	606,320	—	1,019	—	258,015	865,354
Exchange realignment	1,291	11,336	47	195	83	954	13,906
At 31 December 2012	893,576	6,554,386	12,630	146,184	61,234	261,341	7,929,351
Provided for the year	321,995	2,892,940	30,779	58,855	25,433	—	3,330,002
Eliminated on disposals	(272)	(21,156)	—	(1,308)	(5,182)	—	(27,918)
Impairment losses recognised in profit or loss	—	163,222	—	1,416	1,083	91,471	257,192
Exchange realignment	32,993	252,568	877	5,496	2,250	9,608	303,792
At 31 December 2013	1,248,292	9,841,960	44,286	210,643	84,818	362,420	11,792,419
CARRYING VALUES							
At 31 December 2013	7,345,339	32,640,170	424,621	292,978	78,084	3,213,938	43,995,130
At 31 December 2012	6,937,418	32,177,501	442,050	328,337	91,758	2,255,456	42,232,520

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

Buildings	Over the shorter of lease terms or 3%–5%
Plant and machinery	5%–$6\frac{2}{3}$%
Aircraft	$6\frac{2}{3}$%
Office equipment	20%–33%
Motor vehicles	20%

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The carrying value of property, plant and equipment as at 31 December 2013 includes (i) an aircraft; (ii) plant and machinery located in the PRC; and (iii) solar farms in the USA held under sale and finance leaseback arrangements of approximately HK$424,621,000 (2012: HK$442,050,000), HK$2,199,856,000 (2012: HK$1,581,268,000) and HK$387,070,000 (2012: HK$416,279,000), respectively.

Due to the decline in the market price of solar material, the solar material business recognised a segment loss of HK$1,259,249,000 during the current year. With the impairment indicators identified, the Directors conducted a review of the recoverable amounts of the property, plant and equipment in the solar material business as at 31 December 2013 and recognised the following impairment loss:

(i) The recoverable amounts of the plant and machinery belonging to the production plant of polysilicon in the solar material business, with carrying amounts of HK$18,500,411,000 as at 31 December 2013, are determined based on a value in use calculation by the Directors. The calculation uses cash flow projections covering the useful lives of those property, plant and equipment in relation to the production of polysilicon based on a 5-year financial budgets approved by the Directors at a discount rate of 13.34% (2012: 13.43%). Cash flows beyond the five-year period are extrapolated using zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows include budgeted sales and gross margin. Such estimation is based on past performance and management's expectations for the market. As the value in use is lower than the carrying amounts of the related assets, as a result, an impairment loss of HK$144,582,000 (2012: HK$552,961,000) is recognised on property, plant and equipment in relation to the production of polysilicon accordingly.

(ii) Due to decline in profitability and downturn of the market for solar material business, primarily as a result of decrease in the market price of solar material, and cessation of the construction of certain production plants in the solar material business during the current year, the Directors determined to write-off the relevant assets. As a result, impairment losses of HK$94,431,000 (2012: HK$312,147,000) are recognised on those property, plant and equipment.

(iii) The recoverable amounts of the other wafer production plants in the solar material business, with carrying amount of HK$14,606,927,000 as at 31 December 2013, are determined based on a value in use calculation by the Directors. The calculation uses cash flow projections covering the useful lives of those property, plant and equipment in relation to the production of other wafer business based on a 5-years financial budget approved by management at a discount rate of 14.44% (2012: 14.75%). Cash flows beyond the five-year period are extrapolated using zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows include budgeted sales and gross margin. Such estimation is based on past performance and management's expectations for the market. Since the value in use exceeds the carrying amounts of the related assets, as a result, no impairment loss is provided accordingly (2012: Nil).

During the year, some solar plant projects that are under construction in the USA have reduced its planned capacities. As a result, impairment losses of HK$18,179,000 (2012: Nil) are recognised in relation to the excess construction cost incurred.

16. PREPAID LEASE PAYMENTS

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

	2013 HK$'000	2012 HK$'000
Analysed for reporting purposes as:		
Current asset	42,653	39,809
Non-current asset	1,811,084	1,727,257
	1,853,737	1,767,066

17. GOODWILL

	2013 HK$'000	2012 HK$'000
COST		
Balance at beginning of the year	1,206,316	1,206,067
Arising from acquisition of subsidiary (note 41)	—	397
Exchange realignment	37,745	(148)
Balance at end of the year	1,244,061	1,206,316
IMPAIRMENT		
Balance at beginning of the year	530,666	210,857
Impairment loss recognised in the year	43,780	318,656
Exchange realignment	17,289	1,153
Balance at end of the year	591,735	530,666
CARRYING VALUES		
Balance at end of the year	652,326	675,650

For the purpose of impairment testing, goodwill has been allocated to individual subsidiaries, each of which constitute a cash generating unit ("CGU"). The carrying amounts of goodwill (net of accumulated impairment losses) allocated to these CGUs are as follows:

	2013 HK$'000	2012 HK$'000
CGUs in Power Group	427,793	457,929
Konca Solar	224,533	217,721
	652,326	675,650

17. GOODWILL *(Continued)*

As at 31 December 2013, the Group carried out an annual goodwill impairment testing in relation to goodwill for each of these CGUs in the Power Group and Konca Solar.

During the current year, the actual operating profits and cash flows were lower than expected for certain CGUs in the Power Group. The management of the Group recognised an impairment loss of HK$43,780,000 (2012: HK$42,176,000) in relation to goodwill allocated to the Power Group.

The management determines there is no impairment for Konca Solar for the year ended 31 December 2013 as Konca Solar has been profitable and has strong financial position as at 31 December 2013 and therefore, the recoverable amounts exceed its carrying value. In 2012, the management recognised an impairment loss of HK$276,480,000 due to the deteriorating profitability and downturn of the wafer market.

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

The recoverable amounts of the CGUs in the Power Group and Konca Solar are determined based on a value in use calculation by the Directors by reference to the business valuation reports prepared by an independent professional qualified valuer, Jones Sallmanns, on the CGUs in the Power Group and Konca Solar as at 31 December 2013. That calculation uses cash flow projections based on a 5-years financial budgets approved by the Directors at a discount rate of 12.72% (2012: 12.35%) and 13.73% (2012: 14.75%) for the CGUs in the Power Group and Konca Solar, respectively. Cash flows beyond the five-year period are extrapolated using zero growth rate (2012: zero) and 3% (2012: 3%) growth rate for Power Group and Konca Solar respectively. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows include budgeted sales and gross margin. Such estimation is based on past performance of the CGUs in the Power Group and Konca Solar and management's expectations for the market development.

18. OTHER INTANGIBLE ASSETS

	Licences HK$'000	Restricted licence HK$'000	Customer lists HK$'000	Total HK$'000
COST				
At 1 January 2012	54,224	—	149,496	203,720
Additions	79,946	—	—	79,946
Acquired on acquisition of subsidiaries (note 41)	—	137,591	—	137,591
Exchange realignment	289	531	(18)	802
At 31 December 2012	134,459	138,122	149,478	422,059
Additions	119	—	—	119
Exchange realignment	4,210	4,322	—	8,532
At 31 December 2013	138,788	142,444	149,478	430,710
AMORTISATION AND IMPAIRMENT				
At 1 January 2012	17,318	—	119,935	137,253
Charged for the year	20,051	12,128	15,205	47,384
Impairment loss recognised in the year	—	—	14,244	14,244
Exchange realignment	72	45	94	211
At 31 December 2012	37,441	12,173	149,478	199,092
Changed for the year	10,139	18,791	—	28,930
Exchange realignment	1,330	675	—	2,005
At 31 December 2013	48,910	31,639	149,478	230,027
CARRYING VALUES				
At 31 December 2013	89,878	110,805	—	200,683
At 31 December 2012	97,018	125,949	—	222,967

Licences are acquired by solar material business from third parties in relation to licenced technical know-how of hydrochlorination production techniques and hydrochlorination recycling system, and licenced technical know-how on production for polysilicon and wafer products.

The restricted licence acquired from acquisition of a subsidiary in 2012 represents a restricted business licence for the operation of waste management power plant issued by the local government for a remaining period of 23 years.

18. OTHER INTANGIBLE ASSETS

Customer lists are acquired through the reverse acquisition of the Power Group in 2009 and acquisition of Konca Solar in 2010. During the year ended 31 December 2012, actual revenue generated from the customers included in the customer lists is less than the projected revenue by the management. Therefore, the management of the Group recognised an impairment loss of HK$14,244,000 in relation to customer lists acquired from Power Group and Konca Solar in 2012.

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

Licences	straight-line basis over 10 years
Restricted licence	straight-line basis over 23 years
Customer lists	straight-line basis over 4 to 20 years

19. INTERESTS IN JOINT VENTURES

	2013 HK$'000	2012 HK$'000
Cost of unlisted investment in joint ventures	**363,043**	235,047
Share of post-acquisition loss	**(24,387)**	(19,134)
Exchange realignment	**2,706**	(307)
	341,362	215,606

As at 31 December 2013, the Group has interests in the joint ventures incorporated and operated in the USA and South Africa as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2013	2012	**2013**	2012	
GCL-SR Solar Energy, LLC	USA	**50%**	50%	**50%**	50%	Development of photovoltaic power generation projects in the USA
Sunora Energy Solutions I LLC ("Sunora") (Note a)	USA	**—**	50%	**—**	50%	Development of photovoltaic powergeneration projects in the USA
SolarReserve GCL Soutdrift PV1 Proprietary Limited ("GCL Soutdrift") (Note b)	South Africa	**76%**	50%	**76%**	50%	Development of photovoltaic power generation projects in the South Africa
SolarReserve GCL Humansrus PV1 Proprietary Limited ("GCL Humansrus") (Note b)	South Africa	**76%**	50%	**76%**	50%	Development of photovoltaic power generation projects in the South Africa

19. INTERESTS IN JOINT VENTURES *(Continued)*

Note:

(a) The equity interest in Sunora was classified as assets held for sale as at 31 December 2012, please refer to note 31 for details.

(b) In 2012, the Group acquired 50% equity interests in GCL Soutdrift and GCL Humansrus at considerations of US$2,349,000 (equivalent to HK$18,218,000) and US$2,760,000 (equivalent to HK$21,409,000), respectively, which are investment holding companies. Through these investments, the Group indirectly holds less than 20% equity interest in each of Firefly Investments 253 Proprietary Limited and Oakleaf Investment Holdings 79 Proprietary Limited, being associates of GCL Soutdrift and GCL Humansrus, which are engaged in development, design, financing, construction and operation of a 75MW photovoltaic power plant in South Africa (the "Project"), respectively. The total consideration of US$5,109,000 (equivalent to HK$39,627,000) represented the fair value of intangible assets in relation to the restricted business licence to develop the Project, identified on acquisitions of GCL Soutdrift and GCL Humansrus.

During the current year, the Group further acquired 26% of equity interests in GCL Soutdrift and GCL Humansrus at considerations of approximately of US$1,221,000 (equivalent to HK$9,533,000) and US$1,435,000 (equivalent to HK$11,202,000) respectively. After the acquisition of these 26% equity interests in the two joint ventures, the Group holds 76% equity interests in GCL Soutdrift and GCL Humansrus.

Under the contractual arrangement with the another shareholders of GCL Soutdrift and GCL Humansrus, decisions about the relevant activities of GCL Soutdrift and GCL Humansrus require the unanimous consent of the parties sharing control. As a result, the Group continues to have joint control over GCL Soutdrift and GCL Humansrus and the 76% equity interests in these two joint ventures are continue to be recognised as joint ventures as at 31 December 2013.

The partner for all the joint ventures of the Group is a project developer in solar energy industry whose headquarter is in the USA. The formation of these joint venture projects is strategically for the purposes of developing overseas solar farm projects.

