KongSun 江山

KONG SUN HOLDINGS LIMITED

Stock Code : 295

ANNUAL REPORT 2014

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Liu Wen Ping *(Chairman) (appointed on 21 March 2014)*
Chang Hoi Nam
Yu Pak Yan, Peter *(resigned on 1 September 2014)*

NON-EXECUTIVE DIRECTOR

Chang Tat Joel *(appointed on 7 November 2014)*
Liu Jinsong *(appointed on 1 September 2014 and resigned on 7 November 2014)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Miu Hon Kit *(appointed on 8 July 2014)*
Wang Haisheng *(appointed on 30 September 2014)*
Lu Hongda *(appointed on 7 November 2014)*
Lau Man Tak *(resigned on 30 April 2014)*
Man Kwok Leung *(resigned on 30 September 2014)*
Wong Yun Kuen *(resigned on 7 November 2014)*

AUDIT COMMITTEE

Miu Hon Kit *(Chairman) (appointed on 8 July 2014)*
Wang Haisheng *(appointed on 30 September 2014)*
Lu Hongda *(appointed on 7 November 2014)*
Lau Man Tak *(resigned on 30 April 2014)*
Man Kwok Leung *(resigned on 30 September 2014)*
Wong Yun Kuen *(resigned on 7 November 2014)*

NOMINATION COMMITTEE

Wang Haisheng *(Chairman) (appointed on 30 September 2014)*
Miu Hon Kit *(appointed on 8 July 2014)*
Lu Hongda *(appointed on 7 November 2014)*
Lau Man Tak *(resigned on 30 April 2014)*
Man Kwok Leung *(resigned on 30 September 2014)*
Wong Yun Kuen *(resigned on 7 November 2014)*

REMUNERATION COMMITTEE

Lu Hongda *(Chairman) (appointed on 7 November 2014)*
Miu Hon Kit *(appointed on 8 July 2014)*
Wang Haisheng *(appointed on 30 September 2014)*
Lau Man Tak *(resigned on 30 April 2014)*
Man Kwok Leung *(resigned on 30 September 2014)*
Wong Yun Kuen *(resigned on 7 November 2014)*

REGISTERED OFFICE

Unit 3601, 36/F.,
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE	Computershare Hong Kong Investor Services Limited Shops 1712–1716 17th Floor, Hopewell Center 183 Queen's Road East Hong Kong
COMPANY SECRETARY	Fung Che Wai, Anthony *(appointed on 1 September 2014)* Chong Yuk Fai *(appointed on 1 April 2014 and resigned on 1 September 2014)* Chan Siu Mat *(resigned on 1 April 2014)*
AUTHORIZED REPRESENTATIVES	Liu Wen Ping *(appointed on 1 September 2014)* Fung Che Wai, Anthony *(appointed on 1 September 2014)* Yu Pak Yan, Peter *(resigned on 1 September 2014)* Chong Yuk Fai *(appointed on 1 April 2014 and resigned on 1 September 2014)*
AUDITOR	KPMG, Certified Public Accountants
LEGAL ADVISOR	Sidley Austin
PRINCIPAL BANKERS	Bank of Communications Co., Ltd. China Construction Bank Corporation China Merchants Bank Co., Ltd.
STOCK CODE	295
CONTACT INFORMATION	Tel : 3188 8851 Fax : 3186 2916 Website : www.kongsun-hldgs.com
INVESTOR RELATIONS	Email : ir@kongsunhldgs.com

FINANCIAL HIGHLIGHTS

	2014 **RMB'000**	2013 RMB'000 Restated*
Turnover	**524,283**	7,364
Profit/(loss) for the year	**11,667**	(6,212)
Earnings/(loss) per share – Basic (RMB cents)	**0.27**	(0.41)
– Diluted (RMB cents)	**0.27**	(0.41)
Total non-current assets	**1,730,185**	152,738
Total current assets	**1,767,575**	99,364
Total assets	**3,497,760**	252,102
Total non-current liabilities	**448,368**	10,779
Total current liabilities	**947,883**	13,750
Total liabilities	**1,396,251**	24,529
Net assets	**2,101,509**	227,573

* See Note 1(c)(i).

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board"), I would like to present the annual results of Kong Sun Holdings Limited (the "Company") and its subsidiaries (which are together referred to as the "Group") for the year ended 31 December 2014.

The Group begun its transformation and diversified its revenue source by venturing into the solar photovoltaic ("PV") power generation industry and positioning itself as an investor and operator of PV power projects. In order to achieve successful transformation, the Company raised the net proceeds of approximately RMB1,864.3 million (equivalent to approximately HK$2,338.1 million) from the placing of 6,528,080,000 new shares during the year under review. The investments in PV power plants boosted the Group's revenues significantly during the year ended 31 December 2014, enabling a turnaround to a profit of approximately RMB11,667,000 for the year ended 31 December 2014 from a loss of approximately RMB6,212,000 for the year ended 31 December 2013.

During the second half of 2014, the Group acquired three ground-mounted PV power plants, located in Gansu and Xinjiang province in the People's Republic of China (the "PRC"), with a total capacity of 70 mega-watts ("MW"). In addition, the Group also started the construction of its own greenfield projects. As at 31 December 2014, the Group had a total of seven greenfield projects under construction which are expected to be completed and connected to the power grid in 2015. On top of the ground-mounted PV projects, the Group entered into several memoranda of understanding ("MOU") to develop distributed PV power generation projects. For further details of the power plant projects, please refer to the section "Business Review" under the "Management Discussion and Analysis" of this report.

The Central Government of the PRC has already stressed that it is the quality not quantity that counts and has thus been pressing ahead with economic restructuring and speeding up reforms to achieve "quality" growth. As part of its initiative in attaining "quality" growth, the government has paid more attention to environmental protection. Air pollution has come under the spotlight in the country in the recent years. The Central Government also stated that smoggy weather had affected more areas in the country and has also taken an unprecedented move to declare "war" on pollutions. The Board believes that clean energy would be the best solution to the air pollution problem. As a form of clean energy, solar PV power plants do not emit any greenhouse gases and other pollutants. Furthermore, they consume little or even no water. By contrast, thermal power plants cause air pollution and require extensive use of fresh water for cooling, and these are serious cause for concerns in hot or dry regions. The benefits of solar PV will become more pronounced.

The Strategic Action Plan for Energy Development (2014-2020) issued by the State Council in November 2014 stated that clean and low-carbon energy shall increase as a percentage of energy consumption. It envisioned that the share of renewable energies such as solar and wind energy in electricity consumption shall increase significantly. The government document also stated a goal of having the country's installed PV capacity increase to 100 gigawatts (GW) by 2020. Environmental protection related policies remain one of the most concerned issues in the National People's Congress ("NPC") and Chinese People's Political Consultative Conference ("CPPCC"). Premier Li Keqiang said in the Government Work Report 2015 that great efforts should be devoted to develop clean energy sectors, including photovoltaic power generation sector.

As the leader of the global solar PV market, PRC has the most advanced solar technology. Answering the call to combat pollution, the Group has been investing in photovoltaic power plants. The Board is confident about the prospect of such investments and their potential for creating a significant growth in business in the coming decades. The PRC central government had reiterated its support to the clean energy sector under the "Twelfth Five-year Plan". This will further benefit the Group's development.

Finally, I would like to take this opportunity to express my gratitude to our shareholders, customers, suppliers and investors for their support and trust in the past year; and to our directors, management and our staff for their contribution to the outstanding performance of the Group. The Group will pursue stronger and more rapid development with a view to maximizing the returns to its shareholders.

LIU WEN PING
Chairman

Hong Kong
20 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company with its subsidiaries mainly engaged in investment in and operation of photovoltaic power plants, properties investment, manufacturing and sales of life-like plants. As stated in the annual report of the Company for the year ended 31 December 2013, the Company has been looking for new investments and business opportunities. In May 2014, the Company entered into a subscription agreement with a private equity investment fund as investor (the "Investor"), pursuant to which the Company agreed to issue 6,528,080,000 new shares of the Company (the "Shares") at a subscription price of HK$0.36 per Share to establish a funding source for such purposes. The issuance of new Shares by the Company was completed on 8 August 2014 and a total net proceeds amounted to approximately RMB1,864.3 million (equivalent to approximately HK$2,338.1 million) was received by the Company. For further details of the issuance of new Shares by the Company, please refer to the heading "ISSUE OF NEW SHARES AND USE OF PROCEEDS" under the Directors' Report.

PHOTOVOLTAIC POWER PLANTS BUSINESS

In 2014, the Company entered into several memoranda of understanding, cooperation agreements and framework agreements on proposed acquisition of or investments in photovoltaic ("PV") power plants in the People's Republic of China (the "PRC"), as follows:

Date	Name and location of project	Capacity and type of power plants	Status as at 31 December 2014
22 April 2014	Gansu Province	30 mega-watts ("MW"); Ground mounted PV power plants	Project suspended and no further negotiation will be continued by the Group
29 April 2014	Lincheng County, Hebei Province	50 MW; Ground mounted PV power plants	Under negotiations and no formal agreement has been entered into by the Group
30 April 2014	Anhui and Yunnan Provinces	261 MW; Ground mounted PV power plants	Under negotiations and no formal agreement has been entered into by the Group
4 September 2014	Across PRC	Total 800 MW to 1,000 MW from 2014 to 2016; Ground mounted PV power plants	Under negotiations and no formal agreement has been entered into by the Group
24 October 2014	Across PRC	N/A	Set up of investment fund still under negotiations and no formal agreement has been entered into by the Group
28 November 2014	Across PRC	Total 800 MW from 2015 to 2017; Distributed PV power plants	Under negotiations and no formal agreement has been entered into by the Group

Date	Name and location of project	Capacity and type of power plants	Status as at 31 December 2014
3 December 2014	Across PRC	Total 600 MW from 2015 to 2017; Distributed PV power plants	Under negotiations and no formal agreement has been entered into by the Group
18 December 2014	Across PRC	Not less than 300 MW for three years up to 2017; Distributed PV power plants	Under negotiations and no formal agreement has been entered into by the Group

As at 31 December 2014, the Group had the following ground mounted PV power plants under development:

Name of project*	Location of project	Capacity of power plants	Status as at 31 December 2014
Enfei New Energy (Shuozhou) Limited Company ("恩菲新能源(朔州)有限公司")	Shaanxi Province	70 MW	Major construction not yet started; expected to be completed by end of September 2015
Dunhuang Wanfa New Energy Limited Company ("敦煌萬發新能源有限公司")	Gansu Province	60 MW	Majority of construction work is completed; expected to connect to grid by end of April 2015
Maigaiti Linuo Solar Power Limited Company ("麥蓋提力諾太陽能電力有限公司")	Xinjiang Province	20 MW	Majority of construction work is completed; expected to connect to grid by end of April 2015
Kuche Tianhua New Energy Electric Power Limited Company ("庫車天華新能源電力有限公司")	Xinjiang Province	20 MW	Majority of construction work is completed; expected to connect to grid by end of March 2015

Name of project*	Location of project	Capacity of power plants	Status as at 31 December 2014
Wushi Huayangweiye Solar Technology Limited Company ("烏什縣華陽偉業太陽能科技有限公司")	Xinjiang Province	20 MW	Majority of construction work is completed; expected to connect to grid by end of March 2015
Yingjisha Tianhuaweiye Solar Technology Limited Company ("英吉沙縣天華偉業太陽能科技有限公司")	Xinjiang Province	20 MW	Connected to grid on 9 March 2015
Yulin BYD New Energy Limited Company ("榆林市比亞迪新能源有限公司")	Shaanxi Province	300 MW	Major construction not yet started; 150 MW is expected to be completed by end of 2015

For further details of the Group's PV power plants under development, please refer to note 33(b) to the financial statements.

During the year ended 31 December 2014, the Group had acquired the following ground mounted PV power plants, which had already been connected to grid and generated electricity revenue for the Group:

Date of acquisition	Name of project*	Location of project	Capacity of power plants
7 November 2014	Gansu Hongyuan Photovoltaic Limited Company (甘肅宏遠光電有限責任公司)	Gansu Province	30 MW
4 November 2014	YumenYonglian Technology New Energy Limited Company (玉門市永聯科技新能源有限公司)	Gansu Province	20 MW
30 October 2014	Hami Zhaoxiang New Energy Technology Limited Company (哈密朝翔新能源科技有限公司)	Xinjiang Province	20 MW

For further details of the Group's PV power plants with operations, please refer to note 33(a) to the financial statements.

* The English translation of the companies' names is for reference only. The official names of these companies are in Chinese.

PROPERTIES INVESTMENT

The total rental income of the Group from its properties investment increased by approximately 69.5% from approximately RMB994,000 for the year ended 31 December 2013 to approximately RMB1,685,000 for the year ended 31 December 2014, driven by an increase in units of the Group's investment properties were being rented out during the year under review.

LIFE-LIKE PLANTS BUSINESS

The turnover from life-like plants business decreased by approximately 25.3% from approximately RMB6,370,000 for the year ended 31 December 2013 to approximately RMB4,760,000 for the year ended 31 December 2014.

SECURITIES INVESTMENT

For the year ended 31 December 2014, the Group had recorded a net gain on available-for-sale securities amounted to approximately RMB6,735,000 (2013: loss of approximately RMB3,472,000). During the year ended 31 December 2014, the Group had disposed of all of its securities investments and the Group did not hold any investment in securities as at 31 December 2014.

RESULTS OF OPERATIONS

Turnover

The turnover of the Group increased by 71.2 times from approximately RMB7,364,000 for the year ended 31 December 2013 to approximately RMB524,283,000 for the year ended 31 December 2014. The increase was primarily due to increase in revenue from the sales of electricity (including tariff adjustment) and increase in sales of solar energy related products.

Revenue from sales of electricity and sales of solar energy related products

The Group had the first time generated revenue from sales of electricity in the second half of 2014 from its PV power plants. For the year ended 31 December 2014, the Group recorded a total amount of approximately RMB9,547,000 (2013: Nil) from the sales of electricity (includes tariff adjustment). In addition, the Group had gained revenue of approximately RMB508,291,000 (2013: Nil) from the sales of solar energy related products during the year ended 31 December 2014.

Revenue from sales of life-like plants

The Group's revenue from sales of life-like plants decreased by approximately 25.3% from approximately RMB6,370,000 for the year ended 31 December 2013 to approximately RMB4,760,000 for the year ended 31 December 2014.

Rental income

The Group's rental income increased by approximately 69.5% from approximately RMB994,000 for the year ended 31 December 2013 to approximately RMB1,685,000 for the year ended 31 December 2014.

Gross profit

The gross profit of the Group increased by 32.6 times from approximately RMB1,510,000 for the year ended 31 December 2013 to RMB49,153,000 for the year ended 31 December 2014, mainly due to the increase in revenue from sales of electricity and sales of solar energy related products during the year under review.