Aggregate information of joint ventures that are not individually material

	2013 **HK$'000**	2012 HK$'000
The Group's share of loss	**(5,253)**	(7,165)
The Group's share of other comprehensive income (expense)	**3,013**	(44)
The Group's share of total comprehensive expense	**(2,240)**	(7,209)

20. INTERESTS IN ASSOCIATES

	2013 **HK$'000**	2012 HK$'000
Cost of unlisted investments in associates	**204,977**	252,977
Share of post-acquisition loss, net of dividends received	**(35,874)**	(35,877)
Exchange realignment	**25,570**	18,500
	194,673	235,600

20. INTERESTS IN ASSOCIATES *(Continued)*

As at 31 December 2013 and 2012, the Group had interests in associates established and operated in the PRC as follows:

Name of company	Proportion of ownership interest held by the Group		Proportion of board composition held		Principal activity
	2013	2012	**2013**	2012	
阜寧協鑫環保熱電有限公司 Funing Golden Concord Environmental Protection Co-generation Co., Ltd ("Funing Cogeneration Plant") (Note a)	**60%**	60%	**6/11**	6/11	Operation of a power station and trading of coal
華潤協鑫(北京)熱電有限公司 China Resources Golden Concord (Beijing) Co-generation Power Co., Ltd ("Beijing Cogeneration Plant")	**49%**	49%	**3/7**	3/7	Operation of a power station
China Merchant New Energy Holdings Limited ("CMNE") (Note b)	**—**	17.39%	**—**	1/5	Investment holding

The shareholders of the associates include state-owned enterprises and entrepreneurs in different provinces in the PRC. The associates are formed strategically for the purposes of developing power plants in the PRC.

Notes:

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

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

The 239,982,000 ordinary shares of United Photovoltaics represented about 12.34% of the issued share capital of United Photovoltaics immediately after the completion of the CMNE Disposal. The Directors consider that the Group does not exercise significant influence over United Photovoltaics because the Company does not have right to appoint any director in the board of directors and management of United Photovoltaics. The Group has classified its equity interest in United Photovoltaics as an available-for-sale investment as detailed in note 21.

20. INTERESTS IN ASSOCIATES *(Continued)*

The CMNE Disposal is accounted for as a disposal of an associate, and resulted in the Group recognising a gain of approximately HK$424,498,000 in profit or loss, calculated as follows:

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

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

The fair value of the Convertible Bonds Receivable, which amounted to HK$237,899,000 are determined based on the valuation provided by American Appraisal as detailed in note 22.

All associates are accounted for using the equity method in these consolidated financial statements.

Aggregate information of associates that are not individually material

	2013 HK$'000	2012 HK$'000
The Group's share of profit	**21,370**	3,412
The Group's share of other comprehensive income (expense)	**7,070**	(242)
The Group's share of total comprehensive income	**28,440**	3,170

21. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment represents 239,982,000 ordinary shares of United Photovoltaics which is listed in Hong Kong with a twelve-month lock-up period until 10 June 2014. After the Completion Date as mentioned in note 20, United Photovoltaics issued new shares and accordingly, the equity interest in United Photovoltaics held by the Group has been diluted from 12.34% to 6.9% as at 31 December 2013. The independent professional qualified valuer, American Appraisal, has applied a discount in developing the valuation of the respective investment. Disclosures of the fair value measurement are set out in note 44.

The reconciliation of the change in fair value of the available-for-sale investment is as follows:

	HK$'000
At initial recognition	226,270
Change in fair value charged to other comprehensive income	63,234
Exchange realignment	2,314
As at 31 December 2013	291,818

22. CONVERTIBLE BONDS RECEIVABLE

During the current year, the Group recorded the Convertible Bonds Receivable issued by United Photovoltaics upon the CMNE Disposal, with principal amount of HK$159,988,000 which is non-interest bearing and with maturity date on 10 June 2018 at redemption of the principal amount.

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

According to certain profit guarantee requirements set out in the sale and purchase agreement of the CMNE Disposal, if the profit earned by CMNE during 1 January 2013 to 31 December 2015 (the "Profit Guarantee Period") is less than HK$495,000,000 (the "Guaranteed Profit"), the principal amount of the Convertible Bonds Receivable will be downward adjusted with the proportion of the actual profits earned by CMNE during the Profit Guarantee Period to the Guaranteed Profit (the "Profit Guarantee Requirement"). No adjustment will be made if the Profit Guarantee Requirement is achieved. The management has assessed the financial information of CMNE and considered that CMNE can satisfy the Profit Guarantee Requirement through the year ending 2015 and accordingly, no adjustment in developing the valuation.

The Directors have designated the Convertible Bonds Receivable as financial assets at FVTPL on initial recognition, and the fair value of the Convertible Bonds Receivable at initial recognition of and at the end of the reporting period is determined with reference to a valuation prepared by an independent professionally qualified valuer, American Appraisal. Disclosures of the fair value measurement are set out in note 44.

22. CONVERTIBLE BONDS RECEIVABLE *(Continued)*

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

	HK$'000
At initial recognition	237,899
Change in fair value charged to profit or loss (note 9)	6,722
Exchange realignment	1,805
As at 31 December 2013	246,426

23. DEFERRED TAXATION

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

	2013 HK$'000	2012 HK$'000
Deferred tax assets	**15,541**	—
Deferred tax liabilities	**(418,205)**	(514,367)
	(402,664)	(514,367)

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

	Property plant and equipment HK$'000	**Prepaid lease payments** HK$'000	**Other intangible assets** HK$'000	**Withholding tax on undistributed profits** HK$'000	**Unrealised profits on inventories** HK$'000	**Others** HK$'000	**Total** HK$'000
At 1 January 2012	(34,562)	(67,588)	(7,392)	(496,649)	41,309	4,053	(560,829)
Acquisition of subsidiaries	—	—	(34,398)	(10,930)	—	—	(45,328)
Credit (charge) to profit or loss	6,388	1,697	10,394	118,266	(41,152)	(4,037)	91,556
Exchange realignment	28	15	(93)	457	(157)	(16)	234
At 31 December 2012	(28,146)	(65,876)	(31,489)	(388,856)	—	—	(514,367)
Credit to profit or loss	3,248	1,729	4,697	100,852	15,301	—	125,827
Exchange realignment	(830)	(2,035)	(909)	(10,589)	239	—	(14,124)
At 31 December 2013	(25,728)	(66,182)	(27,701)	(298,593)	15,540	—	(402,664)

23. DEFERRED TAXATION *(Continued)*

At the end of the reporting period, the Group has unused tax losses of HK$3,425,922,000 (2012: HK$2,572,168,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses of approximately HK$17,509,000, HK$63,601,000, HK$132,899,000, HK$1,410,197,000 and HK$1,801,716,000 will expire in 2014, 2015, 2016, 2017 and 2018, respectively.

At the end of reporting period, the Group has deductible temporary differences in respect of impairment of certain assets in aggregate of HK$316,769,000 (2012: HK$1,563,475,000). No deferred tax asset has been recognised due to the unpredictability of future profit streams.

24. INVENTORIES

	2013 **HK$'000**	2012 HK$'000
Raw materials	**625,776**	628,068
Work in progress	**486,161**	348,767
Semi-finished goods (Note)	**374,629**	365,665
Finished goods	**93,303**	680,298
Spare parts	**71,655**	65,789
Solar modules	**5,343**	159,238
	1,656,867	2,247,825

Note: Semi-finished goods mainly represented polysilicon.

During the current year, inventories of HK$1,001,000 (2012: HK$284,443,000) in relation to Solar products were impaired and included in cost of sales because the costs of certain inventories were higher than their net realisable values.

25. PROJECT ASSETS

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

The following is the breakdown of projects assets:

	2013 HK$'000	2012 HK$'000
Module costs	397,005	770,754
Other development costs	407,715	406,656
Total project assets	804,720	1,177,410

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

During the current year, the Group sold 100% equity interest in solar farm projects companies with a total planned capacity of 228MW (2012: 140MW) to customers in the USA with principal business to develop, own and operate renewable and other energy assets. Upon the sale transaction, all the relevant project assets, including modules and the power purchase agreements related to the solar power plant, has been transferred to the customer accordingly. The Group has recognised a total sale proceeds of HK$600,370,000 (2012: HK$2,580,569,000).

26. TRADE AND OTHER RECEIVABLES

	2013 HK$'000	2012 HK$'000
Trade receivables (Note a)	**3,243,440**	5,031,720
Less: allowance for doubtful debts	**(183,309)**	(135,203)
	3,060,131	4,896,517
Other receivables	**596,871**	466,365
Less: allowance for doubtful debts	**(8,429)**	(1,236)
	588,442	465,129
Value-added tax receivables	**739,357**	1,200,439
Bills receivable (Note a)	**5,877,429**	1,743,771
Entrusted loans receivable (Note b)	**292,546**	98,668
Prepayments	**499,536**	276,884
	11,057,441	8,681,408

Notes:

(a) The Group allows a credit period within 3 months from the invoice date for trade receivables and may further extend 3 to 6 months for settlement through bills issued by banks and financial institutions obtaining from trade customers.

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:

	2013 HK$'000	2012 HK$'000
Within 3 months	**2,342,828**	3,267,646
3 to 6 months	**517,292**	1,281,303
Over 6 months	**200,011**	347,568
	3,060,131	4,896,517

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:

	2013 HK$'000	2012 HK$'000
Within 3 months	**3,349,504**	721,421
3 to 6 months	**2,527,925**	1,022,350
	5,877,429	1,743,771

26. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(a) *(Continued)*

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

Included in the Group's trade receivables are debtors with aggregate carrying amount of HK$651,385,000 (2012: HK$1,597,167,000) which are past due as at the end of the reporting date. The average age of these receivables is 224 days (2012: 153 days). The Group has not provided allowance for doubtful debts for such receivables as part of such receivables are either covered by letters of credit and advances from customers or substantially settled subsequent to the end of the reporting date. For the remaining receivables, there was no historical default of payments by the respective customers and the Directors are closely monitoring the settlement status from the customers. The Group holds collateral over part of these receivables.

Ageing of trade receivables which are past due but not impaired:

	2013 HK$'000	2012 HK$'000
0–90 days	517,292	1,185,365
91–180 days	33,945	341,647
Over 181 days	100,148	70,155
	651,385	1,597,167

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

	2013 HK$'000	2012 HK$'000
Balance at beginning of the year	136,439	6,330
Impairment loss recognised on receivables	51,220	129,656
Amounts written off as uncollectible	(976)	(25)
Exchange realignment	5,055	478
Balance at end of the year	191,738	136,439

Included in the allowance for trade and other receivables are individually impaired trade receivables with an aggregate balance of HK$44,175,000 (2012: HK$129,656,000) and other receivables with aggregate balance of HK$7,045,000 (2012: Nil) in which the counterparties have either been placed under liquidation or in severe financial difficulties and it is not likely that such amounts will be recovered in the future.

(b) The entrusted loans receivable were arranged by banks in the PRC are unsecured, interest bearing as at fixed rate of 7.28% and 7.71% per annum and mature on 30 April 2014 and 25 June 2014, respectively (2012: 6.44% and 6.77% per annum and mature on 25 January 2013 and 26 August 2013, respectively). The credit risk on the entrusted loans receivable is limited because the underlying counterparties are companies with good historical repayment record.

27. AMOUNTS DUE FROM RELATED COMPANIES

	2013 HK$'000	2012 HK$'000	Maximum amount outstanding during 2013 HK$'000
Non-trade related:			
Companies in which Mr. Zhu Gongshan and his family have control#:			
江蘇協鑫房地產有限公司 Jiangsu Golden Concord Property Co., Ltd.*	**7,242**	7,023	7,242
中環(中國)工程有限公司 GCL Engineering Limited*	**—**	4	4
協鑫光伏系统有限公司 GCL Solar System Ltd.*	**9,663**	—	91,761
江蘇協鑫石油天然氣有限公司 GCL (Jiangsu) Petroleum Limited*	**127**	—	127
上海津森工程管理有限責任公司 Shanghai Jinsen Construction Management Company Limited*	**—**	212	212
	17,032	7,239	
Associate of the Group Beijing Cogeneration Plant	**—**	16,659	
Trade-related:			
Companies in which Mr. Zhu Gongshan and his family have control#	**101,914**	152,879	
	118,946	176,777	

Mr. Zhu Gongshan is a director and a substantial shareholder of the Company, holding 32.41% of the Company's share capital as at 31 December 2013, and exercises significant influence over the Company.

* English name for identification purpose only

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

For trade related amounts due from related companies, the amounts are unsecured, non-interest bearing and the credit period is normally within 90 days.

27. AMOUNTS DUE FROM RELATED COMPANIES *(Continued)*

The following is an aged analysis of amounts due from related companies (trade-related) at the end of the reporting period, presented based on the invoice date which approximated the respective revenue recognition dates:

	2013 HK$'000	2012 HK$'000
0–90 days	41,862	149,057
91–180 days	8,275	377
181–365 days	51,777	3,445
	101,914	152,879

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

28. LOAN TO A RELATED COMPANY

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

Name of related company	Terms of the loan	2013 HK$'000	2012 HK$'000	Maximum amount outstanding during 2013 HK$'000
Associate of the Group:				
Funing Cogeneration Plant	Unsecured, interest-bearing at People's Bank of China benchmark rate ranging from 6.90% to 7.57% (2012: ranging from 5.81% to 6.56%) per annum and payable within one year	66,949	79,916	94,782

29. HELD FOR TRADING INVESTMENT

	2013 HK$'000	2012 HK$'000
Listed securities:		
— Equity securities listed in Hong Kong	12,470	15,453

30. PLEDGED AND RESTRICTED BANK DEPOSITS AND BANK BALANCES

Bank balances

Bank balances carry interest at floating rates which range from 0.001% to 0.385% (2012: 0.001% to 0.50%) per annum or fixed rates which range from 0.001% to 1.485% (2012: 0.001% to 2.35%) per annum.

Pledged bank deposits

These bank deposits carry fixed interest rates ranging from 2.8% to 3.3% (2012: 2.6% to 8.01%) per annum. No pledged bank deposits carry floating rate in 2013 (2012: 0.72% to 3.5%).

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$824,845,000 (2012: HK$1,384,865,000) have been pledged to secure short-term borrowings granted to the Group and obligations under financial leases in the PRC and the USA and are therefore classified as current assets. The remaining deposits amounting to HK$162,509,000 (2012: HK$205,723,000) have been pledged to secure long-term borrowings granted to the Group and obligations under financial leases which are due after one year, and are therefore classified as non-current assets.

Restricted bank deposits

The deposits carry interest at 0.35% floating rates (2012: 0.2% to 0.3%) per annum or fixed rates which range from 2.8% to 3.05% (2012: 2.8% to 3.3%) per annum and will be released upon the settlement or discharge of the relevant letters of credit and guarantee.

Restricted bank deposits amounting to HK$7,255,372,000 (2012: HK$3,630,002,000) have been restricted to secure bills payable, short-term letters of credit for trade and payables for purchase of property, plant and equipment and are therefore classified as current assets.

31. ASSETS CLASSIFIED AS HELD FOR SALE

On 12 December 2012, the Directors resolved to dispose of the Group's 50% equity interest in Sunora and, on 9 January 2013, a sale and purchase agreement was subsequently entered into by the Group with an independent third party. The interest in Sunora was expected to be sold within twelve months and had been classified as an asset held for sale as at 31 December 2012. The net carrying amount of interest in Sunora after impairment loss was US$4,000,000 (equivalent to approximately HK$31,009,000) and was presented separately in the consolidated statement of financial position as at 31 December 2012.

During the current year, the above transaction has been completed and the Group has disposed of the entire interest in Sunora.

32. TRADE AND OTHER PAYABLES

	2013 HK$'000	2012 HK$'000
Trade payables	**3,864,320**	2,839,621
Bills payable (trade)	**4,978,033**	2,020,767
Bills payable (non-trade)	**258,204**	68,422
Construction payables	**2,984,517**	3,060,191
Other payables	**836,647**	544,051
Dividend payable to non-controlling shareholders of subsidiaries	**25,994**	10,806
Other tax payables	**182,812**	103,964
Interest payables	**199,325**	198,189
Accruals	**407,454**	281,705
	13,737,306	9,127,716

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

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

	2013 HK$'000	2012 HK$'000
0–90 days	**2,590,741**	1,807,379
91–180 days	**965,104**	675,730
Over 180 days	**308,475**	356,512
	3,864,320	2,839,621

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:

	2013 HK$'000	2012 HK$'000
0–90 days	**2,622,893**	1,439,444
91–180 days	**2,355,140**	581,323
	4,978,033	2,020,767

Included in the trade and other payables are obligations arising from endorsing bills receivable with recourse issued by third parties for settlement of trade and other payables with an aggregate amount of HK$1,720,599,000 (2012: HK$357,020,000).

33. AMOUNTS DUE TO RELATED COMPANIES

	2013 HK$'000	2012 HK$'000
Non-trade related:		
Companies in which Mr. Zhu Gongshan and his family have control (Note a)	**10,264**	30,209
Trade-related:		
Companies in which Mr. Zhu Gongshan and his family have control (Note b)	**724,616**	100,095
	734,880	130,304

Notes:

(a) The amounts are unsecured, non-interest bearing and repayable on demand.

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

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

	2013 HK$'000	2012 HK$'000
0–90 days	**287,831**	87,431
91–180 days	**382,756**	2,278
181–365 days	**54,029**	10,386
	724,616	100,095

34. ADVANCES FROM CUSTOMERS

The Group entered into goods supply contracts with customers and received advance payments from customers which are interest-free. As at 31 December 2013, the advances of HK$955,402,000 (2012: HK$810,571,000) and HK$1,093,415,000 (2012: HK$1,736,398,000) are included in current liabilities and non-current liabilities based on the estimated amounts of purchase of goods within one year and after one year, respectively.

35. GOVERNMENT GRANTS

	2013 HK$'000	2012 HK$'000
Amounts credited to profit or loss during the year:		
Incentive subsidies (Note a)	**117,445**	212,251
Subsidies related to property, plant and equipment (Note b)	**95,692**	64,355
Value-added tax refund related to depreciable assets (Note c)	**9,513**	9,334
	222,650	285,940
Deferred income related to government grants:		
Subsidies related to property, plant and equipment (Note b)	**567,379**	556,496
Value-added tax refund related to depreciable assets (Note c)	**111,282**	117,275
Total	**678,661**	673,771
Less: current portion	**(117,473)**	(102,853)
Non-current portion	**561,188**	570,918

Notes:

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

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

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

36. BANK BORROWINGS

Details of the bank borrowings are as follows:

	2013 HK$'000	2012 HK$'000
Secured	**16,513,235**	10,120,328
Unsecured	**16,742,671**	22,402,025
	33,255,906	32,522,353
Carrying amount repayable:		
Short-term bank borrowings	**16,142,615**	11,551,025
Long-term bank borrowings		
Within one year	**8,772,921**	7,734,725
More than one year, but not exceeding two years	**2,447,157**	8,726,385
More than two years, but not exceeding three years	**4,312,316**	2,283,213
More than three years, but not exceeding four years	**337,955**	738,327
More than four years, but not exceeding five years	**207,582**	331,771
More than five years	**1,035,360**	737,543
	17,113,291	20,551,964
Carrying amount of bank loans that are repayable within one year from the end of the reporting period and contain a repayment on demand clause (shown under current liabilities)	**—**	419,364
	33,255,906	32,522,353
Less: Amounts due within one year shown under current liabilities	**(24,915,536)**	(19,705,114)
Amounts due after one year	**8,340,370**	12,817,239
Analysed as:		
Fixed-rate borrowings	**14,405,683**	10,335,208
Variable-rate borrowings	**18,850,223**	22,187,145
	33,255,906	32,522,353

The repayable amounts of bank borrowings due are based on scheduled repayment dates set out in the loan agreements.

36. BANK BORROWINGS *(Continued)*

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

	2013	2012
Fixed-rate borrowings	4.8% to 7.2%	1.81% to 7.22%
Variable-rate borrowings		
US$ borrowings	London Interbank Offered Rate ("LIBOR") + 2.6% to 6%	London Interbank Offered Rate ("LIBOR") + 2% to 6%
RMB borrowings	90% to 120% of Benchmark Rate	90% to 120% of Benchmark Rate
RMB borrowings	—	SHIBOR + 2%

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

	2013 HK$'000	2012 HK$'000
US$	9,053,513	7,609,293

Certain borrowings are secured by property, plant and equipment, prepaid lease payments and bank deposits as set out in note 49.

Included in the short-term bank borrowings are obligations arising from bills receivable issued by third parties and the Group's entities discounted to banks with recourse with aggregate carrying amount of approximately HK$8,208,717,000 (2012: HK$2,575,995,000) with recourse are discounted with interest rates ranged from 4.92% to 8.19% (2012: 4.98% to 6.55%).

During the current year, in respect of a bank loan with a carrying amount of approximately HK$7,568,986,000 as at 31 December 2013 with certain covenant terms of the bank loan, the Directors had reviewed the covenant terms of such loan and no sign of breach of covenants was noted at 31 December 2013.

37. OBLIGATIONS UNDER FINANCE LEASES

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

	Minimum lease payments		Present value of minimum lease payments	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance leases				
Within one year	**732,840**	536,484	**654,197**	464,480
More than one year, but not exceeding two years	**547,287**	408,678	**496,928**	364,736
More than two years, but not exceeding five years	**485,338**	336,848	**402,245**	284,169
More than five years	**618,926**	325,705	**517,149**	216,485
	2,384,391	1,607,715	**2,070,519**	1,329,870
Less: future finance charges	**(313,872)**	(277,845)	**N/A**	N/A
Present value of lease obligations	**2,070,519**	1,329,870	**2,070,519**	1,329,870
Less: Amount due for settlement within one year (shown under current liabilities)			**(654,197)**	(464,479)
Amount due for settlement after one year			**1,416,322**	865,391

Finance lease agreements in the PRC

The Group entered into several finance lease agreements with third party financial institutions at lease terms of 3 to 5 years, pursuant to which the Group agreed to sell certain plants and equipment the financial institutions, and concurrently lease the assets back for terms of 3 to 5 years by quarterly rent payments. At the end of the lease term, the Group has the option to purchase the assets at nominal value. The lease terms have covered major part of the useful lives of the relevant assets and the sale and leaseback arrangement resulted in finance leases.

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

As at 31 December 2013, such finance leases have an outstanding obligations of HK$1,504,625,000 (2012: HK948,740,000). The average effective interest rate of the finance leases is 5.77% (2012: 7.33%) per annum after adjusting the effect of initial direct costs. The Group's obligations under finance leases are secured by a pledged and restricted deposit of approximately HK$205,775,000 (2012: HK$187,469,000) made to lessors at the inception of the lease.

37. OBLIGATIONS UNDER FINANCE LEASES *(Continued)*

Finance lease agreements in the USA

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

During the year ended 31 December 2012, the Project Companies sold 1MW Solar Project to Bank of America. Concurrent with the sale, the Project Companies entered into agreements to lease the Solar Projects back from Wells Fargo and Bank of America at a predetermined basis rent for terms of 17 to 25 years. At the end of the lease term, the Project Companies have the option to purchase the Solar Projects at market price, renew the lease, or remove the Solar Projects. The sale and leaseback of the thirteen Solar Projects resulted in finance leases. The profit on the sale of the thirteen Solar Projects is deferred and amortised over the lease terms.

At 31 December 2013, such finance leases have an outstanding obligations of US$39,842,000 (equivalent to HK$308,971,000) (2012: US$49,164,000, equivalent to HK$381,130,000). The Group's obligations under finance leases are secured by a pledged and restricted bank deposits of approximately HK$45,574,000 (2012: HK$86,743,000) made to lessors at the inception of the lease. The average effective interest rate of finance lease was 6.51% per annum after adjusting the initial direct cost.