Valuation gains on investment properties

The Group holds certain properties for rental income and/or capital appreciation purposes in Hong Kong. The Group's investment properties are revaluated at the end of the respective year end on an open market value or existing use basis by an independent property valuer. For the year ended 31 December 2014, the Group recorded increases in fair value of investment properties of RMB2,298,000 (2013: RMB2,473,000). The increase in fair value of the Group's investment properties during the years ended 31 December 2014 and 2013 reflected a rise in the property price in Hong Kong over the period under review.

Other revenue

Other revenue of the Group increased by approximately 399.7% from approximately RMB1,888,000 for the year ended 31 December 2013 to approximately RMB9,434,000 for the year ended 31 December 2014. The increase is mainly due to the increase in interest income of approximately RMB4,531,000 as a result of the increase in bank deposits with the banks.

Other net income/(loss)

The Group recorded a net income of approximately RMB7,958,000 for the year ended 31 December 2014 (2013: net loss of approximately RMB637,000). The significant improvement was mainly due to the net gain on disposal of property, plant and equipment and disposal of available-for-sale securities of approximately RMB2,698,000 and RMB6,735,000, (2013: RMB105,000 and RMB Nil), respectively, during the year ended 31 December 2014.

Administrative expenses

Administrative expenses of the Group increased by approximately 255.7% from approximately RMB11,310,000 for the year ended 31 December 2013 to approximately RMB40,225,000 for the year ended 31 December 2014. The increase was attributable to (i) increase in legal and other professional fees amounted to approximately RMB880,000 in relation to, including but not limited to, the issue of new Shares by the Company during the year 2014; (ii) increase in office rental expenses of approximately RMB591,000; (iii) increase in salaries and wages amounted to approximately RMB5,466,000 due to increase in head count; (iv) equity-settled based payment expenses in relation to staff and consultants of the Group amounted to approximately RMB15,448,000; (v) increase in auditors' remuneration amounted to approximately RMB1,184,000; and (vi) increase in travelling and transportation expenses amounted to approximately RMB1,191,000.

Solar power plants

As at 31 December 2014, the Group had a net book value of approximately RMB533,903,000 (2013: Nil) and approximately RMB1,034,247,000 (2013: Nil) in completed solar power plants and solar power plants under development, respectively.

Investment properties

The Group continues to hold certain investment properties in Hong Kong for rental purposes. As at 31 December 2014, the total investment properties, at valuation, amounted to approximately RMB77,943,000 (2013: RMB75,399,000).

Goodwill

During the year ended 31 December 2014, the Group had acquired three solar power plants with operations and recorded a total amount of approximately RMB35,050,000 (2013: Nil) in respect of goodwill on the acquisitions. For details, please refer to note 33(a) to the financial statements.

Liquidity and Capital Resources

As at 31 December 2014, the total amount of cash and cash equivalents and pledged bank deposits was approximately RMB1,160,535,000 (2013: approximately RMB88,039,000). As at 31 December 2014, cash and cash equivalents of the Group was approximately RMB1,008,312,000 (2013: approximately RMB87,933,000), which included an amount of bank deposits of approximately RMB827,828,000 (2013: approximately RMB37,349,000), denominated in RMB. The remaining balance of the Group's cash and cash equivalents consisted primarily of cash on hand and bank balances which were primarily held in HK$ denominated accounts with banks in Hong Kong.

As at 31 December 2014, the Group's debt ratio, which was calculated by the total liabilities over the total equity, increased from the ratio of 0.11 as at 31 December 2013 to 0.66 as at 31 December 2014.

Capital Expenditure

During the year ended 31 December 2014, the Group's total expenditure in respect of property, plant and equipment and solar power plants amounted to approximately RMB1,762,000 (2013: RMB2,118,000) and RMB624,847,000 (2013: Nil), respectively.

Loans and Borrowings

As at 31 December 2014, the Group's total loans and borrowings was approximately RMB622,503,000, representing an increase of approximately RMB615,068,000 over an amount of approximately RMB7,435,000 as at 31 December 2013. All the loans and borrowings of the Group, except for an equivalent amount of approximately RMB5,720,000 (2013: approximately RMB6,227,000) which were denominated in HK$, were denominated in RMB, the functional currency of the Company's major subsidiaries in the PRC.

Foreign Exchange Risk

The Group primarily operates its business in the PRC and during the year ended 31 December 2014, the Group's revenue were primarily denominated in RMB, being the functional currency of the Group's major operating subsidiaries. Accordingly, the Directors expect any future exchange rate fluctuation will not have any material effect on the Group's business. The Group did not use any financial instruments for hedging purpose.

Charge on Assets and Contingent Liabilities

As at 31 December 2014, the Group has pledged bank deposits of approximately RMB152,223,000 (2013: approximately RMB106,000), and land and buildings and solar power plants with net book value of approximately RMB3,630,000 (2013: approximately RMB10,407,000) and approximately RMB533,903,000 (2013: Nil), respectively, to secure general banking and other loans facilities granted to the Group.

As at 31 December 2014, the Group's bank deposits in the amount of approximately RMB173,000 (2013: approximately RMB106,000) had been pledged to a bank for the requirement of the customs authorities of the PRC.

As at 31 December 2014, the Group had no significant contingent liabilities (2013: Nil).

Employees and Remuneration Policy

As at 31 December 2014, the Group had approximately 174 (2013: 125) employees located in Hong Kong and the PRC. Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the year ended 31 December 2014, the total employees compensation expenses were approximately RMB9,775,000 (2013: approximately RMB6,859,000). The remuneration policy of the Group is to provide remuneration packages, including basic salary, short term bonuses and long term rewards such as options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when occasion requires.

The Company has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed herein this annual report, the Group did not have any other material acquisition or disposal during the year ended 31 December 2014.

PROSPECT

To diversify the revenue stream of the Group, the Board has started to evaluate different kinds of investments in both Hong Kong and the PRC during the first half of 2014. In particular, the Group had for the first time invested in certain photovoltaic power plants during the year under review. In light of the increasing attention on the clean energy sector worldwide, the Board is of the opinion that its investments in the photovoltaic power plants would create high investment returns for the Group in the long run.

The Strategic Action Plan for Energy Development (2014-2020) issued by the State Council in November 2014 stated that clean and low-carbon energy shall increase as a percentage of energy consumption. It envisioned that the share of renewable energies such as solar and wind energy in electricity consumption shall increase significantly going forward. The government document also stated a goal of having the country's installed PV capacity increase to 100 gigawatts (GW) by 2020. Environmental protection related policies remain one of the most concerned issues in the National People's Congress ("NPC") and Chinese People's Political Consultative Conference ("CPPCC"). Premier Li Keqiang said in the Government Work Report 2015 that great efforts should be devoted to develop clean energy sectors, including photovoltaic power generation sector.

As the leader of the global solar PV market, PRC has the most advanced solar technology. Answering the call to combat pollution, the Group has been investing in photovoltaic power plants. The Board is confident about the prospect of such investments and their potential for creating a significant growth in business in the coming decades. The PRC central government had reiterated its support to the clean energy sector under the "Twelfth Five-year Plan". This will further benefit the Group's development.

Looking forward, the Group will continue to review its investment portfolio from time to time and in particular, grasp the opportunities in investing in photovoltaic power stations to pursue a strong and rapid growth, with an aim to maximizing the investment returns for its shareholders.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Liu Wen Ping

aged 37, joined the Group on 21 March 2014. Mr. Liu received his Ph.D. degree from Shanghai Institute of Microsystem and Information Technology, Chinese Academy of Sciences and has a Bachelor degree in Physics from Peking University. Mr. Liu has worked in financial industries in China for 6 years, and has 9 years experiences in solar industry. Mr. Liu is designated as chairman of the Board on 7 November 2014.

Mr. Chang Hoi Nam

aged 36, joined the Group on 30 September 2013, Mr. Chang obtained a bachelor degree in business management from the University of New Brunswick of Canada in September 2000. Mr. Chang is currently an executive director and the chief executive officer of China Assurance Finance Group Limited (stock code: 8090). Mr. Chang was an independent non-executive director of Sincere Watch (Hong Kong) Limited (stock code: 444) from June 2012 to September 2012.

NON-EXECUTIVE DIRECTOR

Mr. Chang Tat Joel

aged 46, joined the Group on 7 November 2014, Mr. Chang is a partner of Pohua JT Private Equity Fund L.P., a substantial shareholder of the Company. Mr. Chang is one of the founders of AID Partners Capital Limited, an Asian-based private equity investment company established in 2007. He is responsible for its strategic investment planning and overseeing its investment portfolio. He is also the founder of Genius Link Asset Management, a diversified investment company with focuses in the property, media and entertainment, and food and agricultural sectors. Prior to the establishment of AID Partners Capital Limited and Genius Link Asset Management, he was the chief investment officer of Investec Asia Limited and a managing director of China Everbright Capital Limited and an executive director of BNP Prime Peregrine Capital Limited. He is a member of the Australian Society of Certified Practising Accountants and the Hong Kong Institute of Certified Public Accountants. He obtained a bachelor's degree in Economics from Monash University in 1990. Mr. Chang is currently an independent non-executive director of China Mobile Games and Entertainment Group Limited, a company listed on the NASDAQ stock market (NASDAQ: CMGE). Mr. Chang is also an independent non-executive director of Dragonite International Limited (stock code: 329) and Hailiang International Holdings Limited (formerly known as Sunlink International Holdings Limited) (stock code: 2336), and an executive director of AID Partners Capital Holdings Limited (formerly known as Crosby Capital Limited) (Stock code: 8088), the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He was formerly an independent non-executive director of Kingsoft Corporation Limited (stock code: 3888) from Oct 2011 to May 2012, and was an executive director of Orange Sky Golden Harvest Entertainment (Holdings) Limited (stock code: 1132) from April 2010 to May 2011, both companies are listed on the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Miu Hon Kit

aged 47, joined the Group on 8 July 2014, Mr. Miu is a qualified accountant with over 20 years of professional experience in auditing, accounting, compliance, corporate finance and private equity investments. He is currently the Adjunct Professor in the Department of Finance of The Chinese University of Hong Kong. Mr. Miu received a Master's degree in Business Administration from Imperial College London and a Bachelor of Arts in Accountancy with Honours from City University of Hong Kong. Mr. Miu is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants (UK). He is also admitted to the membership of The Institute of Chartered Accountants in England and Wales. Mr. Miu was an independent non-executive director of Centron Telecom International Holdings Limited (stock code: 1155), from April 2007 to December 2009.

Mr. Wang Haisheng

aged 37, joined the Group on 30 September 2014, Mr. Wang has more than twelve years of experience in the areas of power equipment and new energy, with essential positions in corporate management, investment, strategic mergers and acquisitions and industry research. Mr. Wang was the chief analyst of several leading PRC securities companies for five years focusing in the new energy sector. Mr. Wang has obtained multiple awards of "Best Analyst". He is currently the executive general manager of Ping An Securities Co. Ltd. (平安証券有限責任公司). Mr. Wang graduated from Tsinghua University (清華大學) with a bachelor degree and a master degree in automation.

Mr. Lu Hongda

aged 44, joined the Group on 7 November 2014, Mr. Lu is a partner with Beijing Zhong Lun Law Firm (北京市中倫律師事務所) and has more than twenty years of experience practising law. Mr. Lu started work in the Legal Department of the Beijing Capital Steel Group in 1993. Mr. Lu moved to private practice in 1994 and worked as an associate with Beijing Tian Chi Law Firm (北京市天馳律師事務所) between November 1994 and February 1997. He joined Beijing Zheng Ping Law Firm (北京鄭平律師事務所) and worked as an associate between March 1997 and May 2000. Mr. Lu joined Beijing Zhong Lun Law Firm in June 2000 and was promoted a partner. Mr. Lu is experienced in advising clients on capital market and securities transactions, merger and acquisitions, private equity and investment funds, as well as initial public offerings transactions. Mr. Lu graduated from the Law School of the Southwest University of Finance and Economics (西南財經大學) with a LLB degree and obtained a LLM degree from the University of Dundee, United Kingdom.

SENIOR MANAGEMENT

Mr. Fung Che Wai, Anthony

aged 46, has been appointed as the company secretary and authorized representative of the Company with effect from 1 September 2014. Mr. Fung joined the Company in July 2014 as the chief financial officer. Mr. Fung has over 22 years of professional experience in auditing, advisory accounting, financial management and investor relations. He worked for an international audit firm and a financial consulting firm for 7 and 8 years respectively. From January 2008 to August 2010, Mr. Fung was the vice president responsible for investor relations of NagaCorp Limited (stock code: 3918), a company listed on the Main Board of the Stock Exchange. From January 2011 to July 2014, Mr. Fung was the chief financial officer and company secretary of Zall Development Group Limited (stock code: 2098), a company listed on the Main Board of the Stock Exchange. Mr. Fung is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

DIRECTORS' REPORT

The board (the "Board") of directors (the "Directors") of the Company is pleased to present the annual report and the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are investment in and operation of photovoltaic power plants, properties investment, manufacturing and sale of life-like plants.

RESULTS

The profit of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss on page 41.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014.

There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividend.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2014 and the states of the Company's and the Group's affairs as at the date are set out on pages 41 to 113.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2014 are set out on page 46.

DISTRIBUTABLE RESERVES

At 31 December 2014 and 2013, the Company had no reserves available for distribution.

At 31 December 2013, the Company's share premium account, in the amount of approximately RMB334,686,000 may be distributed in the form of fully paid bonus shares.

FIXED ASSETS

Details of movements during the year ended 31 December 2014 in the property, plant and equipment, solar power plants, investment properties and lease prepayments of the Group are set out in notes 11, 12, 13 and 17 to the financial statements, respectively.

SHARE CAPITAL

Changes in share capital of the Company for the year ended 31 December 2014 and as at that date are set out in note 29 to the financial statements.

ISSUE OF NEW SHARES AND USE OF PROCEEDS

On 28 May 2014, the Company entered into a subscription agreement (the "Agreement") with the Investor to allot and issue (the "Placing") 6,528,080,000 new shares ("Shares") of the Company at the price of HK$0.36 per Share (the "Placing Price"). The Placing had been completed on 8 August 2014 and the net proceeds of approximately RMB1,864.3 million (equivalent to approximately HK$2,338.1 million) was received by the Company.

The new Shares represent approximately 370.35% of the issued share capital of the Company as at the date of the Agreement and approximately 78.74% of the issued share capital of the Company as enlarged by the allotment and issue of the new Shares. The new Shares have a market value of approximately HK$5,810,000,000 based on the closing price of the Shares of HK$0.89 on 28 May 2014, the date of the Agreement.