Finance lease agreement in Hong Kong

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

As at 31 December 2013, such finance leases have outstanding obligations of HK$256,923,000. The average effective interest rate of the finance leases is 4.25% per annum after adjusting the effect of initial direct costs. The Group's obligations under finance leases are secured by a pledged and restricted deposit of approximately HK$38,775,000 made to lessors at the inception of the lease.

38. NOTES PAYABLES

The carrying amounts of the Group's notes payables are as follow:

	2013 HK$'000	2012 HK$'000
Nominal value of 7.05% fixed rate notes maturing in November 2018 (Note a)	**1,907,911**	1,850,024
First Tranche Notes — Nominal value of 6.9% fixed rate bonds maturing in February 2015 (Note b)	**508,776**	493,340
Second Tranche Notes — Nominal value of 5.77% fixed rate bonds maturing in May 2015 (Note b)	**763,164**	740,010
First tranche of RMB600,000,000 Notes due 2014 (Note c)	**763,164**	—
Less: Unamortised issuance costs	**(20,236)**	(24,566)
Net carrying amount	**3,922,779**	3,058,808
Less: Amounts due within one year shown under current liabilities	**(761,330)**	—
Amounts due for settlement after one year shown under non-current liabilities	**3,161,449**	3,058,808

Notes:

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

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

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

38. NOTES PAYABLES *(Continued)*

Notes: *(Continued)*

(b) 保利協鑫有限公司 GCL-Poly Limited* ("GCL"), a wholly-owned subsidiary of the Group, completed the registration of a RMB1,000,000,000 notes with a tenor of three years with the National Association of Financial Market Institutional Investors. GCL has issued RMB400,000,000 (the "First Tranche Notes") and RMB600,000,000 (the "Second Tranche Notes") in the PRC on 16 February 2012 and 10 May 2012,which mature on 16 February 2015 and 10 May 2015, respectively. The First Tranche Notes bear interest at a fixed rate of 6.9% per annum, payable annually in arrears on 16 February each year, commencing from 16 February 2013. The Second Tranche Notes bear interest at a fixed rate of 5.77% per annum, payable annually in arrears on 10 May each year, commencing from 10 May 2013.

(c) On 13 May 2013, GCL has received a notice from the National Association of Financial Market Institutional Investors for the registration of a total amount of RMB1,000,000,000 short term notes to be issued by GCL, and that such registered amount will be valid for a period of two years from the date of the notice. On 11 July 2013, GCL issued the first tranche notes in an aggregate principal amount of RMB600,000,000 out of the RMB1,000,000,000 short term notes, and which is maturity on 12 July 2014 and bear interest at a rate of 5.8% per annum, which is payable together with the principal upon date of redemption.

* English name for identification only

39. CONVERTIBLE BONDS PAYABLE

On 29 November 2013, the Company issued US$200 million (equivalent to HK$1,550,680,000) convertible bonds payable (the "Convertible Bonds Payable") that are in registered form in the denomination of US$200,000 each and integral multiples. The Convertible Bonds bear interest at a fixed rate of 0.75% per annum and payable semi-annually. The maturity date will be 29 November 2018.

The bonds entitle the holders to convert them into ordinary shares of the Company at any time after six months of the date of issue to the maturity date at a conversion price of HK$3.125 per each to the bond initially, but will be subject to adjustment of anti-dilution protection. If the bonds have not been converted, they will be redeemed at 109.7% of its principal amount upon maturity. The Company will, at the option of the bonds holders , redeem all or some of that holder's bonds on 29 November 2016, at 105.7% of the principal amount of the bonds when a relevant event has occurred or may occur. If at anytime that 90% of the bond have been converted and/or redeemed and/or cancelled, The Company may redeem the remaining bonds in whole together with the unpaid interest.

The announcements of the Company dated 15 November 2013, 20 November 2013 and 29 November 2013 set out the details of the issue of the convertible bonds.

The Directors have designated the Convertible Bonds Payable as FVTPL and initially recognised at fair value. In subsequent periods, the Convertible Bonds Payable measured at fair value with changes in fair value recognised in profit or loss.

39. CONVERTIBLE BONDS PAYABLE *(Continued)*

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

	HK$'000
At initial recognition	1,550,680
Change in fair value charged to profit or loss (note 9)	(17,969)
Exchange realignment	9,301
As at 31 December 2013	1,542,012

40. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2012, 31 December 2012 and 31 December 2013	20,000,000	2,000,000

	Number of shares '000	Amount HK$'000
Issued and fully paid:		
At 1 January 2012	15,470,962	1,547,096
Exercise of share options (Note a)	5,114	511
At 31 December 2012 and 1 January 2013	15,476,076	1,547,607
Exercise of share options (Note b)	7,147	715
At 31 December 2013	15,483,223	1,548,322

(a) During the year ended 31 December 2012, share option holders exercised their rights to subscribe for 4,594,000 and 520,000 ordinary shares in the Company at HK$0.59 and HK$1.054 per share, respectively, with the net proceeds of HK$3,258,000.

(b) During the year ended 31 December 2013, share option holders exercised their rights to subscribe for 5,762,000, 288,000 and 1,097,000 ordinary shares in the Company at HK$0.59, HK$1.054 and HK$1.642 per share, respectively, with the net proceeds of HK$5,504,000.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the current year.

All shares rank pari passu in all respects.

41. ACQUISITIONS OF SUBSIDIARIES

Year ended 31 December 2013

On 23 April 2013, the Group entered into a share purchase agreement to acquire 51% equity interest in 霍城縣圖開新能源科技開發有限公司 Huocheng Xian Tu Kai New Energy Technology Development Co., Ltd.* ("Huocheng Solar Power Plant") for a cash consideration of RMB2,550,000 (equivalent to approximately HK$3,188,000). The acquisition would result in Huocheng Solar Power Plant becoming a non wholly-owned subsidiary of the Group. The acquisition of Huocheng Solar Power Plant was completed on 13 May 2013.

Huocheng Solar Power Plant is principally engaged in the development, construction, management and operation of a solar power plant for generation and sale of electricity in XinJiang, the PRC. It was acquired with the objective of expanding their market share of the solar power plant industry in the PRC.

The acquisition of Huocheng Solar Power Plant is accounted for as acquisition of assets and assumption of liabilities.

* English name for identification only

Assets and liabilities recognised at the dates of acquisition

	HK$'000
Non-current assets	
Property, plant and equipment	2,579
Deposit for acquisition of Property, plant and equipment and prepaid lease payments	9,438
Current assets	
Other receivables	372
Cash and cash equivalents	1
Current liabilities	
Other payables	(6,139)
	6,251

Non-controlling interests

The non-controlling interests of 49% in Huocheng Solar Power Plant recognised at the acquisition date amounted to approximately HK$3,063,000 and were measured at the non-controlling interest's proportionate share of Huocheng Solar Power Plant's identifiable net assets.

41. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

Year ended 31 December 2013 *(Continued)*

Net cash outflow arising on acquisition

	HK$'000 (Unaudited)
Consideration paid in cash	3,188
Less: cash and cash equivalents	(1)
	3,187

Year ended 31 December 2012

(i) Acquisition of Xuzhou Energy Plant

On 12 January 2012, the Group entered into a share purchase agreement with Sinopro Enterprises Limited, a company controlled by Mr. Zhu Gongshan and his family, to acquire 100% equity interest in 保利協鑫(徐州)再生能源發電有限公司 Xuzhou GCL-Poly Renewable Energy Company Limited* ("Xuzhou Energy Plant") for a cash consideration of RMB290,000,000 (equivalent to approximately HK$356,296,000) through the acquisition of 100% equity interest in Charm Team Limited by the Group. As Charm Team Limited holds, through Team Profit International Holdings Limited, 100% of the equity interest in Xuzhou Energy Plant, the acquisition would result in Xuzhou Energy Plant becoming an indirectly wholly-owned subsidiary of the Group. The acquisition of Xuzhou Energy Plant was completed on 23 May 2012. Details of the acquisition of Xuzhou Energy Plant were set out in the announcements of the Company dated 12 January 2012 and 23 May 2012.

Xuzhou Energy Plant is principally engaged in the operation of an incineration power plant for generation and sale of electricity and steam in Xuzhou, the PRC. Xuzhou Energy Plant has been one of the long-standing steam suppliers of the Group. It was acquired with the objective of securing the Group's in-house steam supplies to meet the Group's increasing demand for steam resulting from its continuously increased production capacity of polysilicon and wafers.

The acquisition has been accounted for using the purchase method.

41. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

Year ended 31 December 2012 *(Continued)*

(ii) Acquisition of Sichuan Silicon

On 12 January 2012, the Group entered into an equity transfer agreement with 上海國能投資有限公司 Shanghai Guoneng Investment Company Limited* ("Shanghai Guoneng"), a company controlled by Mr. Zhu Gongshan and his family, to acquire 100% equity interest in 四川協鑫硅業科技有限公司 Sichuan Xie Xin Silicon Technology Company Limited* ("Sichuan Silicon") for a cash consideration of RMB91,000,000 (equivalent to approximately HK$111,853,000). The acquisition of Sichuan Silicon was completed on 5 March 2012. Details of the Acquisition of Sichuan Silicon were set out in the announcements of the Company dated 12 January 2012 and 5 March 2012.

Sichuan Silicon commenced its operation in December 2011 and is principally engaged in the manufacturing and sales of industrial silicon in Sichuan Province, the PRC. Industrial Silicon is a major raw material for polysilicon production. As the Group is the leading manufacturer of polysilicon in China, the Directors consider that the acquisition is in line with the Group's development strategy of securing stable supply of raw material and will achieve a cost effective production process of polysilicon.

The acquisition has been accounted for using the purchase method.

(iii) Acquisition of Jiangsu Guoneng

On 12 January 2012, the Group entered into the equity transfer agreement with Shanghai Guoneng, to acquire 100% equity interest in 江蘇國能光伏科技有限公司 Jiangsu Guoneng Solar Technology Company Limited* ("Jiangsu Guoneng") for a cash consideration of RMB12,000,000 (equivalent to approximately HK$14,790,000). The acquisition of Jiangsu Guoneng was completed on 29 February 2012.

Jiangsu Guoneng is principally engaged in the development and operation of rooftop photovoltaic power generation projects. The Directors consider that the acquisition is in line with the Group's future development in solar material business.

The acquisition has been accounted for using the purchase method.

* English name for identification only

41. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

Year ended 31 December 2012 *(Continued)*

Assets and liabilities recognised at the respective dates of acquisitions

	Xuzhou Energy Plant HK$'000 (Fair value)	Sichuan Silicon HK$'000 (Fair value)	Jiangsu Guoneng HK$'000 (Fair value)	Total HK$'000 (Fair value)
Non-current assets				
Property, plant and equipment	323,246	269,191	51,381	643,818
Deposit for acquisition of prepaid lease payments	—	2,402	—	2,402
Prepaid lease payments	28,911	6,330	—	35,241
Other intangible assets	137,591	—	—	137,591
Current assets				
Inventories	148	8,247	—	8,395
Trade and other receivables	12,318	20,222	7,757	40,297
Amounts due from related companies	13,783	—	—	13,783
Prepaid lease payments	626	137	—	763
Tax recoverable	645	—	—	645
Cash and cash equivalents	23,661	2,569	5,643	31,873
Current liabilities				
Trade and other payables	(7,251)	(41,970)	(507)	(49,728)
Amounts due to related companies	(15,336)	(155,124)	(49,694)	(220,154)
Tax payables	—	—	(187)	(187)
Bank borrowings	(116,718)	—	—	(116,718)
Non-current liabilities				
Deferred tax liabilities	(45,328)	—	—	(45,328)
	356,296	112,004	14,393	482,693

The fair value of trade and other receivables and amounts due from related companies amounted to HK$40,297,000 and HK$13,783,000 respectively, representing the gross contractual amounts at the dates of acquisitions. The best estimate at acquisition dates of the contractual cash flows not expected to be collected is nil.

The fair value of other intangible assets separately acquired from the acquisition of Xuzhou Energy Plant of HK$137,591,000 was determined by the management of the Company with reference to the valuation report, based on the multi-period excess earnings method, prepared by Jones Sallmanns on waste processing license of Xuzhou Energy Plant as at 31 May 2012. That calculation uses cash flow projections based on financial budgets approved by management covering the useful lives of the waste processing license at a discount rate of 17.5%. Other key assumptions of the value in use calculations relate to the estimation of cash inflow/outflows include budgeted sales and gross margin. Such estimation is based on past performance and management's expectations for the market development.

Acquisition related costs are insignificant which have been excluded from the considerations transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income.

41. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

Year ended 31 December 2012 *(Continued)*

Goodwill arising on acquisitions

	Xuzhou Energy Plant HK$'000 (Fair value)	Sichuan Silicon HK$'000 (Fair value)	Jiangsu Guoneng HK$'000 (Fair value)	Total HK$'000 (Fair value)
Consideration transferred	356,296	111,853	14,790	482,939
Less: fair value of identifiable net assets acquired	(356,296)	(112,004)	(14,393)	(482,693)
(Discount) goodwill arising on acquisition	—	(151)	397	246

The (discount) goodwill arising upon acquisitions of Sichuan Silicon and Jiangsu Guoneng has been included in other expenses for the current year as the management of the Group considered the amounts involved are insignificant.

Net cash outflow arising on acquisitions

	Xuzhou Energy Plant HK$'000 (Fair value)	Sichuan Silicon HK$'000 (Fair value)	Jiangsu Guoneng HK$'000 (Fair value)	Total HK$'000 (Fair value)
Consideration paid in cash	356,296	111,853	14,790	482,939
Less: cash and cash equivalents	(23,661)	(2,569)	(5,643)	(31,873)
	332,635	109,284	9,147	451,066

Impact of acquisition on the results of the Group

Included in the loss for the year ended 31 December 2012 was the total profit of HK$19,874,000 attributable to Xuzhou Energy Plant, Sichuan Silicon and Jiangsu Guoneng. Revenue for the year includes HK$46,850,000 (after elimination of inter-company sales) attributable to Xuzhou Energy Plant, Sichuan Silicon and Jiangsu Guoneng.

Had the acquisition of Xuzhou Energy Plan, Sichuan Silicon and Jiangsu Guoneng been effected at the beginning of the 2012, the total amount of revenue of the Group for the year ended 31 December 2012 would have been HK$22,376,913,000 (after elimination of inter-company sales), and the amount of the loss for the year attributable to owners of the Company would have been HK$3,494,171,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit of the Group had Xuzhou Energy Plant, Sichuan Silicon and Jiangsu Guoneng been acquired at the beginning of 2012, the Directors calculated depreciation and amortisation of plant and equipment based on the recognised amounts of plant and equipment at the date of the acquisition.

42. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which mainly includes amount due to related companies, bank borrowings, obligations under finance leases, notes payables and convertible bonds payable disclosed in notes 33, 36, 37, 38 and 39, respectively, and equity attributable to owners of the company, comprising issued share capital and reserves.

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

43. FINANCIAL INSTRUMENTS

43a. Categories of financial instruments

	2013 **HK$'000**	2012 HK$'000
Financial assets		
FVTPL		
Held for trading investment	**12,470**	15,453
Convertible bonds receivable	**246,426**	—
Available-for-sale investment	**291,818**	—
Loans and receivables (including cash and cash equivalents)	**24,415,983**	17,176,943
Financial liabilities		
FVTPL		
Convertible bonds payable	**1,542,012**	—
Amortised cost	**51,060,605**	44,453,512

43b. Financial risk management objectives and policies

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

43. FINANCIAL INSTRUMENTS *(Continued)*

43b. Financial risk management objectives and policies *(Continued)*

Market risk

Currency risk

The Group's exposure to foreign currency risk arose from certain bank deposits and balances, bank borrowings, obligations under finance leases, trade and other receivable and payable, available-for-sale investment, held for trading investment, convertible bonds receivable and payable of the Group that are denominated in foreign currencies. The Group currently does not have a currency risk hedging policy. However, the management monitors foreign currency risk exposure by closely monitoring the movement of foreign currency rate and considers hedging against it should the need arise.

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

	Assets		Liabilities	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Euro ("EUR")	**27,432**	53,870	**36,163**	82,359
HK$	**584,888**	98,710	**41,466**	35,368
United States dollar ("US$")	**3,376,656**	1,976,282	**10,702,384**	8,597,343
Japanese Yen ("JPY")	**8,002**	9,802	**1,878**	1,673
Swiss Franc ("CHF")	**173,437**	185,827	**23,319**	49,645
Australian Dollar ("AUD")	**—**	185,078	**—**	—
South Africa, Rand ("ZAR")	**42,165**	101,030	**—**	—

The foreign currency assets in 2013 and 2012 mainly relate to the US$ trade and other receivables, pledged and restricted bank deposits and bank balances as set out in notes 26 and 30.

The foreign currency liabilities in 2013 and 2012 mainly relate to the US$ bank borrowings and convertible bonds payable as set out in notes 36 and 39.

43. FINANCIAL INSTRUMENTS *(Continued)*

43b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Currency risk (Continued)

Sensitivity analysis

The following sensitivity analysis details the Group's sensitivity to a 5% (2012: 5%) increase and decrease in functional currency of respective entities against the relevant foreign currencies. 5% (2012: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2012: 5%) change in foreign currency rates. A positive number below indicates a decrease in post-tax loss (2012: a decrease in post-tax loss), where functional currency of foreign respective entities had strengthened 5% (2012: 5%) against the foreign relevant currency. For a 5% (2012: 5%) weakening of functional currency of respective entities against the foreign relevant currency, there would be an equal and opposite impact on the loss for the year (2012: loss for the year).

	EUR HK$'000	HK$ HK$'000	US$ HK$'000	JPY HK$'000	CHF HK$'000	AUD HK$'000	ZAR HK$'000
2013							
Decrease (increase) in loss for the year	**327**	**(20,378)**	**274,715**	**(230)**	**(5,629)**	**—**	**(1,581)**
2012							
Decrease (increase) in loss for the year	1,068	(2,375)	248,290	(305)	(5,107)	(6,940)	(3,789)

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

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate and interest-bearing loan to a related company, pledged and restricted bank deposits, bank borrowings, obligations under finance leases, notes payables and convertible bonds payable (see notes 28, 30, 36, 37, 38 and 39 for details of the above financial instruments respectively). The Group currently has not entered into interest rate swaps to hedge against its exposure to changes in fair values of the above said financial instruments.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see notes 36). It is the Group's policy to keep its borrowing at floating rate of interests so as to minimise the fair value interest rate risk.

43. FINANCIAL INSTRUMENTS *(Continued)*

43b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Interest rate risk (Continued)

The management has considered the Group's exposure to cash flow interest rate risk in relation to variable-rate pledged and restricted bank deposits and bank balances (see note 30) to be limited because the current market interest rates on general deposits are relatively low and stable.

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

Sensitivity analysis

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

Variable-rate borrowings

If interest rates had been 50 basis points higher/lower on London Interbank Offer Rate ("LIBOR") and lending benchmark interest rate stipulated by the People's Bank of China ("Benchmark Rate") and all other variables were held constant, the Group's loss for the year ended 31 December 2013 would increase/decrease by approximately HK$70,688,000 (2012: HK$83,202,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

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

Other price risk

The Group is exposed to equity price risk through its investment in listed equity securities' convertible bonds receivable and convertible bonds payable. The Group's equity price risk is mainly concentrated on equity instruments operating in solar and securities and financing industries sector quoted in the Stock Exchange. In addition, the Group has monitored the price risk and will consider hedging the risk exposure should the need arise.

43. FINANCIAL INSTRUMENTS *(Continued)*

43b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Other price risk (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date. If the equity prices had been 5% higher/lower (2012: 5%):

- post-tax loss for the year ended 31 December 2013 would increase/decrease by HK$12,023,000 and HK$12,136,000 respectively (2012: decrease/increase by HK$1,935,000) as a result of the changes in fair value of held-for-trading investment, convertible bonds receivable and convertible bonds payable; and

- revaluation reserve would increase/decrease by HK$13,132,000 (2012: Nil) for the Group as a result of the changes in fair value of available-for-sale investment.

The Group's sensitivity to available-for-sale investments, held-for-trading investments, convertible bonds receivable and convertible bonds payable has not changed significantly from the prior year.

Credit risk

As at 31 December 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 48.

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

43. FINANCIAL INSTRUMENTS *(Continued)*

43b. Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

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

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

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

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

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

The Group has concentration of credit risk on loan to a related company amounting to HK$66,949,000 (2012: HK$79,916,000). Credit risk is considered as limited because the associate is with positive operating results/cash flows.

The Group has concentration of credit risk on convertible bonds receivable amounting to HK$246,426,000 (2012: Nil). Credit risk is considered as limited because the counterparty is a company listed on the Stock Exchange with strong financial position, and the convertible bonds receivable can be redeemed as marketable securities.

Liquidity risk

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

The Group finances its capital intensive operations by short-term and long-term bank borrowings and shareholders' equity. The Group incurred losses of HK$446 million from operations for the year ended 31 December 2013, and the Group's current liabilities exceeded its current assets by HK$13,988 million as at 31 December 2013. As at the same date, the Group had cash and cash equivalents of HK$6,169 million with bank borrowings due within one year amounted to HK$24,916 million.

43. FINANCIAL INSTRUMENTS *(Continued)*

43b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

In addition to the Group's current undrawn banking facilities and renewable bank borrowings, in order to improve liquidity, the Group has negotiated with certain banks, who have indicated that they do not foresee any reasons to withdraw the existing facilities in the foreseeable future, and will continue to negotiate with other banks to obtain revolving banking facilities to ensure the Group's bank borrowings can be renewed on an on-going basis. The Directors believe that the Group will be able to renew the banking facilities upon maturity dates.

The Directors are of the opinion that, taking into account the above undrawn banking facilities, renewal of existing banking facilities and the Group's cash flow projection for the coming year, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months.

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

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

Liquidity and interest risk tables

	Weighted average interest rate %	On demand or less than 3 months HK$'000	3 months to 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2013								
Trade and other payables	—	9,446,367	3,700,673	—	—	—	13,147,040	13,147,040
Amounts due to related companies	—	734,880	—	—	—	—	734,880	734,880
Bank borrowings								
— fixed-rate	5.45	4,622,749	9,821,158	130,763	5,088	—	14,579,758	14,405,683
— variable-rate	5.31	2,040,902	9,350,196	2,749,843	5,274,121	1,156,245	20,571,307	18,850,223
Notes payables	6.54	57,029	934,762	1,420,665	2,286,393	—	4,698,849	3,922,779
Convertible bonds payable	0.75	2,908	8,724	11,632	1,649,995	—	1,673,259	1,542,012
Obligations under finance leases	5.69	221,961	510,879	547,287	485,338	618,926	2,384,391	2,070,519
Financial guarantee contracts	—	127,194	—	—	—	—	127,194	—
		17,253,990	24,326,392	4,860,190	9,700,935	1,775,171	57,916,678	54,673,136

43. FINANCIAL INSTRUMENTS *(Continued)*

43b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity and interest risk tables (Continued)

	Weighted average interest rate %	On demand or less than 3 months HK$'000	3 months to 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2012								
Trade and other payables	—	7,173,576	1,568,471	—	—	—	8,742,047	8,742,047
Amounts due to related companies	—	130,304	—	—	—	—	130,304	130,304
Bank borrowings								
— fixed-rate	5.33	3,832,301	4,738,143	1,979,087	108,362	—	10,657,893	10,335,208
— variable-rate	5.69	1,739,025	10,676,269	7,309,375	3,623,496	834,416	24,182,581	22,187,145
Notes payables	6.72	50,442	151,327	200,691	1,632,852	1,958,822	3,994,134	3,058,808
Obligations under finance leases	7.09	118,972	417,512	408,678	336,848	325,705	1,607,715	1,329,870
Financial guarantee contracts	—	135,668	—	—	—	—	135,668	—
		13,180,288	17,551,722	9,897,831	5,701,558	3,118,943	49,450,342	45,783,382

Bank loans with a repayment on demand clause are included in the "on demand or less than 3 months" time band in the above maturity analysis. As at 31 December 2013, there was no bank loans with a repayment on demand clause (undiscounted principal amounts 2012: HK$419,363,000). In 2012, taking into account the Group's financial position, the directors did not believe that it was probable that the banks would exercise their discretionary rights to demand immediate repayment. The directors believed that such bank loans would be repaid in three months to one year after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. As at 31 December 2012, the aggregate principal and interest cash outflows was amounted to HK$431,096,000.