The Placing Price of HK$0.36 represents (i) a discount of approximately 59.55% to the closing price of the Shares of HK$0.89 per Share as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 May 2014, the date of the Agreement; and (ii) a discount of approximately 59.18% to the average closing prices of the Shares of HK$0.882 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Agreement.

The net proceeds raised per new Share pursuant to the Placing was approximately HK$0.358 per Share and the total net proceeds of RMB1,864.3 million (equivalent to approximately HK$2,338.1 million) has been applied in compliance with the intended use of proceeds set out in the section headed "REASON FOR THE SUBSCRIPTION AND USE OF PROCEEDS" of the circular of the Company dated 11 July 2014, of which, approximately 98.1% of the net proceeds would be utilised for financing the acquisition and development of photovoltaic power projects of the Group and approximately 1.9% as general working capital of the Group. As at 31 December 2014, the Group had utilised RMB604.5 million of the net proceeds and the unutilized portion of the net proceeds is currently held in cash and cash equivalents and intended that it will be applied in the manner consistent with the proposed allocations as stipulated in the Agreement.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company (the "Articles") or the laws of Hong Kong, which would oblige the Company to offer new shares to existing shareholders on a pro-rata basis.

SHARE OPTION SCHEME

Pursuant to a resolution of the Company passed on 22 July 2009, the Company has adopted a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include employees or directors of the Company or the Group's holding companies or subsidiaries, advisers, consultants, agents, contractors, customers, suppliers or any entities in which the Group or its holding companies or subsidiaries holds any equity interest who has contribution to the Group.

SHARE OPTION SCHEME *(continued)*

Details and the major terms of the Share Option Scheme are as follows:

(i) Purpose

The purpose of the Share Option Scheme is to enable the Company to grant options to the participants in recognition of their contribution to the Group.

(ii) Participants

The Directors may offer to grant an option to any employee or director or the Group's holding companies or subsidiaries, adviser, consultant, agent, contractor, customer, supplier or any entity in which the Group or its holding companies or subsidiaries holds any equity interest who has contribution to the Group.

(iii) Terms of options

The share options granted under the Share Option Scheme are subject to such terms and conditions as may be determined by the Directors at their absolute discretion and specified in the offer of a share option, which terms and conditions may include (a) vesting conditions which must be satisfied before a share option holder's share option shall become vested and capable of being exercised; and (b) the Directors may, in its absolute discretion, specify performance conditions that must be achieved before a share option can be exercised and/or the minimum period for which a share option must be held before it can be exercised.

(iv) Option price

The option price will be determined by the Directors at their absolute discretion and notified to an option-holder. The minimum option price shall not be less than the highest of (a) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of offer of an option; (b) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of an option; and (c) the nominal value of the shares of the Company, if applicable.

(v) Maximum number of shares

(1) 10% Limit

(a) The total numbers of shares which may be issued upon exercise of all options to be granted must not in aggregate exceed 10% of the aggregate of the shares of the Company in issue as at the date of adoption of the Share Option Scheme. Options lapsed in accordance with the terms of the Share Option Scheme and any other scheme will not be counted for the purpose of calculating the 10% limit in this paragraph.

(b) With the approval of the shareholders of the Company in general meeting, the Directors may "refresh" the 10% limit under paragraph (a) (and may further refresh such limit in accordance with this paragraph) provided that the total number of shares of the Company which may be issued upon the exercise of all options to be granted under the limit as "refreshed" shall not exceed 10% of the shares in issue as at the date on which the shareholders approve the "refreshed" limit.

Options previously granted (including those outstanding, cancelled and lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as "refreshed".

SHARE OPTION SCHEME *(continued)*

(v) Maximum number of shares *(continued)*

(1) 10% Limit *(continued)*

(c) Subject to the limits as stated in elsewhere, the Directors may, with the approval of the shareholders, grant options in excess of the 10% limit to participants specifically identified before shareholders' approval is sought. In such situation, the Company will send a circular to the shareholders of the Company containing a generic description of the specified participants who may be granted such options, the number and terms of such options to be granted and the purpose of granting such options to the specified participants with an explanation of how the terms of the options will serve the purpose.

(2) 30% Limit

The total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not exceed 30% of the shares of the Company in issue from time to time. No options may be granted under the Share Option Scheme if this will result in the limit being exceeded.

(vi) Maximum entitlement of each participant

Subject always to the limits as stated in elsewhere, the Directors shall not grant any options to any participant which, if exercised, would result in such participant becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued or to be issued to him under all options granted to him (including those options exercised or outstanding) in any 12-month period exceed 1% of the shares of the Company in issue at such date. The Directors may grant options to any participant in excess of the individual limit of 1% in any 12-month period with the approval of the shareholders of the Company in general meeting with such participant and his associates abstaining from voting.

(vii) Time of exercise of options

An option under the Share Option Scheme which is vested and has not lapsed may be exercised at any time during such period notified by the Directors as not exceeding 10 years from the date on which a participant is offered such option. The exercise of options may also be subject to any conditions imposed by the Directors at the time of offer.

(viii) Term of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme, after which period no further options may be granted under the Share Option Scheme. The Directors may terminate the Share Option Scheme at any time and in such event no further options shall be granted under the Share Option Scheme but any options which have been granted but not yet exercised shall continue to be valid and exercisable.

SHARE OPTION SCHEME *(continued)*

The followings are details of the options granted (the "Granted Options") pursuant to the Share Option Scheme but not yet exercised as at 31 December 2014:

Grantee	No. of share options outstanding at 1 January 2014	Granted during the year	Date of grant	Exercise Price *HK$*	Number of options cancelled/ lapsed/exercised during the year ended 31 December 2014	Number of options outstanding at 31 December 2014	Approximate percentage of shareholding upon fully exercise of share options*
Executive Directors							
Liu Wen Ping	–	60,000,000	8 October 2014	1.10	–	60,000,000	0.69%
Chang Hoi Nam	–	2,000,000	8 October 2014	1.10	–	2,000,000	0.02%
Non-executive Director							
Chang Tat Joel	–	2,000,000	11 November 2014	1.16	–	2,000,000	0.02%
Liu Jinsong	–	4,000,000	8 October 2014	1.10	(4,000,000)	–	–
Independent non-executive Directors							
Miu Hon Kit	–	1,000,000	8 October 2014	1.10	–	1,000,000	0.01%
Wang Haisheng	–	1,000,000	8 October 2014	1.10	–	1,000,000	0.01%
Lu Hongda	–	1,000,000	11 November 2014	1.16	–	1,000,000	0.01%
Wong Yun Kuen	–	1,000,000	8 October 2014	1.10	(1,000,000)	–	–
	–	72,000,000		–	(5,000,000)	67,000,000	0.76%
Other employees and consultants of the Group	–	401,700,000	8 October 2014	1.10	–	401,700,000	4.59%
Total	–	473,700,000		–	(5,000,000)	468,700,000	5.35%

* The percentage represents the number of underlying shares interested divided by the enlarged issue share capital of the Company as at 31 December 2014, assuming all the relevant share options are exercised.

SHARE OPTION SCHEME *(continued)*

The period within which the Granted Options could be exercised under the Share Option Scheme:

Exercise period	Number of options exercisable
From 1st anniversary of the date of grant to 2nd anniversary of the date of grant	Up to 25% of the total number of Granted Options
From 2nd anniversary of the date of grant to 3rd anniversary of the date of grant	Up to 25% of the total number of Granted Options
From 3rd anniversary of the date of grant to 4th anniversary of the date of grant	Up to 25% of the total number of Granted Options
From 4th anniversary of the date of grant to 5th anniversary of the date of grant	Up to 25% of the total number of Granted Options

LOANS AND BORROWINGS

Particulars of loans and borrowings of the Group as at 31 December 2014 are set out in note 24 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2014, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

Liu Wen Ping – appointed on 21 March 2014
Chang Hoi Nam
Yu Pak Yan, Peter – resigned on 1 September 2014

Non-executive Director

Chang Tat Joel – appointed on 7 November 2014
Liu Jinsong – appointed on 1 September 2014 and resigned on 7 November 2014

Independent non-executive Directors

Miu Hon Kit – appointed on 8 July 2014
Wang Haisheng – appointed on 30 September 2014
Lu Hongda – appointed on 7 November 2014
Lau Man Tak – resigned on 30 April 2014
Man Kwok Leung – resigned on 30 September 2014
Wong Yun Kuen – resigned on 7 November 2014

In accordance with article 77 of the Company's Articles, Mr. Chang Tat Joel, Mr. Wang Haisheng and Mr. Lu Hongda will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting (the "AGM").

In accordance with articles 81 to 84 of the Company's Articles, Mr. Liu Wen Ping will retire by rotation and, being eligible, will offer himself for re-election at the AGM.

DIRECTORS' SERVICE CONTRACTS

There is no service contract entered into between the Company and each of the executive Directors and there is no fixed term of service for each of the executive Directors with the Company. Each of the executive Directors will hold office only until the next following annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting and retirement by rotation at the subsequent annual general meetings of the Company in accordance with the articles of association of the Company. Each of the non-executive Director and independent non-executive Directors has entered into a service contract with the Company, who will hold office only until the next following general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting and retirement by rotation at subsequent annual general meetings of the Company in accordance with the articles of association of the Company.

None of the Directors being proposed for re-election at the AGM has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and considers all the independent non-executive Directors to be independent.

DIRECTORS' REMUNERATION

The remuneration committee of the Company (the "Remuneration Committee") considers and recommends to the Board the remuneration and other benefits paid by the Company to the Directors. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate. Details of Directors' remuneration are set out in note 7 to the financial statements.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 17 to 18.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There was no contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party to and in which a Director has a material interest in, whether directly or indirectly, and subsisted at the end of the financial year under review or at any time during the financial year under review.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors held any interests in any competing business against the Company or any of its jointly controlled entities and subsidiaries for the year ended 31 December 2014.

CHANGES IN DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Changes in Director's information disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Mr. Liu Jinsong, a non-executive Director, was appointed as a supervisor of Dynagreen Environmental Protection Group Co., Ltd. (stock code: 1330), a company listed on the main board of the Stock Exchange, with effect from 18 December 2013. Mr. Liu Jinsong resigned as a non-executive Director of the Company on 7 November 2014.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2014, the interests or short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company or its any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required 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 are being taken or deemed to have taken under such provision of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of the Company (the "Model Code") as set out in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Interest in underlying shares of the Company

Name of Director	Nature of interest	Date of share options granted	Number of share options outstanding as at 31 December 2014	Approximate percentage of shareholding upon fully exercise of share options*
Liu Wen Ping	Beneficial owner	8 October 2014	60,000,000	0.69%
Chang Hoi Nam	Beneficial owner	8 October 2014	2,000,000	0.02%
Chang Tat Joel	Beneficial owner	11 November 2014	2,000,000	0.02%
Miu Hon Kit	Beneficial owner	8 October 2014	1,000,000	0.01%
Wang Haisheng	Beneficial owner	8 October 2014	1,000,000	0.01%
Lu Hongda	Beneficial owner	11 November 2014	1,000,000	0.01%
			67,000,000	0.76%

Note: Details of the above share options as required by the Listing Rules have been disclosed in the above paragraph headed "Share Option Scheme".

* The percentage represents the number of underlying shares interested divided by the enlarged issue share capital of the Company as at 31 December 2014, assuming all the relevant share options are exercised.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director, as at 31 December 2014, the following persons, other than a Director or chief executive of the Company, had or deemed or taken to have an interest or short position in the shares or underlying shares of the Company would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Nature of interest	Number of shares or underlying Shares held	Percentage of Shareholding[2]
Pohua JT Capital Partners Limited	Deemed interest in controlled corporation[1]	5,835,820,000	70.39%
Pohua JT Private Equity Fund L.P.	Beneficial owner[1]	5,835,820,000	70.39%
Tianan Property Insurance Co., Ltd.	Beneficial owner	786,950,000	9.49%
Xiang Jun	Beneficial owner	676,020,000	8.15%

Notes:

(1) Pohua JT Capital Partners Limited is the general partner of Pohua JT Private Equity Fund L.P..

(2) The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2014.

Save as disclosed above, as at 31 December 2014, the Company had not been notified by any person, other than a Director or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules for the year ended 31 December 2014 and as at the date of this report.

RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately. As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at 20% of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. For the year ended 31 December 2014, the Group's total contributions to the retirement schemes charged in the consolidated income statement amounted to approximately RMB551,000 (2013: approximately RMB383,000).

CLOSURE OF REGISTER OF MEMBERS TO ASCERTAIN SHAREHOLDERS' ENTITLEMENT TO ATTEND AND VOTE AT THE AGM

The Company's register of members will be closed from Wednesday, 6 May 2015 to Friday, 8 May 2015 (both days inclusive), during which no transfer of shares of the Company will be effected. In order to qualify to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 5 May 2015.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has been established in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control principles of the Company and to assist the Board to fulfill its responsibilities over audit.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2014 and has also reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters.

The Audit Committee consists of three independent non-executive Directors: Mr. Miu Hon Kit, Mr. Wang Haisheng and Mr. Lu Hongda. Mr. Miu Hon Kit serves as the chairman of the Audit Committee.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's five largest suppliers accounted for approximately 85.9% (2013: 95.6%) of the Group's total purchases. The largest supplier accounted for approximately 36.2% (2013: 28.0%) of the Group's total purchases.

During the year, the Group's five largest customers accounted for approximately 92.1% (2013: 77.9%) of the Group's total sales. The largest customer accounted for approximately 42.9% (2013: 27.7%) of the Group's total sales.

To the best of the knowledge of the Directors, none of the directors, their associates or substantial shareholders of the Company owns more than 5% of the Company's issued share capital nor had any interest in the share capital of any of the Group's five largest suppliers or customers.

BY ORDER OF THE BOARD

LIU WEN PING
Chairman

Hong Kong
20 March 2015

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report of the Group for the year ended 31 December 2014.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence to the Company and the Company's accountability. The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for its corporate governance practices during the year under review. In the opinion of the Board, save for the deviations as disclosed below, the Company has complied with the code provisions as set out in the CG Code throughout the year ended 31 December 2014.

Code Provision A.4.1

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election. However, none of the existing non-executive Director and independent non-executive Directors is appointed for specific term but they are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company, which stipulates that one-third of the directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from the office by rotation at each annual general meeting. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code in this respect.

Code Provision A.6.7

Under code provision A.6.7 of the CG Code, the independent non-executive Directors and the non-executive Director should attend the general meetings of the Company. However, due to other business commitment, Mr. Man Kwok Leung and Mr. Liu Jinsong, an independent non-executive Director and a non-executive Director, did not attend the extraordinary general meetings of the Company held on 28 July 2014 and 30 September 2014, respectively.