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

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

44. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets and financial liabilities	Fair value as at 2013 HK$'000	Fair value as at 2012 HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
1) Listed equity securities classified as held for trading investment in the consolidated statement of financial position	**Listed equity securities in HK HK$12,470,000**	Listed equity securities in HK HK$15,453,000	Level 1	Quoted bid price in an active market.	N/A	N/A
2) Listed equity securities classified as available-for-sale investment in the consolidated statement of financial position (Note a)	**Listed equity securities in HK HK$291,818,000**	N/A	Level 3	Quoted bid price in an active market adjusted by marketability discount for the twelve-month lock-up period.	Discount for a lack of marketability	The higher the discount rate the lower the fair value.
3) Convertible bonds receivable in the consolidated statement of financial position (Note b)	**HK$246,426,000**	N/A	Level 3	Binomial model, the key inputs are: the underlying share price, exercise price, risk free interest rate, share price volatility and, dividend yield.	Share price volatility of 50%, taking into account the historical share price of comparable companies for the period of time close to the expected time to exercise.	The higher the volatility the higher the fair value.
					Dividend yield of 0%, taking into account management's experience and knowledge of the dividend to be paid.	The higher the dividend yield the lower the fair value.
					Probability of CMNE failed to meet the Profit Guarantee Requirement.	The higher the probability the lower the fair value.
4) Convertible bonds payable in the consolidated statement of financial position (Note c)	**HK$1,542,012,000**	N/A	Level 3	Binomial model, the key inputs are: the underlying share price, exercise price, risk free interest rate, share price volatility, risky interest rate, and dividend yield.	Share price volatility of 66.14%, taking into account the historical share price of the Company for the period of time close to the expected time to exercise.	The higher the volatility the higher the fair value.
					Dividend yield of 0%, taking into account management's experience and knowledge of the dividend to be paid.	The higher the dividend yield the lower the fair value.

44. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Notes:

(a) If the marketability discount for the lock-up period was 5% higher/lower while all the other variables were held constant, the carrying amount of the listed equity securities would decrease/increase by approximately HK$14,591,000.

(b) If the volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the carrying amount of the convertible bonds receivable would increase by approximately HK$1,902,000/decrease by approximately HK$1,461,000.

If the dividend yield of the shares was 5% higher while all the other variables were held constant, the carrying amount of the convertible bonds receivable would decrease by approximately HK$24,082,000.

(c) If the volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the carrying amount of the convertible bonds payable would increase by approximately HK$31,004,000/decrease by approximately HK$31,718,000.

If the dividend yield of the shares was 5% higher while all the other variables were held constant, the carrying amount of the convertible bonds payable would decrease by approximately HK$87,809,000.

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

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

Included in other expenses, gains and losses set out in note 9, a gain of HK$22,483,000 is related to financial assets and financial liabilities designated as at fair value through profit or loss held in 2013 (2012: a loss of HK$6,483,000).

Included in the "revaluation reserve" of the other comprehensive income, an amount of HK$63,234,000 is related to the gain on fair value change of listed equity securities classified as available-for-sale investments held in 2013 (2012: Nil).

Fair value measurements and valuation processes

The Directors have engaged independent professional qualified valuers, to determine the appropriate valuation techniques and inputs for fair value measurements.

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

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

45. TRANSFER OF FINANCIAL ASSETS

During the current year, the Group endorsed certain bills receivable for the settlement of trade and other payables; and discounted certain bills receivable to banks for raising of cash.

The following were the Group's bills receivable as at 31 December 2013 and 2012 that were transferred to banks or creditors by discounting or endorsing those receivables, respectively, on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (see note 36) or the amounts outstanding with the creditors remain to be recognised as trade and other payables and amount due to related companies, respectively. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

At 31 December 2013

	Bills receivable discounted to banks with full recourse HK$'000	Bills receivable endorsed to creditors with full recourse HK$'000	Total HK$'000
Bills receivable from third parties	775,696	1,720,599	2,496,295
Bills receivable from group entities	7,433,021	—	7,433,021
Carrying amount of transferred assets	8,208,717	1,720,599	9,929,316
Carrying amount of associated liabilities	(8,208,717)	(1,720,599)	(9,929,316)
Net position	—	—	—

At 31 December 2012

	Bills receivable discounted to banks with recourse HK$'000	Bills receivable endorsed to creditors with recourse HK$'000	Total HK$'000
Bills receivable from third parties	166,030	357,020	523,050
Bills receivable from group entities	2,409,965	—	2,409,965
Carrying amount of transferred assets	2,575,995	357,020	2,933,015
Carrying amount of associated liabilities	(2,575,995)	(357,020)	(2,933,015)
Net position	—	—	—

45. TRANSFER OF FINANCIAL ASSETS *(Continued)*

Further, in the opinion of the directors, the Group has transferred the significant risks and rewards relating to certain endorsed or discounted bills receivable, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the endorsed and discounted bills receivable is low because those endorsed and discounted bills receivable are issued and guaranteed by reputable PRC banks. Accordingly, the relevant assets and liabilities were not recognised in the consolidated financial statements. As at 31 December 2013, the maximum exposure to the Group that may result from default of these endorsed or discounted bills receivable is HK$2,268,747,000 and HK$1,329,159,000 respectively (2012: HK$1,238,432,000 and HK$449,368,000, respectively), in aggregate of HK$3,597,906,000 (2012: 1,687,800,000).

Maturity analysis of the derecognised endorsed or discounted bills receivables is as follows:

	2013	2012
	HK$'000	HK$'000
Within 3 months	**1,948,753**	1,315,469
Over 3 months but within 6 months	**1,649,153**	372,331
	3,597,906	1,687,800

The Directors consider that the carrying amounts of the endorsed and discounted bills receivable approximate their fair values.

The undiscounted cash outflows that may be required to repurchase derecognised bills receivable discounted to bank and endorsed to creditors are approximately their carrying amounts.

The finance costs recognised for bills receivable discounted to banks are HK$445,574,000 for the year ended 31 December 2013 (2012: HK$242,281,000).

The transfer of bills receivable endorsed to creditors and discounted to banks are evenly distributed throughout the year.

Except for the offsetting in relation to endorsed and discounted bills receivable mentioned above, no other financial assets and financial liabilities were offset or settled on a net basis during the year.

46. OPERATING LEASES

The Group as lessee

	2013 HK$'000	2012 HK$'000
Minimum lease payments paid under operating leases during the year:		
Buildings	**62,192**	34,740
Natural gas transmission network	**10,954**	13,239
Staff quarters	**2,314**	10,605
Motor vehicle	**6,617**	5,761
Others	**2,260**	1,791
	84,337	66,136

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2013 HK$'000	2012 HK$'000
Within one year	**79,846**	53,774
In the second to fifth year inclusive	**129,513**	65,282
After five years	**2,194**	292
	211,553	119,348

Operating lease payments represent rentals payable by the Group for certain properties, natural gas transmission network and other assets. Leases are negotiated and rentals are fixed for terms ranging from one to three years.

The Group as lessor

	2013 HK$'000	2012 HK$'000
Within one year	**620**	828
In the second to fifth years inclusive	**299**	1,225
After five years	**4**	1,930
	923	3,983

47. CAPITAL COMMITMENTS

	2013 HK$'000	2012 HK$'000
Capital expenditure in respect of acquisitions of property, plant and equipment:		
Contracted for but not provided	1,188,104	2,693,390
Authorised but not contracted for	5,802,712	5,418,306
	6,990,816	8,111,696
Construction cost in respect of project assets:		
Contracted for but not provided	915,381	2,950,741
	7,906,197	11,062,437
Acquisition of subsidiary	1,440,000	—

48. CONTINGENT LIABILITIES

i) Contingent liability

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

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

The Claimant alleges, among other things, that GCL Taicang breached the Agreement by failing to fulfil its obligations to purchase a certain number of units of the Equipment under the Agreement and to pay all relevant sums under the Agreement. The Claimant seeks, among other things, damages and/or relief for the alleged breach of the Agreement, together with interests and costs. The notice does not specify the actual amount of the claim. GCL Taicang has sought legal advice in respect of the Arbitration and will vigorously contest the claim and take all appropriate steps to defend its position against the Claimant's allegations.

48. CONTINGENT LIABILITIES *(Continued)*

i) Contingent liability *(Continued)*

On 16 December 2013, The Group announced that GCL Taicang and the Claimant entered into an amendment agreement (the "Amendment Agreement") to amend and restate certain terms and conditions under the Agreement, including but not limited to the obligations in relation to the purchase of the Equipment by GCL Taicang. Under the terms of the Amendment Agreement, following its execution, the Claimant has immediately taken appropriate steps to suspend the Arbitration, and upon the completion of the purchase of the Equipment by GCL Taicang under the Agreement (as amended by the Amendment Agreement), the Claimant will immediately take appropriate steps to withdraw the Arbitration. On the same date, both the parties have notified the arbitral tribunal and the HKIAC of the suspension of the Arbitration.

As the Dispute is currently suspended by both parties, the Group did not recognise any provision in relation to the Arbitration as at 31 December 2013.

ii) Financial guarantees contracts

At 31 December 2013, the Group provided a total guarantees of HK$127,194,000 (2012: HK$135,668,000) to a bank in respect of banking facilities of an associate, which will be expired on 10 September 2014 and 29 October 2014 (2012: on 20 February 2013 and 20 November 2013). The associate had utilised a total HK$63,597,000 (2012: HK$101,135,000) of such banking facilities at the end of the year. The Directors of the Company consider that the fair value of the financial guarantees at date of inception and at year end date is insignificant.

49. PLEDGE OF ASSETS

At 31 December 2013, the Group has pledged buildings with carrying values of approximately HK$2,183,703,000 (2012: HK$2,174,574,000) and plant and machinery with carrying values of approximately HK$13,097,002,000 (2012: HK$8,528,076,000) to secure bank borrowings granted to the Group.

The Group has pledged prepaid lease payments with carrying values of approximately HK$497,694,000 (2012: HK$476,601,000) at 31 December 2013 to secure banking facilities granted to the Group.

The Group has pledged bank deposits and bills receivable with carrying value of approximately HK$987,354,000 and HK$775,696,000 (2012: HK$1,590,588,000 and HK$166,030,000) at 31 December 2013 to secure bank borrowings granted to the Group and obligations under finance leases.

50. SHARE-BASED PAYMENT TRANSACTIONS

Equity settled share option scheme

On 22 October 2007, a Pre-IPO Share Option Scheme ("Pre-IPO Share Option Scheme") and a Share Option Scheme ("Share Option Scheme") were approved by the resolution of the sole shareholder and were adopted by the Company. Pursuant to the schemes, the Company may grant option to directors, employees of the Company and its subsidiaries and qualifying grantees to subscribe for shares of the Company. Options granted are exercisable during the period after respective vesting date to the last day of the ten-year period after grant date.