THE BOARD

As at the date of this report, the Board consists of six Directors, two of whom are executive Directors, one of whom is non-executive Director and three of whom are independent non-executive Directors. The functions and duties conferred on the Board include convening shareholders' meetings and reporting on the work of the Board to the shareholders at shareholders' meetings as may be required by applicable laws, implementing resolutions passed at shareholders' meetings, determining the Company's business plans and investment plans, formulating the Company's annual budget and final accounts, formulating the Company's proposals for dividend and bonus distributions as well as exercising other powers, functions and duties as conferred on it by the Articles and applicable laws. The senior management is delegated with the authority and responsibilities by the Board for the day-to-day management and operations of the Group. The Board meets regularly to review the financial and operating performance of the Company, and considers and approves the overall strategies and policies of the Company. The composition of the Board is well balanced with the directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The executive Directors, non-executive Director and independent non-executive Directors bring a variety of experience and expertise to the Company.

The Company has received an annual confirmation of independence from each of its independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. Based on the contents of such confirmation, the Company considers that the three independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in Rule 3.13 of the Listing Rules.

All Directors have separate and independent access to the Company's senior management to fulfill their duties and, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense. All Directors also have access to the company secretary who is responsible for ensuring that the Board procedures, and all applicable rules and regulations, are followed. An agenda and accompanying Board/committee papers are distributed to the Directors/Board committee members with reasonable notice in advance of the meetings. Minutes of Board meetings and meetings of Board committees, which record in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views expressed, are kept by the company secretary and are open for inspection by Directors.

The Company has subscribed appropriate and sufficient insurance coverage on Directors' liabilities in respect of legal actions taken against Directors arising out of corporate activities.

In accordance with articles 81 to 84 of the Articles, at each annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

The biographical details of the current Board members are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 17 to 18 of this annual report.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

Non-executive Directors

Each of the non-executive Director and independent non-executive Directors has entered into a service contract with the Company, who will hold office only until the next following general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting and retirement by rotation at subsequent annual general meetings of the Company in accordance with the Articles of the Company.

BOARD COMMITTEES

As an integral part of sound corporate governance practices, the Board has established the following Board committees to oversee the particular aspects of the Group's affairs. Each of these committees comprises independent non-executive Directors who are being invited to join as members.

AUDIT COMMITTEE

The Audit Committee has been established in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control principles of the Company and to assist the Board to fulfill its responsibilities over audit.

The Audit Committee consists of three independent non-executive Directors: Mr. Miu Hon Kit, Mr. Wang Haisheng and Mr. Lu Hongda. Mr. Miu Hon Kit serves as the chairman of the Audit Committee.

During the year ended 31 December 2014, the Audit Committee held its meetings on 24 March 2014 and 29 August 2014. The Audit Committee has reviewed the Group's consolidated financial statements for the six months ended 30 June 2014 and for the year ended 31 December 2014 and has also reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters.

During the year under review, the Audit Committee is also responsible for determining the policy for the corporate governance of the Company performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the directors and senior management;
- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group; and
- to review the Group's compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") has been established with written terms of reference in compliance with the CG Code. The principal responsibilities of the Remuneration Committee are to formulate and recommend remuneration policy to the Board, to determine the remuneration of executive Directors and members of senior management, to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time and to make recommendation on other remuneration related issues. The Board expects the Remuneration Committee to exercise independent judgment and ensures that executive Directors do not participate in the determination of their own remuneration. The Remuneration Committee consists of three independent non-executive Directors: Mr. Lu Hongda, Mr. Miu Hon Kit and Mr. Wang Haisheng. Mr. Lu Hongda serves as the chairman of the Remuneration Committee. The remuneration policy of the Group is to provide remuneration packages, in terms of basic salary, short term bonuses and long term rewards such as options, so as to attract and retain top quality staff. The Remuneration Committee reviews such packages annually, or when the occasion requires. During the year ended 31 December 2014, the Remuneration Committee held its meetings on 21 March 2014, 8 July 2014, 1 September 2014, 30 September 2014 and 7 November 2014.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") has been established with its written terms of reference in compliance with the CG code. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, making recommendation to the Board on selection of candidates for directorships, appointment, reappointment of Directors and Board succession and assessing the independence of independent non-executive Directors. When considering the suitability of a candidate for directorship, the Nomination Committee also considered the "Board Diversity Policy" adopted by the Board and the requirements under the Listing Rules. Based on the above criteria, members of the Nomination Committee have reviewed the composition of the Board and confirmed that the existing Board was appropriately structured and no change was required. The Nomination Committee consists of three independent non-executive Directors: Mr. Wang Haisheng, Mr. Miu Hon Kit and Mr. Lu Hongda. Mr. Wang Haisheng serves as the chairman of the Nomination Committee. During the year ended 31 December 2014, the Nomination Committee held its meetings on 21 March 2014, 8 July 2014, 1 September 2014, 30 September 2014 and 7 November 2014.

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

The individual attendance record of each Director at the meetings of the Board, general meetings of the Company, Audit Committee, Remuneration Committee and Nomination Committee for the year ended 31 December 2014 is set out below:

	Baord Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Annual General Meeting	Extraordinary General Meetings
Executive Directors:						
Liu Wen Ping *(appointed on 21 March 2014)*	10/10	N/A	N/A	N/A	1/1	2/2
Chang Hoi Nam	11/11	N/A	N/A	N/A	0/1	1/2
Yu Pak Yan, Peter *(resigned on 1 September 2014)*	9/9	N/A	N/A	N/A	1/1	1/1
Non-Executive Director:						
Chang Tat Joel *(appointed on 7 November 2014)*	1/1	N/A	N/A	N/A	N/A	N/A
Liu Jinsong *(appointed on 1 September 2014 and resigned on 7 November 2014)*	1/1	N/A	N/A	N/A	N/A	0/1
Independent Non-Executive Directors:						
Miu Hon Kit *(appointed on 8 July 2014)*	6/6	1/1	3/3	3/3	N/A	2/2
Wang Haisheng *(appointed on 30 September 2014)*	1/1	N/A	1/1	1/1	N/A	N/A
Lu Hongda *(appointed on 7 November 2014)*	1/1	N/A	1/1	1/1	N/A	N/A
Lau Man Tak *(resigned on 30 April 2014)*	2/5	1/1	1/1	1/1	N/A	N/A
Man Kwok Leung *(resigned on 30 September 2014)*	9/10	2/2	4/4	4/4	1/1	1/2
Wong Yun Kuen *(resigned on 7 November 2014)*	10/10	2/2	4/4	4/4	1/1	2/2

DIRECTORS' TRAINING

Directors must keep abreast of their collective responsibilities and are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide to each newly appointed Director or alternative Director an induction package covering the summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Group's businesses and the statutory regulatory obligations of a director of a listed company as well as the Company's constitutional documents to ensure that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements. The Group also provided briefings and other training to develop and refresh the Directors' knowledge and skills from time to time. Further, the Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. The Company arranged one in-house seminar on 31 October 2014, covering the topics of directors' duties, corporate governance practices and disclosure requirements under the Listing Rules and SFO. All of the six Directors as at 31 October 2014 have attended the in-house seminar. Mr. Chang Tat Joel and Mr. Lu Hongda were appointed on 7 November 2014 and did not attend the in-house seminar.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the Directors during the year ended 31 December 2014. The Board confirms that, having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the required standards of the Model Code throughout the year ended 31 December 2014.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the financial year ended 31 December 2014 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards. The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report".

AUDITORS' REMUNERATION

For the year ended 31 December 2014, the remuneration paid or payable to the Group's auditors, KPMG, Certified Public Accountants, in respect of their audit and non-audit services are as follows:

	Amount (RMB'000)
Audit services for 2014	1,743

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control systems in order to safeguard the Group's assets and shareholders' interests, and review and monitor the effectiveness of the Group's internal control and risk management systems on a regular basis so as to ensure that internal control and risk management systems in place are adequate. The Group has a process for identifying, evaluating, and managing the significant risks to the achievement of its operational objective. This process is subject to continuous improvement and was in place for the year ended 31 December 2014 and up to the date of this report. The day-to-day operation is entrusted to the individual department, which is accountable for its own conduct and performance, and is required to strictly adhere to the policies set by the Board. The Company carries out reviews on the effectiveness of the internal control systems from time to time in order to ensure that they are able to meet and deal with the dynamic and ever changing business environment.

The Board has conducted a review and assessment of the effectiveness of the Group's internal control systems including financial, operational and compliance controls and risk management for the year ended 31 December 2014. Internal control department was assigned to assist the Board to perform high-level review of the internal control systems for its business operations and processes. Such review covered the financial, compliance and operational controls as well as risk management mechanisms and assessment was made by discussions with the management of the Company and its external auditors. The Board believes that the existing internal control system is adequate and effective.

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of maintaining a clear, timely and effective communication with the shareholders of the Company and investors. The Board also recognizes that effective communication with its investors is critical in establishing investor confidence and to attract new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure the investors and the shareholders of the Company will receive accurate, clear, comprehensive and timely information of the Group through the publication of annual reports, interim reports, announcements and circulars. The Company also publishes all corporate communications on the Company's website at www.kongsun-hldgs.com. The Board maintains regular dialogues with institutional investors and analysts from time to time to keep them informed of the Group's strategy, operations, management and plans. The Directors and members of various Board committees will attend the annual general meeting of the Company and answer any questions raised. The resolution of every important proposal will be proposed at general meetings separately. The chairman of general meetings of the Company would explain the procedures for conducting a poll before proposing a resolution for voting. The poll results will be published on the websites of the Stock Exchange and the Company, respectively. In addition, the Company regularly meets with institutional investors, financial analysts and financial media, and promptly releases information related to any significant progress of the Company, so as to promote the development of the Company through mutual and efficient communications.

SHAREHOLDER RIGHTS

Convening an extraordinary general meeting by shareholders

Procedures for shareholders to convene an extraordinary general meeting (including making proposals/moving a resolution at the extraordinary general meeting)

- Any one or more shareholders holding at the date of deposit of the requisition not less than five per cent of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the "Company Secretary"), to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at an extraordinary general meeting.

- Eligible Shareholders who wish to convene an extraordinary general meeting for the purpose of making proposals or moving a resolution at an extraordinary general meeting must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong.

- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an extraordinary general meeting, the agenda proposed to be included the details of the business(es) proposed to be transacted in the extraordinary general meeting, signed by the Eligible Shareholder(s) concerned.

- If within 21 days of the deposit of the Requisition, the Board has not advised the Eligible Shareholders of any outcome to the contrary and fails to proceed to convene an extraordinary general meeting, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the memorandum and articles of associations, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Making enquiry to the Board

Shareholders of the Company may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong by post or email to ir@kongsunhldgs.com.

INVESTOR RELATIONS

Investors Communication Policy

The Company regards the communication with institutional investors as important means to enhance the transparency of the Company and collect views and feedbacks from institutional investors. To promote effective communication, the Company maintains a website at www.kongsun-hldgs.com, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted. Shareholders, investors and the media can make enquiries to the Company through the following means:

Telephone number: 852-3188 8851

By post: Unit 3601, 36/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong

Attention: The Company Secretary

By email: ir@kongsunhldgs.com

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of
Kong Sun Holdings Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Kong Sun Holdings Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 41 to 113, which comprise the consolidated and company statements of financial position as at 31 December 2014, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and 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. This report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

20 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014
(Expressed in Renminbi unless otherwise stated)

	Note	**2014 RMB'000**	2013 RMB'000 Restated*
Turnover	3	**524,283**	7,364
Cost of sales		**(475,130)**	(5,854)
Gross profit		**49,153**	1,510
Valuation gains on investment properties	13	**2,298**	2,473
Other revenue	4	**9,434**	1,888
Other net income/(loss)	4	**7,958**	(637)
Distribution costs		**(137)**	(85)
Administrative expenses		**(40,225)**	(11,310)
Profit/(loss) from operations		**28,481**	(6,161)
Finance costs	5(a)	**(7,694)**	(255)
Profit/(loss) before taxation	5	**20,787**	(6,416)
Income tax (expense)/credit	6	**(9,120)**	204
Profit/(loss) for the year		**11,667**	(6,212)
Earnings/(loss) per share	10		
Basic *(RMB Cents)*		**0.27**	(0.41)
Diluted *(RMB Cents)*		**0.27**	(0.41)

* See Note 1(c)(i)

The notes on pages 48 to 113 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 29(b).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014
(Expressed in Renminbi unless otherwise stated)

	Note	2014 RMB'000	2013 RMB'000 Restated*
Profit/(loss) for the year		**11,667**	(6,212)
Other comprehensive income for the year (after tax and reclassification adjustments)	9		
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of the financial statements of subsidiaries outside Mainland China		**(5,109)**	(6,635)
Available-for-sale securities: net movement in the fair value reserve		**(12,331)**	10,928
Other comprehensive income for the year		**(17,440)**	4,293
Total comprehensive income for the year		**(5,773)**	(1,919)

* See Note 1(c)(i)

The notes on pages 48 to 113 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014
(Expressed in Renminbi unless otherwise stated)

	Note	2014 RMB'000	2013 RMB'000 Restated*	2012 RMB'000 Restated*
Non-current assets				
Property, plant and equipment	11	**26,264**	33,640	37,053
Solar power plants	12	**1,568,150**	–	–
Investment properties	13	**77,943**	75,399	75,247
Goodwill	14 & 33	**35,050**	–	–
Lease prepayments	17	**22,778**	10,595	10,926
Available-for-sale financial assets	18	**–**	33,104	18,108
Deposit for acquisition of property, plant and equipment		**–**	–	92
		1,730,185	152,738	141,426
Current assets				
Trading securities	19	**–**	844	919
Inventories	20	**2,691**	804	1,176
Trade and other receivables	21	**604,349**	9,677	4,229
Pledged bank deposits	22	**152,223**	106	941
Cash and cash equivalents	23	**1,008,312**	87,933	85,661
		1,767,575	99,364	92,926
Current liabilities				
Trade and other payables	26	**739,482**	10,208	10,820
Loans and borrowings	24	**198,801**	3,305	7,159
Obligation under finance leases	25	**246**	237	7
Current taxation	16(a)	**9,354**	–	–
		947,883	13,750	17,986
Net current assets		**819,692**	85,614	74,940
Total assets less current liabilities		**2,549,877**	238,352	216,366

At 31 December 2014
(Expressed in Renminbi unless otherwise stated)

	Note	**2014 RMB'000**	2013 RMB'000 Restated*	2012 RMB'000 Restated*
Non-current liabilities				
Other payable	15	**18,360**	–	–
Obligation under finance leases	25	**650**	779	19
Loans and borrowings	24	**423,702**	4,130	–
Deferred tax liabilities	16(b)	**5,656**	5,870	6,261
		448,368	10,779	6,280
NET ASSETS		**2,101,509**	227,573	210,086
CAPITAL AND RESERVES	29			
Share capital: nominal value		**–**	69,008	66,680
Other statutory capital reserves		**–**	334,707	317,629
Share capital and other statutory capital reserves		**2,267,976**	403,715	384,309
Other reserves		**(166,467)**	(176,142)	(174,223)
TOTAL EQUITY		**2,101,509**	227,573	210,086

* See Note 1(c)(i)

Approved and authorised for issue by the board of directors on 20 March 2015.

Liu Wen Ping
Chairman

Chang Hoi Nam
Executive Director

The notes on pages 48 to 113 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 December 2014
(Expressed in Renminbi unless otherwise stated)

	Note	**2014 RMB'000**	2013 RMB'000 Restated*	2012 RMB'000 Restated*
Non-current asset				
Investment in subsidiaries	15	**984**	980	1,011
Current assets				
Other receivables	21	**2,038,605**	186,742	175,023
Cash and cash equivalents	23	**81**	81	–
		2,038,686	186,823	175,023
Current liabilities				
Other payables	26	**6,128**	4,759	5,716
Net current assets		**2,032,558**	182,064	169,307
Total assets less current liabilities		**2,033,542**	183,044	170,318
NET ASSETS		**2,033,542**	183,044	170,318
CAPITAL AND RESERVES	29			
Share capital: nominal value		**–**	69,008	66,680
Other statutory capital reserves		**–**	334,707	317,629
Share capital and other statutory capital reserves		**2,267,976**	403,715	384,309
Other reserves		**(234,434)**	(220,671)	(213,991)
TOTAL EQUITY		**2,033,542**	183,044	170,318

* See Note 1(c)(i)

Approved and authorised for issue by the board of directors on 20 March 2015.

Liu Wen Ping
Chairman

Chang Hoi Nam
Executive Director

The notes on pages 48 to 113 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014
(Expressed in Renminbi unless otherwise stated)

		Attributable to the equity shareholder of the Company								
	Note	Share capital Note 29(c) RMB'000	Share premium Note 29(d)(i) RMB'000	Capital redemption reserve Note 29(d)(i) RMB'000	PRC statutory reserve Note 29(d)(ii) RMB'000	Exchange reserve Note 29(d)(iii) RMB'000	Fair value reserve Note 29(d)(iv) RMB'000	Equity settled share-based payment reserve Note 29(d)(v) RMB'000	Accumulated losses Note 29(d)(vi) RMB'000	Total equity RMB'000
Restated balance at 1 January 2013		66,680	317,608	21	–	(22,916)	1,403	2,612	(155,322)	210,086
Change in equity for 2013:										
Loss for the year (restated)		–	–	–	–	–	–	–	(6,212)	(6,212)
Other comprehensive income (restated)	9	–	–	–	–	(6,635)	10,928	–	–	4,293
Total comprehensive income (restated)		–	–	–	–	(6,635)	10,928	–	(6,212)	(1,919)
Placing of new shares (restated)	29	2,328	17,078	–	–	–	–	–	–	19,406
Equity settled share-based transactions (restated)	28	–	–	–	–	–	–	(2,612)	2,612	–
Restated balance at 31 December 2013 and 1 January 2014		69,008	334,686	21	–	(29,551)	12,331	–	(158,922)	227,573
Change in equity for 2014:										
Profit for the year		–	–	–	–	–	–	–	11,667	11,667
Other comprehensive income	9	–	–	–	–	(5,109)	(12,331)	–	–	(17,440)
Total comprehensive income		–	–	–	–	(5,109)	(12,331)	–	11,667	(5,773)
Transition to no-par value regime on 3 March 2014		334,707	(334,686)	(21)	–	–	–	–	–	–
Placing of new shares	29	1,864,261		–	–	–	–	–	–	1,864,261
Equity settled share-based transactions	28	–	–	–	–	–	–	15,448	–	15,448
Appropriation to PRC statutory reserves	29	–	–	–	2,806	–	–	–	(2,806)	–
Balance at 31 December 2014		2,267,976	–	–	2,806	(34,660)	–	15,448	(150,061)	2,101,509

The notes on pages 48 to 113 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014
(Expressed in Renminbi unless otherwise stated)

	Note	2014 RMB'000	2013 RMB'000 Restated*
Operating activities			
Cash used in operations	23(b)	(299,012)	(11,846)
Tax paid		–	–
Net cash used in operating activities		(299,012)	(11,846)
Investing activities			
Payment for the purchase of property, plant and equipment		(1,762)	(1,992)
Proceeds from sale of property, plant and equipment		3,098	1,085
Payment for construction cost in respect of solar power plants		(197,034)	–
Payment for purchase of available-for-sale securities		(3,922)	(8,321)
Proceeds from sale of available-for-sale securities		31,430	1,915
Interest received		3,290	1,372
(Increase)/decrease in pledged bank deposits		(152,117)	818
Proceeds from disposal of held-for-trading investments		844	–
Acquisition of subsidiaries	33	(490,770)	–
Net cash used in investing activities		(806,943)	(5,123)
Financing activities			
Capital element of finance lease rentals paid		(120)	1,005
Proceeds from placing of new shares	29(c)	1,866,456	20,153
Payment of transaction costs on placing of new shares	29(c)	(2,195)	(623)
Proceeds from new borrowings		250,890	1,226
Repayment of loans and borrowings		(82,759)	(725)
Interest element of finance lease rentals paid		–	(255)
Interest paid		(6,594)	–
Net cash generated from financing activities		2,025,678	20,781
Net increase in cash and cash equivalents		919,723	3,812
Cash and cash equivalents at 1 January	23(a)	87,933	85,661
Effect of foreign exchange rate changes		656	(1,540)
Cash and cash equivalents at 31 December	23(a)	1,008,312	87,933

The notes on pages 48 to 113 form part of these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investment properties (see note 1(g));

– financial instruments classified as available-for-sale or as trading securities (see note 1(f)); and

Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Basis of preparation of the financial statements *(continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Changes in accounting policies

(i) Changes in presentation currency

The Company and other investment holding subsidiaries incorporated in the British Virgin Islands and Hong Kong have their functional currencies in Hong Kong dollars ("HKD") and subsidiaries established in the People's Republic of China (the "PRC") have their functional currencies in Renminbi ("RMB"). Along with the successful acquisitions of the PRC Subsidiaries (see Note 33) in 2014, the Company determined to change its presentation currency from HKD to RMB, which is the functional currency of the Company's major subsidiaries in the PRC. Since the Group considers that the restatement resulting from the change of presentation currency has a material impact on the opening financial position, the consolidated financial statements for the year ended 31 December 2013 with an additional statement of financial position as at 31 December 2012 have been re-translated into RMB from HKD. All financial information presented in RMB has been rounded to the nearest thousand.

(ii) New and revised HKFRSs that are first effective for the current accounting period

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

– Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*

– Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

– Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

– Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*

– HK(IFRIC) 21, *Levies*

These amendments and new interpretation do not have an impact on these financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(m) or (n) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(f)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(j)), unless the investment is classified as held for sale.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(j)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 1(t)(iv).

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (see note 1(j)).

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Other investments in debt and equity securities *(continued)*

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 1(j)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 1(t)(iv), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 1(j)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(g) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(t)(iii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 1(i)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 1(i).

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(j))

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(v)).

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Property, plant and equipment *(continued)*

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

– Solar power plants	20 years
– Plant and machinery	10 - 15 years
– Furniture, fixtures and equipment	5 years
– Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Leased assets *(continued)*

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(j). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

(j) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of assets *(continued)*

(i) Impairment of investments in debt and equity securities and other receivables *(continued)*

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective Group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

  Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of assets *(continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– pre-paid interests in leasehold land classified as being held under an operating lease;

– intangible assets;

– goodwill; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount
The recoverable amount of an asset is the greater of its fair value less costs of disposal 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses
An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of assets *(continued)*

(ii) Impairment of other assets *(continued)*

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(j)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill and available-for-sale equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any writedown of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any writedown of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(s), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(p) Equity-settled share-based payment transaction

(i) Share options granted to employees

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Equity-settled share-based payment transaction *(continued)*

(ii) Share options granted to consultants

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair value of the services received are recognized as expenses, with a corresponding increase in equity, when the counterparties render services, unless the services qualify for recognition as assets. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Fair value measurement

The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted.

(q) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity.

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Income tax *(continued)*

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Income tax *(continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of electricity

Revenue arising from the sale of electricity is recognised in the accounting period when electricity is generated and supplied to the provincial power grid. Revenue excludes value added tax ("VAT") or other sales taxes.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Revenue recognition *(continued)*

(ii) Sales of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes VAT or other sales taxes and is after deduction of any trade discounts.

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Nonmonetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

   (i) has control or joint control over the Group;

   (ii) has significant influence over the Group; or

   (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

   (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   (iii) Both entities are joint ventures of the same third party.

   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

   (vi) The entity is controlled or jointly controlled by a person identified in (a).

   (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing this financial statements. The principal accounting policies are set forth in note 1. Notes 13 and 28 contain information about the assumptions and their risk factors relating to valuation of investment property and fair value of share options granted.

The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements:

(a) Business combination and assets acquisition

Accounting for acquisitions require the Group to allocate the cost of acquisition to specific assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. In connection with the acquisitions in 2014 (see Note 33), the Group has undertaken a process to identify all assets and liabilities acquired. Judgments made in identifying all acquired assets, determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset's useful lives, could materially impact the calculation of goodwill and depreciation and charges in subsequent periods. Estimated fair values are based on information available near the acquisition date and on expectations and assumptions that have been deemed reasonable by management. Determining the estimated useful lives of tangible assets acquired also requires judgement.

(b) Impairment losses for other bad and doubtful debts

The Group estimates impairment losses for bad and doubtful debts resulting from the inability of the customers and other debtors to make the required payments. The Group bases the estimates on the aging of the receivable balance, debtors' credit-worthiness, and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would by higher than estimated.

2 SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(c) Impairment losses of non-current assets

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, solar power plants and lease prepayments, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets are not be readily available. In determining the value in use, expected cash flow generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of electricity generated, unit selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as level of electricity generated, unit selling price and amount of operating costs.

(d) Recognition of deferred tax

Deferred tax assets in respect of unused tax losses and tax credit carried forward and deductible temporary differences are recognised and measured based on the expected manner of realization or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future year.

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time.

Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on disposal of its investment properties.

(e) Depreciation

Property, plant and equipment are depreciated amounted on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(Expressed in thousands of Renminbi unless otherwise stated)

2 SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(f) Income tax

The Group files income taxes with a number of tax authorities. Judgment is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determinations are uncertain during the ordinary course of business. Where the final tax outcomes of these matters are different from the amounts originally recorded, the differences may impact the current income tax and deferred income tax provisions in the periods in which the final tax outcomes became available.

(g) Fair value of investment properties

At the end of the reporting period, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation have reflected the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties being recognised in profit or loss. The carrying amount of investment properties measured at fair value at 31 December 2014 was approximately RMB77,943,000 (2013: RMB75,399,000).

3 TURNOVER AND SEGMENTAL REPORTING

(a) Turnover

The principal activities of the Group are investment in and operation of photovoltaic power plants, properties investment and manufacturing and sales of life-like plants.

Turnover mainly represents income from sales of electricity (including tariff adjustment), the sales value of goods supplied to customers and rental income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014 **RMB'000**	2013 RMB'000 (Restated)
Sales of electricity	**9,547**	–
Sales of solar energy related products	**508,291**	–
Sales of life-like plants	**4,760**	6,370
Properties rental income	**1,685**	994
Total revenue	**524,283**	7,364

Sales of electricity includes tariff adjustment amounted to RMB 6,743,000 (2013: Nil). The Group had three (2013: three) customers with whom transactions have exceeded 10% of the Group's turnover for the year ended 31 December 2014. The amount of sales to these customers amounted to approximately RMB409,929,000(2013: RMB4,146,000) for the year ended 31 December 2014. Details of concentrations of credit risk arising from these customers are set out in Note 30(a).

3 TURNOVER AND SEGMENTAL REPORTING *(continued)*

(b) Segment reporting

The Group manages its businesses by subsidiaries. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments.

- Photovoltaic: this segment engages in generating and sales of electricity and trading of solar energy related products.

- Manufacturing and sales of life-like plants: this segment engages in manufacturing and sales of life-like plants.

- Properties investment: this segment leases out properties to generate rental income and to gain from the appreciation in the properties' value in the long term.

- Securities investment: this segment engaged in the trading of listed securities.

(i) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all non-current and current assets with the exception of coporate assets. Segment liabilities include trade creditors and other payable attributable to the individual segments and loans and borrowings managed directly by the segments.

Turnover and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income. To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and additions to non-current segment assets used by the segments in their operations.

(Expressed in thousands of Renminbi unless otherwise stated)

3 TURNOVER AND SEGMENTAL REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities *(continued)*

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below.

	Year ended 31 December 2014				
	Photovoltaic RMB'000	Manufacturing and sales of life-like plants RMB'000	Properties investment RMB'000	Securities investment RMB'000	Total RMB'000
Revenue from external customers	517,838	4,760	1,685	–	524,283
Inter-segment revenue	–	–	–	–	–
Reportable segment revenue	517,838	4,760	1,685	–	524,283
Reportable segment profit (adjusted EBITDA)	42,102	550	2,681	4,772	50,105
Interest income	5,165	1	–	737	5,903
Interest expense	7,403	291	–	–	7,694
Depreciation and amortisation for the year	1,658	2,515	41	–	4,214
Reportable segment assets	3,363,921	17,034	81,672	143,680	3,606,307
Additions to non-current assets during the year	1,617,454	–	–	–	1,617,454
Reportable segment liabilities	1,471,966	33,668	1,528	15,792	1,522,954

(Expressed in thousands of Renminbi unless otherwise stated)

3 TURNOVER AND SEGMENTAL REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities *(continued)*

	Year ended 31 December 2013				
	Photovoltaic RMB'000 (Restated)	Manufacturing and sales of life-like plants RMB'000 (Restated)	Properties investment RMB'000 (Restated)	Securities investment RMB'000 (Restated)	Total RMB'000 (Restated)
Revenue from external customers	–	6,370	994	–	7,364
Inter-segment revenue	–	–	–	–	–
Reportable segment revenue	–	6,370	994	–	7,364
Reportable segment profit (adjusted EBITDA)	–	3,735	2,105	(330)	5,510
Interest income	–	29	–	1,343	1,372
Interest expense	–	255	–	–	255
Depreciation and amortisation for the year	–	3,029	28	371	3,428
Reportable segment assets	–	17,762	77,898	154,983	250,643
Additions to non-current assets during the year	–	–	2,473	7,456	9,929
Reportable segment liabilities	–	32,979	1,409	15,827	50,215

(Expressed in thousands of Renminbi unless otherwise stated)

3 TURNOVER AND SEGMENTAL REPORTING *(continued)*

(b) Segment reporting *(continued)*

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2014 RMB'000	2013 RMB'000 (Restated)
Revenue		
Reportable segment revenue	524,283	7,364
Elimination of inter-segment revenue	–	–
Consolidated revenue (note 3(a))	524,283	7,364
Profit		
Reportable segment profit	50,105	5,510
Elimination of inter-segment profit	–	–
Reportable segment profit derived from the Group's external customers	50,105	5,510
Other revenue and net income	17,392	1,251
Depreciation and amortisation	(4,665)	(3,805)
Finance costs	(7,694)	(255)
Unallocated head office and corporate expenses	(34,351)	(9,117)
Consolidated profit/(loss) before taxation	20,787	(6,416)
Assets		
Reportable segment assets	3,606,307	250,643
Elimination of inter-segment receivables	(143,367)	(40,583)
Unallocated head office and corporate assets	34,820	42,042
Consolidated total assets	3,497,760	252,102
Liabilities		
Reportable segment liabilities	1,522,954	50,215
Elimination of inter-segment payables	(143,367)	(40,583)
Deferred tax liabilities	5,656	5,870
Unallocated head office and corporate liabilities	11,008	9,027
Consolidated total liabilities	1,396,251	24,529

(Expressed in thousands of Renminbi unless otherwise stated)

3 TURNOVER AND SEGMENTAL REPORTING *(continued)*

(b) Segment reporting *(continued)*

(iii) Geographic information

As the Group does not have material operation outside the PRC, no geographic segment information is presented.