On 5 July 2013, the Company granted 44,600,000 share options to the employees of the Group under the share option scheme adopted by the Company on 22 October 2007, at an exercise price of HK$1.642 per share. The share options are subject to a vesting scale in tranches of one-fifth of the shares on 16 September 2013 and the first, second, third and fourth anniversary dates of the date of grant, respectively. The share options shall be valid during the period of 10 years from the date of grant.

At 31 December 2013, the number of shares in respect of which options had been granted and remained outstanding under the schemes is 168,352,000 (2012: 154,579,000) shares, representing 1.09% (2012: 1.00%) of the issued share capital of the Company at that date.

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

			Number of share options				
	Exercise price	Date of grant	Outstanding at 1 January 2013	During the year Granted	Exercised	Forfeited	Outstanding at 31 December 2013
Directors	HK$4.1	13.11.2007	6,000,000	—	—	—	6,000,000
	HK$0.59	16.02.2009	7,000,000	—	—	—	7,000,000
	HK$4.1	15.07.2011	2,000,000	—	—	—	2,000,000
Employees and others	HK$4.1	13.11.2007	20,340,000	—	—	(1,280,000)	19,060,000
	HK$0.59	16.02.2009	13,103,000	—	(5,762,000)	—	7,341,000
	HK$1.054	24.04.2009	1,536,000	—	(288,000)	—	1,248,000
	HK$3.32	12.01.2011	17,000,000	—	—	(2,000,000)	15,000,000
	HK$4.1	15.07.2011	87,600,000	—	—	(18,900,000)	68,700,000
	HK$1.642	05.07.2013	—	44,600,000	(1,097,000)	(1,500,000)	42,003,000
			154,579,000	44,600,000	(7,147,000)	(23,680,000)	168,352,000
Exercisable at the end of the year			82,147,000				99,592,000
Weighted average exercise price			3.53	1.64	0.77	3.88	3.10

50. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Equity settled share option scheme *(Continued)*

			Number of share options				
	Exercise price	Date of grant	Outstanding at 1 January 2012	During the year Exercised	During the year Forfeited	During the year Transferred	Outstanding at 31 December 2012
Directors	HK$4.1	13.11.2007	7,680,000	—	—	(1,680,000)	6,000,000
	HK$0.59	16.02.2009	8,680,000	—	—	(1,680,000)	7,000,000
	HK$4.1	15.07.2011	2,000,000	—	—	—	2,000,000
Employees and others	HK$4.1	13.11.2007	18,660,000	—	—	1,680,000	20,340,000
	HK$0.59	16.02.2009	16,017,000	(4,594,000)	—	1,680,000	13,103,000
	HK$1.054	24.04.2009	2,056,000	(520,000)	—	—	1,536,000
	HK$3.32	12.01.2011	23,500,000	—	(6,500,000)	—	17,000,000
	HK$4.1	15.07.2011	105,800,000	—	(18,200,000)	—	87,600,000
			184,393,000	(5,114,000)	(24,700,000)	—	154,579,000
Exercisable at the end of the year			49,239,000				82,147,000
Weighted average exercise price			3.50	0.64	3.89	—	3.53

The fair value of the options measured at the date of grant on 5 July 2013 is HK$0.78 per option, which is calculated based on the weighted average fair value of options for each tranche of options to be vested from the grant date. The fair value of option for each tranche of options to be vested in 0.13 year, 1 year, 2 years, 3 years and 4 years from the grant date are HK$0.697, HK$0.758, HK$0.791, HK$0.817 and HK$0.837 per option, respectively.

The following inputs were used to derive the fair value of the share options, using the Binomial model:

	5 July 2013
Spot price (closing price of grant date)	HK$1.6
Exercise price	HK$1.64
Expected volatility	55%
Dividend yield	1.5%
Risk-free interest rate	2%
Suboptimal exercise factor	2

Expected volatility was determined by using the volatility of the stock return of the Company and comparable listed companies as at the valuation date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

50. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Equity settled share option scheme *(Continued)*

The Binominal model has been used to estimate the fair value of the options. The variables and assumptions used in estimating the fair value of the share options are based on the director's best estimate. Change in subjective input assumptions can materially affected the fair value.

During the current year, an amount of relevant share-based payment expenses of HK$25,943,000 (2012: HK$41,988,000) has been recognised in profit or loss.

During the current year, certain share options granted to employees have been forfeited after the vesting period, and respective share option reserve are transferred to the Group's accumulated profit of approximately HK$19,424,000 (2012: Nil).

The weighted average closing price of the Company's shares at dates on which the options were exercised during the year was HK$2.12 (2012: HK$1.99) per share.

At each reporting date, the Group revises its estimates of the number of options that are expected to ultimately rest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the share options reserve.

51. EVENTS AFTER REPORTING PERIOD

On 13 February 2014, the Company and Same Time Holdings Limited ("Same Time") entered into a subscription agreement pursuant to which Same Time has conditionally agreed to allot and issue to the Company and the Company has conditionally agreed to subscribe in cash for 360,000,000 new shares of Same Time at a subscription price of HK$4.00 per share. Same Time is a company listed on the main board of the Hong Kong Stock Exchange. The Directors are assessing the financial impact of this transaction.

Details of this transaction were set out in the announcement of the Company dated 13 February 2014.

52. RETIREMENT BENEFITS SCHEME

(a) The PRC

The Group's full-time employees in the PRC are covered by a government sponsored defined contribution pension scheme, and are entitled to a monthly pension from their retirement dates. The PRC Government is responsible for the pension liability to these retired employees. The Group is required to make annual contributions to the retirement plan at a rate of 14% to 22% (2012: 14% to 22%) of employees' salaries, which are charged to operations as an expense when the contributions are due.

During the current year, the total amounts contributed by the Group to the scheme in PRC and charged to profit or loss represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme are as follows:

	2013 **HK$'000**	2012 HK$'000
Amounts contributed and expensed	**54,146**	47,835

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Scheme Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

During the current year, the total amounts contributed by the Group to the scheme in Hong Kong and charged to profit or loss represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme are as follows:

	2013 **HK$'000**	2012 HK$'000
Amounts contributed and expensed	**1,824**	2,574

53. RELATED PARTY DISCLOSURES

During the current year, the Group has entered into the following transactions with related parties:

	2013 HK$'000	2012 HK$'000
Transactions with companies in which Mr. Zhu Gongshan and his family have control:		
Construction related services expense	**22,417**	87,385
Proceeds on disposal of property, plant and equipment	**—**	7,196
Purchase of raw material	**—**	28,494
Purchase of steam	**904,108**	831,728
Rental expense	**22,135**	16,904
Sales of coal	**210,694**	160,368
Consultancy service fee	**1,193**	—
Interest expense	**—**	3,262
Management fee income	**19,277**	24,114
Management fee expense	**7,285**	1,485
Acquisition of subsidiaries	**—**	482,939
Assignment of outstanding receivables	**—**	88,649
Transactions with associates:		
Sales of coal	**20,606**	21,583
Interest income	**3,485**	6,444

Details of balances and other arrangements with related parties are disclosed in the consolidated statement of financial position on pages 64 and 65 and notes 27, 28, 33, 41 and 48.

54. PARTICULARS OF SUBSIDIARIES

Name of subsidiary	Place of operation	Issued and fully paid share/registered capital	Attributable equity interest of the Group		Principal activity
			2013 %	2012 %	
Power Business *Established in the PRC*					
Huzhou Golden Concord Environmental Protection Cogen-Power Co., Ltd. 湖州協鑫環保熱電有限公司	PRC	US$10,710,000	94.77	94.77	Operation of a power station
Tongxiang City Wu Town Xiexin Thermal Power Company Limited.* 桐鄉市烏鎮協鑫熱力有限公司	PRC	RMB3,000,000	94.77	94.77	Operation of boilers and trading of steam
Fengxian Xinyuan Biological Environmental Heat and Power Co., Ltd. 豐縣鑫源生物質環保熱電有限公司	PRC	RMB100,000,000	51	51	Operation of a power station
Haimen Xinyuan Environmental Protection Co-generation Co., Ltd. 海門鑫源環保熱電有限公司	PRC	US$8,000,000	51	51	Operation of a power station
Kunshan Xinyuan Environmental Protection Cogen-Power Co., Ltd.* 昆山鑫源環保熱電有限公司	PRC	RMB116,200,000	51	51	Operation of a power station
Yangzhou Harbour Sludge Power Co., Ltd. 揚州港口污泥發電有限公司	PRC	US$14,068,000	51	51	Operation of a power station
Suzhou Industrial Park Blue Sky Gas Cogen-Power Co., Ltd. 蘇州工業園區藍天燃氣熱電有限公司	PRC	RMB530,000,000	51	51	Operation of a power station
Fengxian Xincheng Environmental Cogeneration Co. Ltd.* 豐縣鑫成環保熱電有限公司	PRC	RMB46,000,000	40.8	40.8	Production and sale of steam
Jiaxing Golden Concord Environmental Cogeneration Co., Ltd. 嘉興協鑫環保熱電有限公司	PRC	RMB98,400,000	95	95	Operation of a power station
Xuzhou Western Environmental Protection Co-generation Power Co., Ltd. 徐州西區環保熱電有限公司	PRC	RMB99,200,000	75	75	Operation of a power station
Shanghai GCL-Poly Electricity Operating Management Co., Ltd.* 上海保利協鑫電力運行管理有限公司	PRC	RMB4,000,000	100	100	Provision of management service

54. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of operation	Issued and fully paid share/registered capital	Attributable equity interest of the Group 2013 %	2012 %	Principal activity
Power Business *(Continued)* ***Established in the PRC*** *(Continued)*					
GCL-Poly (Sangri) Solar Power Co., Ltd.* 保利協鑫(桑日)光伏電力有限公司	PRC	RMB42,000,000	**100**	100	Operation of a Solar farm
Xuzhou GCL Solar Energy Co., Ltd.* 徐州協鑫光伏電力有限公司	PRC	RMB84,000,000	**100**	100	Operation of a Solar farm
Suzhou Industrial Park Northen Gas Turbine Cogen-Power Co., Ltd.* 蘇州工業園區北部燃機熱電有限公司	PRC	RMB325,000,000	**37.23**	37.23	Operation a power station
Taicang Xiexin Refuse Incineration Power Co., Ltd.* 太倉協鑫垃圾焚燒發電有限公司	PRC	RMB88,000,000	**100**	100	Operation of a power station
Lianyungang Xinneng Sludge Power Co., Ltd.* 連雲港鑫能污泥發電有限公司	PRC	US$9,550,000	**100**	100	Operation of a power station
Dongtai Suzhong Environmental Protection Co-generation Co., Ltd. 東台蘇中環保熱電有限公司	PRC	US$8,000,000	**100**	100	Operation of a power station
Tongxiang Puyuan Xiexin Environmental Protection Co-generation Co., Ltd.* 桐鄉濮院協鑫環保熱電有限公司	PRC	US$14,800,000	**100**	100	Operation of a power station
GCL-Poly Power Fuel Co., Ltd. 保利協鑫電力燃料有限公司	PRC	US$7,000,000	**100**	100	Coal trading
Xilingol Guotai Wind Power Generation Co., Ltd* 錫林郭勒國泰風力發電有限公司	PRC	RMB100,000,000	**100**	100	Operation of a wind power station
Peixian Mine-site Environmental Cogen-Power Co., Ltd. 沛縣坑口環保熱電有限公司	PRC	US$8,000,000	**100**	100	Operation of a power station
Taicang Poly Xiexin Thermal Power Co., Ltd. 太倉保利協鑫熱電有限公司	PRC	US$15,200,000	**100**	100	Operation of a power station
Baoying Xiexin Biomass Electric-Power Generation Co., Ltd.* 寶應協鑫生物質發電有限公司	PRC	US$17,700,000	**100**	100	Operation of a power station

54. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of operation	Issued and fully paid share/registered capital	Attributable equity interest of the Group 2013 %	2012 %	Principal activity
Power Business *(Continued)* ***Established in the PRC*** *(Continued)*					
Lianyungang Xiexin Biomass Electric-Power Generation Co., Ltd. 連雲港協鑫生物質發電有限公司	PRC	RMB$105,500,000	**100**	100	Operation of a power station
Rudong Golden Concord Environmental Protection Cogen-Power Co., Ltd.* 如東協鑫環保熱電有限公司	PRC	RMB81,960,000	**100**	100	Operation of a power station
GCL-Poly Limited* 保利協鑫有限公司	PRC	RMB1,083,000,000	**100**	100	Investment holding
Xuzhou GCL-Poly Renewable Energy Company Ltd.* 保利協鑫(徐州)再生能源發電有限公司	PRC	US$17,200,000	**100**	100	Operation of a power station
Jiangsu Guoneng Solar Technology Co. Ltd.* 江蘇國能新能源科技有限公司	PRC	RMB10,000,000	**100**	100	Operation of a solar farm
Suzhou GCL-Poly Solar Energy Investment Ltd.* 蘇州保利協鑫光伏電力投資有限公司	PRC	RMB422,000,000	**100**	100	Investment holding
Datong Xian GCL Solar Energy Co., Ltd.* 大同縣協鑫光伏電力有限公司	PRC	RMB144,600,000	**100**	100	Operation of a solar farm
Baoying Xingneng Renewable Energy Co., Ltd.* 寶應興能可再生能源有限公司	PRC	RMB52,800,000	**100**	—	Operation of a solar farm
Funing Xinneng Solar Energy Co., Ltd.* 阜寧新能光伏電力有限公司	PRC	RMB52,800,000	**100**	—	Operation of a solar farm
Ningxia Qingyang New Energy Co., Ltd.* 寧夏慶陽新能源有限公司	PRC	RMB170,000,000	**51**	51	Operation of a solar farm
Huocheng Xian Tukai New Energy Technology Development Co., Ltd.* 霍城縣圖開新能源科技開發有限公司	PRC	RMB49,380,000	**51**	—	Operation of a solar farm

54. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of operation	Issued and fully paid share/registered capital	Attributable equity interest of the Group 2013 %	2012 %	Principal activity
Solar Material Business ***Established in the PRC*** *(Continued)*					
Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* 江蘇中能硅業科技發展有限公司	PRC	RMB4,882,067,800	**100**	100	Manufacture and sale of polysilicon
Jiangsu GCL Silicon Material Technology Development Co., Ltd. 江蘇協鑫硅材料科技發展有限公司	PRC	RMB2,549,650,000	**100**	100	Manufacture and sale of ingot and wafer
Konca Solar Cell Co., Ltd. 高佳太陽能股份有限公司	PRC	RMB1,184,570,000	**70.19**	70.19	Manufacture and sale of ingot and wafer
Changzhou GCL Photovoltaic Technology Co., Ltd.* 常州協鑫光伏科技有限公司	PRC	US$61,000,000	**100**	100	Manufacture and sale of wafer
Suzhou GCL Photovoltaic Technology Co., Ltd. 蘇州協鑫光伏科技有限公司	PRC	US$76,330,000	**100**	100	Manufacture and sale of wafer
GCL-Poly (Suzhou) New Energy Limited* 保利協鑫(蘇州)新能源有限公司	PRC	RMB2,600,000,000	**100**	100	Investment holding
Henan GCL Photovoltaic Technology Co., Ltd.* 河南協鑫光伏科技有限公司	PRC	RMB273,500,000	**100**	100	Manufacture and sale of ingot
GCL Photovoltaic Material (Xuzhou) Co., Ltd.* 徐州協鑫太陽能材料有限公司	PRC	RMB108,000,000	**100**	100	Manufacture of crucible
GCL Solar Power (Suzhou) Limited 協鑫太陽能電力(蘇州)有限公司	PRC	US$11,000,000	**100**	100	Trading of wafer
GCL Solar System (Suzhou) Limited 協鑫太陽能系統集成(蘇州)有限公司	PRC	US$2,200,000	**100**	100	Trading of solar cell and module
Taicang GCL Photovoltaic Technology Co., Ltd. 太倉協鑫光伏科技有限公司	PRC	US$63,640,000	**100**	100	Manufacture and sale of wafer
Sichuan Xie Xin Silicon Technology Company Limited* 四川協鑫硅業科技有限公司	PRC	RMB78,000,000	**100**	100	Manufacture and sales of metallurgical-grade silicon

54. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of operation	Issued and fully paid share/registered capital	Attributable equity interest of the Group 2013 %	2012 %	Principal activity
Solar Material Business *(Continued)*					
Established in the PRC *(Continued)*					
Yangzhou GCL Photovoltaic Technology Company Limited* 揚州協鑫光伏科技有限公司	PRC	US$30,800,000	**100**	100	Manufacture and sale of wafer
Suzhou Xinheng Photovoltaic Technology Co., Ltd.* 蘇州鑫恒光伏科技有限公司	PRC	RMB15,280,000	**100**	100	Manufacture and sale of wafer
GCL-CSI (Suzhou) Photovoltaic Technology Co., Ltd. 協鑫阿特斯(蘇州)光伏科技有限公司	PRC	RMB166,300,000	**100**	100	Manufacture and sale of wafer
Incorporated in Hong Kong					
GCL Solar Energy Technology Holdings Limited 協鑫光伏電力科技控股有限公司	Hong Kong	HK$1	**100**	100	Investment holding
Konca Solar Cell (H.K.) Co., Ltd. 高佳太陽能(香港)有限公司	Hong Kong	HK$20,000,000	**70.19**	70.19	Sale of wafer
GCL Solar Energy Trading Limited 協鑫光伏貿易有限公司	Hong Kong	HK$1	**100**	100	Trading
Incorporated in the Cayman Islands					
GCL Solar Energy Technology Holdings Inc. 協鑫光伏電力科技控股有限公司	Hong Kong	US$10,500	**100**	100	Investment holding
Incorporated in the United States					
GCL Solar Energy, Inc.	USA	US$2,000,000	**100**	100	Construction and sales of solar farm projects

* English name for identification only

Newly established in current year

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

55. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	18,381,306	17,823,610
Loan to subsidiaries	6,278,297	6,087,811
Restricted bank deposits	38,775	—
	24,698,378	23,911,421
CURRENT ASSETS		
Prepayments and deposits	15,354	3,401
Amounts due from subsidiaries	7,029,559	6,864,006
Bank balances and cash	1,896,954	845,891
	8,941,867	7,713,298
CURRENT LIABILITIES		
Other payables	71,945	52,725
Amount due to an associate	—	23,311
Bank borrowings — due within one year	4,234,380	3,751,061
	4,306,325	3,827,097
NET CURRENT ASSETS	4,635,542	3,886,201
TOTAL ASSETS LESS CURRENT LIABILITIES	29,333,920	27,797,622
NON-CURRENT LIABILITIES		
Bank borrowings — due after one year	3,334,605	4,175,690
Convertible bonds payable	1,542,012	—
	4,876,617	4,175,690
NET ASSETS	24,457,303	23,621,932
CAPITAL AND RESERVES		
Share capital (see note 40)	1,548,322	1,547,607
Reserves	22,908,981	22,074,325
TOTAL EQUITY	24,457,303	23,621,932

55. SUMMARY FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Movement in reserves

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Share options reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2012	1,547,096	33,902,606	19,110	121,279	3,162,125	(5,180,228)	33,571,988
Exchange differences arising from translation to presentation currency	—	—	—	—	(41,369)	—	(41,369)
Loss for the year	—	—	—	—	—	(9,102,847)	(9.102.847)
Total comprehensive expense for the year	—	—	—	—	(41,369)	(9,102,847)	(9,144,216)
Exercise of share options	511	3,883	—	(1,136)	—	—	3,258
Recognition of share-based payment expenses in respect of share options	—	—	—	41,988	—	—	41,988
Dividend recognised as distribution (note 13)	—	(851,086)	—	—	—	—	(851,086)
At 31 December 2012	1,547,607	33,055,403	19,110	162,131	3,120,756	(14,283,075)	23,621,932
Exchange differences arising from translation to presentation currency	—	—	—	—	741,237	—	741,237
Profit for the year	—	—	—	—	—	62,687	62,687
Total comprehensive income for the year	—	—	—	—	741,237	62,687	803,924
Exercise of share options	715	6,942	—	(2,153)	—	—	5,504
Recognition of share-based payment expenses in respect of share options	—	—	—	25,943	—	—	25,943
Forfeitures of share options	—	—	—	(19,424)	—	19,424	—
At 31 December 2013	1,548,322	33,062,345	19,110	166,497	3,861,993	(14,200,964)	24,457,303

Note: Differences between the reserves of the Company and of the Group, as disclosed in the consolidated statement of changes in equity, mainly represented the consolidation adjustments arising from the reverse acquisition by GCL Solar in 2009. For more details, please refer to 2009 annual report of the Group.

Chairman & Chief Executive Officer

Zhu Gongshan

Executive Directors

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

Independent Non-Executive Directors

Raymond Ho Chung Tai
Xue Zhongsu
Yip Tai Him

Composition of Board Committees

Audit Committee

Yip Tai Him *(Chairman)*
Raymond Ho Chung Tai
Xue Zhongsu

Remuneration Committee

Raymond Ho Chung Tai *(Chairman)*
Yip Tai Him
Sun Wei

Nomination Committee

Xue Zhongsu *(Chairman)*
Yu Baodong

Corporate Governance Committee

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

Connected Transaction Committee

Yip Tai Him *(Chairman)*
Yu Baodong

Strategic Planning Committee

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

Company Secretary

Chan Yuk Chun

Authorized Representatives

Yu Baodong
Chan Yuk Chun

Auditor

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

Registered Office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Unit 1703B–1706, Level 17
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Legal Advisers to the Company

As to Hong Kong law

Freshfields Bruckhaus Deringer
11th Floor, Two Exchange Square
Hong Kong

As to Cayman Islands law

Conyers Dill & Pearman
Boundary Hall, 2nd Floor
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

As to PRC law

Grandall Legal Group (Beijing)
9th Floor, Taikang Financial Tower
No. 38 North Road East Third Ring
Chaoyang District
Beijing, 100026
PRC

Company's Website

www.gcl-poly.com.hk

Listing Information

Listing: Main Board of The Hong Kong Stock Exchange Limited
Stock Code: 3800

Share Information

Board Lot Size: 1,000 shares
Shares Outstanding as at 31 December 2013: 15,483,223,268 shares

Financial Calendar

13 March 2014:	Announcement of 2013 Annual Results
16 April 2014:	Publication of Annual Report
23 May 2014:	Annual General Meeting

Enquiries Contact

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"Baoying Cogeneration Plant"	寶應協鑫生物質發電有限公司 (Baoying Xiexin Biomass Electric Power Generation Co., Ltd.*)
"Baoying Xingneng Solar Power Plant"	寶應興能可再生能源有限公司 (Baoying Xingneng Renewable Energy 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 report, 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
"Datongxian GCL Solar Power Plant"	大同縣協鑫光伏電力有限公司 (Datong Xian GCL Solar Energy Co., Ltd.*)
"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.)
"Funing Xinneng Solar Power Plant"	阜寧新能光伏電力有限公司 (Funing Xinneng Solar Energy 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.)
"Huocheng Solar Power Plant"	霍城縣圖開新能源科技開發有限公司 (Huocheng Xian Tukai New Energy Technology Development 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 Rooftop Solar Power Plant"	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.*)
"Sangri Solar Power Plant"	保利協鑫（桑日）光伏電力有限公司 (GCL-Poly (Sangri) Solar Power Co., Ltd.*)
"Suzhou Cogeneration Plant —Blue Sky"	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.)
"Suzhou Cogeneration Plant —Northern"	蘇州工業園區北部燃機熱電有限公司 (Suzhou Industrial Park Northern Gas Turbine 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.)

* *for identification only*

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