4 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	2014 RMB'000	2013 RMB'000 (Restated)
Other revenue		
Interest income	**5,903**	1,372
Loan interest income	**257**	118
Others	**3,274**	398
	9,434	1,888
Other net income/(loss)		
Net foreign exchange (loss)/gain	**(1,475)**	863
Net gain on disposal of property, plant and equipment	**2,698**	105
Net realised and unrealised loss on trading securities	**–**	(48)
Net gain on disposal of right issues of the listed equity securities	**–**	1,915
Available-for-sale securities:		
Reclassified from equity (note 9(b))		
– on disposal	**6,735**	–
– on impairment	**–**	(3,472)
	7,958	(637)

(Expressed in thousands of Renminbi unless otherwise stated)

5 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

(a) Finance costs

	2014 RMB'000	2013 RMB'000 (Restated)
Interest on borrowings wholly repayable within five years	**5,082**	204
Interest on other loans	**6,262**	–
Interest on bank overdrafts	**49**	23
Finance charges on obligations under finance leases	**35**	28
Total interest expense on financial liabilities not at fair value through profit or loss	**11,428**	255
Less: interest expense capitalised into solar power plants under development*	**(3,734)**	–
	7,694	255

* The borrowing cost has been capitalised at a rate of 10% per annum (2013: Nil).

(b) Staff costs

	2014 RMB'000	2013 RMB'000 (Restated)
Salaries, wages and other benefits	**9,224**	6,476
Contributions to defined contribution retirement plan	**551**	383
Equity-settled share-based payment expenses (note 28)	**10,245**	–
	20,020	6,859

(Expressed in thousands of Renminbi unless otherwise stated)

5 PROFIT/(LOSS) BEFORE TAXATION *(continued)*

(c) Other items

	2014 RMB'000	2013 RMB'000 (Restated)
Amortisation		
– Lease prepayments (note 17)	451	377
Depreciation		
– Property, plant and equipment (note 11)	2,556	3,428
– Solar power plants (note 12)	1,658	–
Auditors' remuneration	1,743	559
Net foreign exchange (loss)/gain	(1,475)	863
Operating lease charges in respect of properties	1,555	506
Cost of inventories (Note)	473,418	5,854

Note: Cost of inventories includes RMB3,030,000 (2013: RMB4,151,000) for the years ended 31 December 2014 relating to staff costs and depreciation, which amounts are also included in the respective total amounts disclosed separately above or in Note 5(c) for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2014 RMB'000	2013 RMB'000 (Restated)
Current tax		
PRC Corporate Income Tax	9,354	–
Hong Kong Profits Tax	–	–
	9,354	–
Deferred tax		
Origination and reversal of temporary differences (note 16(b))	(234)	(204)
	9,120	(204)

(Expressed in thousands of Renminbi unless otherwise stated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

(a) Taxation in the consolidated statement of profit or loss represents: *(continued)*

(i) No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong during the years ended 31 December 2014 and 2013.

(ii) The Group's PRC entities are subject to corporate income tax at the statutory rate of 25%, unless otherwise specified.

(iii) Income derived by an enterprise from the investment in, and the operation of, public infrastructure projects eligible for key support from the State, are eligible for a tax exemption for the first year to the third year generating operating income and a 50% deduction in corporate income tax for the fourth year to the sixth year (the "3+3 tax holiday"). Gansu Hongyuan, Yumen Yonglian and Hami Zhaoxiang started to generate operating income and enjoyed the 3+3 tax holiday from 2014. Gansu Hongyuan and Hami Zhaoxiang obtained the 3+3 tax holiday approval in 2014 and Yumen Yonglian is in the process of applying the 3+3 tax holiday.

(iv) According to the PRC Corporate Income Tax Law and its related regulations, the Group is subject to a withholding tax at 10%, unless reduced by tax treaties or arrangements, for dividends distributed by a PRC enterprise to its immediate holding company outside the PRC for earnings generated beginning on 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. According to the China-HK Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" of the dividends received and directly holds 25% or more of a PRC enterprise is entitled to a reduced withholding rate of 5%. Deferred withholding tax payable relating to the temporary differences arising from the undistributed profits of the Group's PRC subsidiaries have not been recognised as the Company controls the dividend policy of the Group's PRC subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2014 RMB'000	2013 RMB'000 (Restated)
Profit/(loss) before tax	**20,787**	(6,416)
Notional tax expense/(credit) on profit/loss before taxation, calculated at the rates applicable to the tax jurisdiction concerned	**5,900**	(1,401)
Tax effect of non-deductible expenses	**5,449**	1,032
Tax effect of non-taxable income	**(3,038)**	(1,328)
Tax effect of PRC preferential tax treatment	**(2,387)**	–
Tax effect of tax loss not recognised	**3,430**	1,575
Tax effect of deductible temporary differences not recognised	**–**	122
Tax effect of temporary differences	**(234)**	(204)
Actual tax expense/(credit)	**9,120**	(204)

(Expressed in thousands of Renminbi unless otherwise stated)

7 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap.622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap.32), is as follows:

Year ended 31 December 2014

	Fee RMB'000	Salaries, allowances and other benefits RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Sub-total RMB'000	Share-based payments (Note) RMB'000	Total RMB'000
Chairman and Executive Director							
Liu Wen Ping (appointed on 21 March 2014 and designated as Chairman on 7 November 2014)	74	562	11	–	647	1,982	2,629
Yu Pak Yan, Peter (resigned as Chairman and Executive Director on 1 September 2014)	317	–	9	–	326	–	326
Executive director							
Chang Hoi Nam	285	–	13	–	298	66	364
Non-executive director							
Chang Tat Joel (appointed on 7 November 2014)	29	–	–	–	29	66	95
Liu Jinsong (appointed on 1 September 2014 and resigned as Chairman and Non-executive Director on 7 November 2014)	32	–	–	–	32	–	32
Independent non-executive directors							
Miu Hon Kit (appointed on 8 July 2014)	82	–	–	–	82	33	115
Wang Haisheng (appointed on 30 September 2014)	24	–	–	–	24	33	57
Lu Hongda (appointed on 7 November 2014)	14	–	–	–	14	33	47
Wong Yun Kuen (resigned as Independent Non-executive Director on 7 November 2014)	68	–	–	–	68	–	68
Man Kwok Leung (resigned as Independent Non-executive Director on 30 September 2014)	59	–	–	–	59	–	59
Lau Man Tak (resigned as Independent Non-executive Director on 30 April 2014)	26	–	–	–	26	–	26
Total	1,010	562	33	–	1,605	2,213	3,818

(Expressed in thousands of Renminbi unless otherwise stated)

7 DIRECTORS' REMUNERATION *(continued)*

Year ended 31 December 2013

	Fee RMB'000	Salaries, allowances and other benefits RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Sub-total RMB'000	Share-based payments RMB'000	Total RMB'000
Executive directors							
Chan Chi Yuen	1,077	–	4	–	1,081	–	1,081
Chang Hoi Nam	72	–	3	–	75	–	75
Yu Pak Yan, Peter	191	–	5	–	196	–	196
Independent non-executive directors							
Lau Man Tak	80	–	–	–	80	–	80
Man Kwok Leung	80	–	–	–	80	–	80
Wong Yun Kuen	80	–	–	–	80	–	80
Total	1,580	–	12	–	1,592	–	1,592

Note: These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(p)(i).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in note 28.

8 INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2013: two) is director, whose emoluments are disclosed in note 7 above. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2014 RMB'000	2013 RMB'000 (Restated)
Salaries and other emoluments	**2,162**	836
Contributions to retirement benefit scheme	**34**	32
Share-based payments	**4,182**	–
	6,378	868

(Expressed in thousands of Renminbi unless otherwise stated)

8 INDIVIDUAL WITH HIGHEST EMOLUMENTS *(continued)*

The emoluments of the four (2013: three) individuals with the highest emoluments, are within the following bands:

	2014 Number of individuals	2013 Number of individuals
HKD Nil to HKD1,000,000	1	3
HKD1,000,001 to HKD2,000,000	1	–
HKD2,000,001 to HKD3,000,000	–	–
HKD3,000,001 to HKD4,000,000	2	–

9 OTHER COMPREHENSIVE INCOME

(a) Tax effects relating to each component of other comprehensive income

	2014			2013		
	Before-tax amount RMB'000	Tax effect RMB'000	Net-of-tax amount RMB'000	Before-tax amount RMB'000 (restated)	Tax effect RMB'000 (restated)	Net-of-tax amount RMB'000 (restated)
Exchange difference on translation of: – Financial statements of subsidiaries outside Mainland China	(5,109)	–	(5,109)	(6,635)	–	(6,635)
Available-for-sale financial assets: Net movement in fair value reserve	(12,331)	–	(12,331)	10,928	–	10,928
Other comprehensive income	(17,440)	–	(17,440)	4,293	–	4,293

(Expressed in thousands of Renminbi unless otherwise stated)

9 OTHER COMPREHENSIVE INCOME *(continued)*

(b) Components of other comprehensive income, including reclassification adjustments

	2014 RMB'000	2013 RMB'000 (Restated)
Available-for-sale financial assets:		
Changes in fair value recognised during the year	**(5,596)**	7,456
Reclassification adjustments for amounts transferred to profit or loss:		
– gains on disposal (note 4)	**(6,735)**	–
– impairment losses (note 4)	**–**	3,472
Tax effect of fair value change charged to reserve	**–**	–
Net movement in the fair value reserve during the year recognised in other comprehensive income	**(12,331)**	10,928

10 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company of RMB11,667,000 (2013: loss of RMB6,212,000) and weighted average number of ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	Number of shares	
	2014 '000	2013 '000
Ordinary shares at 1 January	**1,762,662**	1,468,962
Effect of shares to new investors' capital injection	**2,611,233**	71,615
Weighted average number of ordinary shares at 31 December	**4,373,895**	1,540,577

(b) Diluted earnings/(loss) per share

For the year ended 31 December 2014, the effect of conversion of share option scheme (see Note 28) was anti-dilutive and diluted earnings per share during the year is therefore equal to basic earnings per share.

(Expressed in thousands of Renminbi unless otherwise stated)

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture fixtures and equipment RMB'000	Total RMB'000
Cost:					
Restated balance at 1 January 2013	41,369	6,287	1,434	812	49,902
Additions (restated)	125	2	1,948	43	2,118
Disposals (restated)	–	–	(1,430)	(523)	(1,953)
Effect of foreign currency exchange differences (restated)	(1,261)	(190)	(59)	(8)	(1,518)
Restated balance at 31 December 2013 and 1 January 2014	40,233	6,099	1,893	324	48,549
Additions	19	–	474	1,269	1,762
Disposals	(7,116)	–	(437)	(19)	(7,572)
Effect of foreign currency exchange differences	169	21	6	2	198
At 31 December 2014	33,305	6,120	1,936	1,576	42,937
Accumulated depreciation:					
Restated balance at 1 January 2013	7,165	4,905	315	464	12,849
Charge for the year (restated)	2,650	275	413	90	3,428
Written back on disposals (restated)	–	–	(427)	(514)	(941)
Effect of foreign currency exchange differences (restated)	(258)	(153)	(10)	(6)	(427)
Restated balance at 31 December 2013 and 1 January 2014	9,557	5,027	291	34	14,909
Charge for the year	2,092	271	124	69	2,556
Written back on disposals	(735)	–	(90)	(12)	(837)
Effect of foreign currency exchange differences	28	16	1	–	45
At 31 December 2014	10,942	5,314	326	91	16,673
Net book value:					
At 31 December 2013 (restated)	30,676	1,072	1,602	290	33,640
At 31 December 2014	22,363	806	1,610	1,485	26,264

The buildings held for own use are located in PRC and Hong Kong.

(Expressed in thousands of Renminbi unless otherwise stated)

12 SOLAR POWER PLANTS

	Solar power plants RMB'000	Solar power plants under development RMB'000	Total RMB'000
Cost:			
At 1 January 2013 and 31 December 2013	–	–	–
Acquisition of subsidiaries (note 33)	535,561	409,400	944,961
Additions	–	624,847	624,847
At 31 December 2014	535,561	1,034,247	1,569,808
Accumulated depreciation:			
At 1 January 2013 and 31 December 2013	–	–	–
Charge for the year	1,658	–	1,658
At 31 December 2014	1,658	–	1,658
Net book value:			
At 31 December 2013	–	–	–
At 31 December 2014	533,903	1,034,247	1,568,150

During the year, the Group commenced the photovoltaic business in the PRC. The solar power plants under development would be transferred to solar power plants when the solar power plants complete trial operation and are successfully connected to provincial power grid and generate electricity.

At 31 December 2014, generators and related equipment with carrying values of approximately RMB533,903,000 were pledged as security for the Group's loans and borrowings (see note 24).

(Expressed in thousands of Renminbi unless otherwise stated)

13 INVESTMENT PROPERTIES

	Valuation RMB'000
At 1 January 2013	75,247
Fair value adjustment	2,473
Effect of foreign currency exchange differences	(2,321)
At 31 December 2013	75,399
Representing:	
Cost	–
Valuation	75,399
	75,399
At 1 January 2014	75,399
Fair value adjustment	2,298
Effect of foreign currency exchange differences	246
At 31 December 2014	77,943
Representing:	
Cost	–
Valuation	77,943
	77,943

The investment properties of the Group are situated in Hong Kong and leased to third parties. Each of the leases contains an initial non-cancellable period of 1 year to 3 years. No contingent rents are charged. See note 31(b) for further information.

The Group's investment properties were revalued as at 31 December 2013 and 2014 by an independent firm of surveyors, Grant Sherman Appraisal Limited, who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

Investment properties are accounted for using the fair value model (see note 30(e)(i)).

(Expressed in thousands of Renminbi unless otherwise stated)

14 GOODWILL

Goodwill is allocated to the Group's photovoltaic cash-generating units (CGU).

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3%. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a discount rate of 11.5%. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

15 INVESTMENT IN SUBSIDIARIES

The Company

	2014 RMB'000	2013 RMB'000 (Restated)
Unlisted investments, at cost	–	–
Trade and other receivables	984	980
	984	980

(Expressed in thousands of Renminbi unless otherwise stated)

15 INVESTMENT IN SUBSIDIARIES *(continued)*

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and business	Paid up capital/ registered capital	Proportion of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Hami Zhaoxiang New Energy Technology Limited Company* ("Hami Zhaoxiang") (哈密朝翔新能源科技有限公司) ("哈密朝翔")	PRC	RMB30,000,000	–	100%	Solar power generation
Gansu Hongyuan Photovoltaic Limited Company* ("Gansu Hongyuan") (甘肅宏遠光電有限責任公司) ("甘肅宏遠")	PRC	RMB60,000,000	–	100%	Solar power generation
YumenYonglian Technology New Energy Limited Company* ("YumenYonglian") (玉門市永聯科技新能源有限公司) ("玉門永聯")	PRC	RMB40,000,000	–	100%	Solar power generation
Enfei New Energy (Shuozhou) Limited Company* ("Enfei Shuozhou") (恩菲新能源(朔州)有限公司) ("恩菲朔州")	PRC	RMB10,000,000	–	100%	Solar power generation
Dunhuang Wanfa New Energy Limited Company* ("Dunhuang Wanfa") (敦煌萬發新能源有限公司) ("敦煌萬發")	PRC	RMB44,641,000/ RMB2,000,000	–	100%	Solar power generation
Maigaiti Linuo Solar Power Limited Company* ("Maigaiti") (麥蓋提力諾太陽能電力有限公司) ("麥蓋提")	PRC	RMB1,000,000	–	100%	Solar power generation
Kuche Tianhua New Energy Electric Power Limited Company* ("Kuche Tianhua") (庫車天華新能源電力有限公司) ("庫車天華")	PRC	RMB45,640,000	–	100%	Solar power generation

(Expressed in thousands of Renminbi unless otherwise stated)

15 INVESTMENT IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation and business	Paid up capital/ registered capital	Proportion of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Wushi Huayangweiye Solar Technology Limited Company* ("Wushi") (烏什縣華陽偉業太陽能科技有限公司) ("烏什")	PRC	RMB44,098,260	–	100%	Solar power generation
Yingjisha Tianhuaweiye Solar Technology Limited Company* ("Yingjisha") (英吉沙縣天華偉業太陽能科技有限公司) ("英吉沙")	PRC	RMB48,367,000	–	100%	Solar power generation
Yulin BYD New Energy Limited Company* ("Yulin BYD") (榆林市比亞迪新能源有限公司) ("榆林比亞迪")	PRC	RMB222,561,001/ RMB774,000,000	–	100% (note1)	Solar power generation
Haidong Ledu Ruiqida Solar Power Generation Limited Company* ("Haidong Ruiqida") (海東市樂都區瑞啟達光伏發電有限公司) ("海東瑞啟達")	PRC	RMB35,000,000/ RMB50,000,000	–	100% (note 2)	Solar power generation
Jiangtian New Energy related products Trading (Yangzhou) Limited Company* ("Jiangtian Trading") (江天新能源貿易(揚州)有限公司) ("江天貿易")	PRC	RMB747,546,008/ HKD1,000,000,000	–	100%	Trading of solar energy related products
Jiangshan Yongtai Investment Holdings Limited* (江山永泰投資控股有限公司)	PRC	RMB793,790,000/ RMB2,000,000,000	–	100%	Investment holding
Kingston Property Investment Limited	Hong Kong	HKD20,000	–	100%	Properties investment
Coast Holdings Limited	Hong Kong	HKD100,000	–	100%	Properties investment

* The English translation of the company's name is for reference only. The official names of the company are in Chinese.

(Expressed in thousands of Renminbi unless otherwise stated)

15 INVESTMENT IN SUBSIDIARIES *(continued)*

Note 1:

As at 31 December 2014, 0.4% equity shares of Yulin BYD was held by BYD Automobile Industry Limited ("BYD Automobile") ("比亞迪汽車工業有限公司) ("比亞迪汽車工業").

The Group entered into a sales and purchase agreement with BYD Automobile to acquire the entire equity interest of Yulin BYD on 7 July 2014. According to the sales and purchase agreement, BYD Automobile held 0.4% equity shares of Yulin BYD up to the completion of the project as a pledge for final payment of the consideration payable amounting to RMB18,360,000. The amount has been included in the long-term other payable in the consolidated statement of financial position.

Note 2:

As at 31 December 2014, 30% equity shares of Haidong Ruiqida was held by Beijing Ruiqida New Energy Development Limited ("Beijing Ruiqida") ("北京瑞啟達新能源科技有限公司") ("北京瑞啟達") on behalf of the Group.

Haidong Ruiqida was incorporated on 24 July 2014. According to the cooperation agreement signed between the Group and Beijing Ruiqida, 30% equity shares of Haidong Ruiqida was held by Beijing Ruiqida up to the completion of the project as a pledge for final payment of service fee amounting to RMB12,000,000. According to the terms of agreement, Beijing Ruiqida does not share any profit or bear loss of Haidong Ruiqida. The amount has been disclosed as capital commitment (Note 31).

16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2014 RMB'000	2013 RMB'000 (Restated)
PRC Corporate Income Tax	**9,354**	–
Hong Kong Profit Tax	**–**	–
	9,354	–

(Expressed in thousands of Renminbi unless otherwise stated)

16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

(b) Deferred tax liabilities recognised:

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Fair value change of acquired properties RMB'000
At 1 January 2013 (Restated)	6,261
Charged to consolidated income statement (note 6(a))	(204)
Effect of foreign currency exchange differences	(187)
At 31 December 2013 and 1 January 2014 (Restated)	5,870
Charged to consolidated income statement (note 6(a))	(234)
Effect of foreign currency exchange differences	20
At 31 December 2014	5,656

(c) Reconciliation to the consolidated statement of financial position:

	2014 RMB'000	2013 RMB'000 (Restated)
Net deferred tax liability recognised in the consolidated statement of financial position	**5,656**	5,870

(d) Deferred tax assets not recognised

No deferred tax asset has been recognised on tax loss of the PRC subsidiaries due to the unpredictability of future profit. The unrecognised tax losses are losses of approximately RMB36,885,000 (2013: RMB33,014,000) that can be carried forward for 5 years from the year in which the respective loss arose.

(Expressed in thousands of Renminbi unless otherwise stated)

17 LEASE PREPAYMENTS

	RMB'000
Cost:	
At 1 January 2013	12,843
Effect of foreign currency exchange differences	(389)
At 31 December 2013	12,454
At 1 January 2014	12,454
Acquisition of subsidiaries (note 33)	11,529
Addition	1,067
Effect of foreign currency exchange differences	42
At 31 December 2014	25,092
Accumulated amortisation:	
At 1 January 2013	1,534
Amortisation for the year	377
Effect of foreign currency exchange differences	(52)
At 31 December 2013	1,859
At 1 January 2014	1,859
Amortisation for the year	451
Effect of foreign currency exchange differences	4
At 31 December 2014	2,314
Net book value:	
At 31 December 2013	10,595
At 31 December 2014	22,778

Interests in leasehold land represent prepayment of land use rights premium to the PRC authorities by the Group. The Group's leasehold land is located in PRC. The Group is granted land use rights for a period of 50 years up to 2042 to 2064.

As at 31 December 2014, the Group is in the process of applying for registration of the ownership certificates for certain of its land use rights. The directors are of the opinion that the Group is entitled to lawfully occupy or use these lands.

The amount includes RMB833,000 (2013: RMB372,000) current portion of the lease prepayment as at 31 December 2014.

(Expressed in thousands of Renminbi unless otherwise stated)

18 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014 RMB'000	2013 RMB'000 (Restated)
Available-for-sale equity securities:		
– Listed in Hong Kong	–	33,104

19 TRADING SECURITIES

	2014 RMB'000	2013 RMB'000 (Restated)
Listed equity securities at fair value		
– in Hong Kong	–	844

20 INVENTORIES

Inventories in the consolidated statements of financial position comprise:

	2014 RMB'000	2013 RMB'000 (Restated)
Raw materials	533	601
Work-in-progress	144	128
Finished goods	–	75
	677	804
Solar power plants		
– spare parts	2,014	–
	2,691	804

(Expressed in thousands of Renminbi unless otherwise stated)

20 INVENTORIES *(continued)*

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2014 RMB'000	2013 RMB'000 (Restated)
Carrying amount of inventories sold	**473,418**	5,854
Write down of inventories	**–**	–
Reversal of write-down of inventories	**–**	–
	473,418	5,854

21 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014 RMB'000	2013 RMB'000 (Restated)	**2014 RMB'000**	2013 RMB'000 (Restated)
Trade debtors	**275,730**	568	**–**	–
Bills receivable	**1,275**	–	**–**	–
Trade debtors and bills receivable	**277,005**	568	**–**	–
Less: Allowance for doubtful debts	**–**	–	**–**	–
	277,005	568	**–**	–
Amount due from subsidiaries	**–**	–	**2,036,267**	186,556
Other deposits and prepayments and receivables	**327,344**	9,109	**2,338**	186
	604,349	9,677	**2,038,605**	186,742

All of the trade and other receivables are expected to be recovered or recognised as expense within one year, except for deposits amounting to RMB587,000 (2013: RMB64,000) as at 31 December 2014, which are expected to be recovered after more than one year.

As at 31 December 2014, bills receivable represented outstanding bank acceptance bills.

(Expressed in thousands of Renminbi unless otherwise stated)

21 TRADE AND OTHER RECEIVABLES *(continued)*

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivable (which are included in trade and other receivables) based on due date is as follows:

	The Group		The Company	
	2014 RMB'000	2013 RMB'000 (Restated)	**2014 RMB'000**	2013 RMB'000 (Restated)
Neither past due nor impaired	**277,005**	564	**–**	–
Less than 3 month past due	**–**	4	**–**	–
Over 3 less than 6 months past due	**–**	–	**–**	–
Over 6 less than 12 months past due	**–**	–	**–**	–
Over 12 less than 24 months past due	**–**	–	**–**	–
More than 24 months	**–**	–	**–**	–
	277,005	568	**–**	–

The Group's trade receivables are mainly electricity sales receivables and receivables from trading of solar energy related products. Generally, the receivables are due within 30 to 180 days from the date of billing, except for the tariff adjustment, representing 68%% to 75% of total electricity sales. The collection of such tariff adjustment is subject to the allocation of funds by relevant government authorities to provincial power grid companies, which therefore takes a relatively long time for settlement.

Trade receivables from electricity sales represent receivables from provincial power grid companies. Pursuant to CaiJian [2012] No.102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of standardised procedures for the settlement of the tariff adjustment has come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to provincial power grid companies.

The directors are of the opinion that the trade receivables are fully recoverable considering that there are no bad debt experiences with 1) trade receivables from the provincial power grid companies in the past and the tariff adjustment is funded by the PRC government; 2) receivables from customers for trading of solar energy related products are within credit term.

(Expressed in thousands of Renminbi unless otherwise stated)

22 PLEDGED BANK DEPOSITS

	2014 RMB'000	2013 RMB'000 (Restated)
Pledged for		
– bank borrowings	152,050	–
– others	173	106
Pledged bank deposits	152,223	106

As at 31 December 2014, bank deposits have been mainly pledged as security for bank borrowings (see notes 24). The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

23 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	The Group		The Company	
	2014 RMB'000	2013 RMB'000 (Restated)	2014 RMB'000	2013 RMB'000 (Restated)
Cash on hand	11	261	–	–
Cash at bank	1,008,301	87,672	81	81
Cash at bank and in hand	1,008,312	87,933	81	81

As at 31 December 2013 and 2014, cash and cash equivalents placed with banks in the mainland China amounted to RMB15,673,000 and RMB575,398,000 respectively. Remittance of funds out of Mainland China is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(Expressed in thousands of Renminbi unless otherwise stated)

23 CASH AND CASH EQUIVALENTS *(continued)*

(b) Reconciliation of profit/(loss) before taxation to cash used in operations:

	Note	**2014 RMB'000**	2013 RMB'000 (Restated)
Profit/(loss) before taxation		**20,787**	(6,416)
Adjustments for:			
Depreciation of property, plant and equipment	5(c)	**2,556**	3,428
Depreciation of solar power plants	5(c)	**1,658**	–
Amortisation of lease prepayment	5(c)	**451**	377
Interest expense	5(a)	**7,694**	255
Interest income	4	**(6,160)**	(1,490)
Gain on disposal of property, plant and equipment	4	**(2,698)**	(105)
Gain on disposal of available-for-sale financial assets	4	**(6,735)**	–
Equity settled share-based payment expenses	29	**15,448**	–
Investment income		**–**	(1,915)
Foreign exchange gain		**(6,182)**	(1,161)
Gain on fair value changes of investment properties	13	**(2,298)**	(2,473)
Loss on fair value changes of trading securities		**–**	48
Impairment loss on fair value change of available-for-sale financial assets		**–**	3,472
Changes in working capital:			
Decrease in inventories		**2,712**	341
(Increase)/decrease in trade and other receivables		**(414,918)**	2,060
Increase/(decrease) in trade and other payables		**88,673**	(288)
Loan to others		**–**	(7,979)
Cash used in operations		**(299,012)**	(11,846)

(Expressed in thousands of Renminbi unless otherwise stated)

24 LOANS AND BORROWINGS

	2014 RMB'000	2013 RMB'000 (Restated)
Current		
Secured		
– bank loans	152,118	2,097
Current portion of non-current other borrowings	46,683	–
Unsecured		
– other borrowings	–	1,208
	198,801	3,305
Non-current		
Secured		
– bank loans	3,602	4,130
– other borrowings	466,783	–
Less: Current portion of non-current other borrowings	(46,683)	–
	423,702	4,130

The Group's current and non-current borrowings were repayable as follows:

	2014 RMB'000	2013 RMB'000 (Restated)
Within 1 year or on demand	198,801	3,305
After 1 year but within 2 years	85,765	539
After 2 year but within 5 years	153,384	1,710
Over 5 years	184,553	1,881
	622,503	7,435

Other borrowings bear interest ranging from 5.32% to 14.25%. The bank loans bear floating interest rate (2013: floating).

(Expressed in thousands of Renminbi unless otherwise stated)

24 LOANS AND BORROWINGS *(continued)*

Other borrowings amounted to RMB22,000,000 (2013: Nil) were guaranteed by Yangzhou Qixing New Energy Developments Ltd ("Yangzhou Qixing") 楊州啟星新能源發展有限公司 ("楊州啟星"). The bank and other loans were secured by the following assets:

	2014 RMB'000	2013 RMB'000 (Restated)
Solar power plants	533,903	–
Property, plant and equipment	3,630	10,407
Pledged bank deposits	152,050	–
	689,583	10,407

25 OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2014, the Group and the Company had obligations under finance leases repayable as follows:

	Group and Company			
	2014		2013	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000 (restated)	Total minimum lease payments RMB'000
Within 1 year	246	275	237	275
After 1 year but within 2 years	254	275	247	275
After 2 years but within 5 years	396	424	532	556
After 5 years	–	–	–	–
	650	699	779	831
	896	974	1,016	1,106
Less: Total future interest expenses		(78)		(90)
Present value of lease obligations		896		1,016

(Expressed in thousands of Renminbi unless otherwise stated)

26 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014 RMB'000	2013 RMB'000 (Restated)	**2014 RMB'000**	2013 RMB'000 (Restated)
Current liabilities				
Trade payables (note (a))	**621,813**	116	**–**	–
Other payables and accruals	**117,669**	10,092	**–**	4,759
Amount due to subsidiaries (note (b))	**–**	–	**6,128**	–
	739,482	10,208	**6,128**	4,759

Retention payable amounted to RMB42,550,000 (2013: Nil) will be settled or recognised as income after more than one year. All of the other trade and other payables as at 31 December 2013 and 2014 are expected to be settled or recognised as income within one year or are repayable on demand.

(a) An ageing analysis of the trade payables based on the invoice date is as follows:

	2014 RMB'000	2013 RMB'000 (Restated)
Within 3 months	**621,813**	116
More than 3 months but within 6 months	**–**	–
More than 6 months but within 1 year	**–**	–
More than 1 year	**–**	–
	621,813	116

(b) As at 31 December 2013 and 2014, amounts due to subsidiaries were unsecured, interest-free and have no fixed repayment terms.

27 EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees but subject to a maximum amount of HKD1,500 (2013: HKD1,250) per month for each employee.

As stipulated by the rules and regulations in the PRC, the Group contributes to the retirement funds scheme managed by local social security bureau in the PRC. The Group contributes a certain percentage of the basic salaries of its employees to the retirement plan to fund the benefits.

The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

During the year ended 31 December 2014, the total retirement benefit cost charged to the consolidated statement of profit or loss amounted to approximately RMB551,000 (2013: RMB383,000).

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 22 July 2009 whereby the directors of the Company are authorised, at their discretion, to invite certain directors, employees and consultants ("the Grantees") of the Group, to take up options at consideration (HKD1.10 for options granted on 8 October 2014 ("Batch 1") and HKD1.16 for options granted on 11 November 2014 ("Batch 2") to subscribe for shares of the Company. The options will be exercisable in four tranches and 25% of the options granted vest on one year, two years, three years and four years from the grant date respectively (the "Vesting Dates").

Pursuant to the relevant terms of the share option scheme, the options are exercisable from the Vesting Dates to 8 October 2019 (Batch 1) and 11 November 2019 (Batch 2) respectively. Each of the options will give the holder the right to subscribe for 1 ordinary share in the Company and will be settled gross in shares. After all of the above grants, a total number of 473,700,000 share options were granted to the Grantees.

In addition, the unexercised options granted under the share option scheme will be forfeited when the Grantees cease to be the directors, employees or consultants of the Group for reasons other than death, ill-health or retirement.

(Expressed in thousands of Renminbi unless otherwise stated)

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

(a) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Batch 1 options granted to directors:			
– on 8 October 2014	17,250,000	1 year from the date grant	5 years
– on 8 October 2014	17,250,000	2 years from the date grant	5 years
– on 8 October 2014	17,250,000	3 years from the date grant	5 years
– on 8 October 2014	17,250,000	4 years from the date grant	5 years
Batch 2 options granted to directors:			
– on 11 November 2014	750,000	1 year from the date grant	5 years
– on 11 November 2014	750,000	2 years from the date grant	5 years
– on 11 November 2014	750,000	3 years from the date grant	5 years
– on 11 November 2014	750,000	4 years from the date grant	5 years
Batch 1 options granted to employees and consultants:			
– on 8 October 2014	100,425,000	1 year from the date grant	5 years
– on 8 October 2014	100,425,000	2 years from the date grant	5 years
– on 8 October 2014	100,425,000	3 years from the date grant	5 years
– on 8 October 2014	100,425,000	4 years from the date grant	5 years
Total share options granted	473,700,000		

(Expressed in thousands of Renminbi unless otherwise stated)

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

(b) The number and weighted average exercise prices of share options are as follows:

	2014	
	Weighted exercise price HKD	Number of options
Outstanding at the beginning of the year	–	–
Granted during the year	1.10	473,700,000
Cancelled during the year	1.10	(5,000,000)
Outstanding at the end of the year	1.10	468,700,000
Exercisable at the end of the year	–	–

No share option was exercised during the year as all share options are out of the vesting conditions.

The options outstanding at 31 December 2014 had an exercise price of HKD1.10 or HKD1.16 (2013: Nil) and a weighted average remaining contractual life of 4.77 years (2013: Nil).

(Expressed in thousands of Renminbi unless otherwise stated)

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial tree model.

Fair value of share options and assumptions

	2014	
	Share options Batch 1	Share options Batch 2
Fair value at measurement date (HKD)	0.3812	0.4095
Share price at grant date (HKD)	1.08	1.15
Exercise price (HKD)	1.10	1.16
Expected volatility (expressed as weighted average life used in the modelling under binomial lattice model)	51.80%	51.05%
Option life (expressed as weighted average life used in the modelling under binomial tree model)	5 years	5 years
Expected dividend	0.00%	0.00%
Risk-free interest rate (based on Hong Kong Exchange Fund Bills and Notes)	1.34%	1.13%

The expected volatility is based on the average of the historic volatility of comparable companies. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

(Expressed in thousands of Renminbi unless otherwise stated)

29 CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Equity settled share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Restated balance at 1 January 2013	66,680	317,608	21	(19,192)	2,612	(197,411)	170,318
Change in equity for 2013:							
Total comprehensive income for the year (restated)	–	–	–	(5,312)	–	(1,368)	(6,680)
Placing of new shares (restated)	2,328	17,078	–	–	–	–	19,406
Equity settled share-based transactions (restated)	–	–	–	–	(2,612)	2,612	–
Restated Balance at 31 December 2013 and 1 January 2014	69,008	334,686	21	(24,504)	–	(196,167)	183,044
Change in equity for 2014:							
Total comprehensive income for the year	–	–	–	(11,810)	–	(17,401)	(29,211)
Transition to no-par value regime on 3 March 2014	334,707	(334,686)	(21)	–	–	–	–
Placing of new shares	1,864,261	–	–	–	–	–	1,864,261
Equity settled share-based transactions	–	–	–	–	15,448	–	15,448
Balance at 31 December 2014	2,267,976	–	–	(36,314)	15,448	(213,568)	2,033,542

(Expressed in thousands of Renminbi unless otherwise stated)

29 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Dividends

The Company does not recommend the payment of a dividend for the year ended 31 December 2014 (2013: Nil).

(c) Share capital

(i) Authorised and issued share capital

	2014		2013	
	No of shares ('000)	**RMB'000**	No of shares ('000)	RMB'000
Authorised: (note 1)				
Ordinary shares of HK$0.01 each (note 2)	–	–	20,000,000	157,246
Ordinary shares, Issued and fully paid:				
At 1 January	**1,762,662**	**69,008**	1,468,962	66,680
Transition to no-par value regime on 3 March 2014 (note 3)	–	**334,707**	–	–
Placing of new shares (note 4)	**6,528,080**	**1,864,261**	293,700	2,328
At 31 December	**8,290,742**	**2,267,976**	1,762,662	69,008

Note 1: Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

Note 2: In accordance with section 135 of the new Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

Note 3: In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622) on 3 March 2014 any amount standing to the credit of the share premium account and the capital redemption reserve has become part of the Company's share capital.

Note 4: Pursuant to a subscription agreement dated 28 May 2014, the Company placed a total of 6,528,080,000 new shares ("New Shares") of the Company, at the price of HK$0.36 per share to its investors. All conditions of the subscription agreement have been fulfilled and the issue of the New Shares was completed on 8 August 2014.

29 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(d) Reserves

(i) Share premium and capital redemption reserve

Prior to 3 March 2014, the application of the share premium account and the capital redemption reserve was governed by sections 48B and 49H respectively of the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account and the capital redemption reserve has become part of the Company's share capital (see note 29(c)). The use of share capital as from 3 March 2014 is governed by the new Hong Kong Companies Ordinance (Cap. 622).

(ii) PRC Statutory reserve

As stipulated by regulations in the PRC, the Company's subsidiaries established and operated in the Mainland China are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of profits to parent companies.

The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Mainland China which are dealt with in accordance with the accounting policies as set out in note 1(u).

(iv) Fair value reserve

The fair value reserve comprises the cumulative net changes in the fair value of other financial assets held by the Group as at the year end dates net of deferred tax, and is dealt with in accordance with the accounting policies in notes 1(j)(i).

(v) Equity settled share-based payment reserve

The equity settled share-based payment reserve comprises the portion of the grant date fair value of unexercised shares options granted to the grantees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(q)(ii).

(vi) Accumulated losses

At 31 December 2014, the accumulated losses of the Company was RMB213,568,000 (2013: RMB196,167,000).

29 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(d) Reserves *(continued)*

(vii) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets was 40% at 31 December 2014 (2013: 10%).

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and deposits with banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The receivables from sales of electricity mainly represent receivables from the provincial power grid companies. The Group has no significant credit risk with any of these power grid companies as the Company and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 19% of the Group's total trade debtors as at 31 December 2014. For other trade receivables and other receivables, the Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the financial statements.

As at 31 December 2014, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group or the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated and the Company's statements of financial position.

The credit risk on deposits with banks is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

(Expressed in thousands of Renminbi unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilising a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year.

The Company is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. In order to repay the borrowings due within one year, the Group manages the proportion of its current liabilities with respect to the total liabilities to mitigate the liquidity risk. The directors have determined that adequate liquidity exists to finance the working capital and capital expenditure requirements of the Group during the year.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's and Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

The Group

	On demand/ within one year RMB'000	One to two years RMB'000	More than two years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2014					
Trade payables, other payables and accrued charges	**696,932**	**42,550**	**–**	**739,482**	**739,482**
Obligations under finance leases	**275**	**275**	**424**	**974**	**896**
Loans and borrowings					
– Variable rate	**86,378**	**81,567**	**463,350**	**631,295**	**450,503**
– Fixed rate	**154,381**	**24,482**	**–**	**178,863**	**172,000**
	937,966	**148,874**	**463,774**	**1,550,614**	**1,362,881**
At 31 December 2013 (Restated)					
Trade payables, other payables and accrued charges	10,208	–	–	10,208	10,208
Obligations under finance leases	275	275	556	1,106	1,016
Loans and borrowings					
– Variable rate	6,401	–	–	6,401	6,227
– Fixed rate	1,208	–	–	1,208	1,208
	18,092	275	556	18,923	18,659

(Expressed in thousands of Renminbi unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk *(continued)*

The Company

	On demand/ within one year RMB'000	One to two years RMB'000	More than two years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2014					
Other payables and accrued charges	**6,128**	**–**	**–**	**6,128**	**6,128**
Financial guarantee contract	**2,228**	**650**	**3,273**	**6,151**	**–**
	8,356	**650**	**3,273**	**12,279**	**6,128**
At 31 December 2013 (Restated)					
Other payables and accrued charges	4,759	–	–	4,759	4,759
Financial guarantee contract	6,401	–	–	6,401	–
	11,160	–	–	11,160	4,759

Note: The amounts included above for financial guarantee contracts are the maximum amounts the Company 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 Company 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 land and buildings pledged to the counterparty which are guaranteed suffer market value losses.

The amount included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those interest rates determined at the end of the reporting period.

(Expressed in thousands of Renminbi unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from loans and borrowings issued at variable rates.

The Group does not anticipate significant impact to cash and cash equivalents and the pledged deposits because the interest rates of bank deposits are not expected to change significantly.

The Group regularly reviews and monitors the mix of fixed and variable rate borrowings in order to manage its interest rate risks. During the years ended 31 December 2014 and 2013, however, management of the Group did not consider it necessary to use interest rate swaps to hedge their exposure to interest.

The following table details the profile of the Group's and the Company's net borrowings (interest-bearing financial liabilities less interest-bearing financial assets (excluding cash held for short term working capital purpose)) at the balance sheet date. The detailed interest rates and maturity information of the Group's and Company's borrowings are disclosed in note 24.

Financial instruments with variable interest rate in nature

	2014 Effective interest rate		2013 Effective interest rate	
	%	**RMB'000**	%	RMB'000
Net fixed rate borrowings:				
Loans and borrowings	**7.52%**	**172,000**	–	1,208
Variable rate borrowings:				
Loans and borrowings	**9.83%**	**450,503**	2.47%	6,227
Total net borrowings		**622,503**		7,435
Net fixed rate borrowings as a percentage of total net borrowings		**27.6%**		16.2%

Sensitivity analysis

The sensitivity analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. As at 31 December 2014, if the interest rate of loans and borrowings had been 50 (2013: 50) basis point higher/lower, the Group's profit before tax for the year would increase/decrease by approximately RMB 3,133,000 (2013: decrease/increase in loss before tax for the year of approximately RMB37,000).

(Expressed in thousands of Renminbi unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(d) Currency risk

Almost all the Group's operating activities are carried out in the PRC for the year 2014 with most of the transactions denominated in RMB. Exposures to currency exchange rates arise from certain of the Group's cash and cash equivalents, trade and other receivables and trade and other payables which are denominated in a foreign currency i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily RMB and HKD. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and considers no significant exposure on its foreign exchange risk.

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

	Assets		Liabilities	
	2014 RMB'000	2013 RMB'000 (Restated)	**2014 RMB'000**	2013 RMB'000 (Restated)
Renminbi ("RMB")	**240,626**	37,710	**–**	1,589
Hong Kong Dollars ("HKD")	**139,630**	–	**–**	–

There was no foreign currency denominated monetary assets and monetary liabilities at the reporting date in the Company.

Sensitivity analysis

The Group is mainly exposed to the HKD and RMB.

The following table details the Group's sensitivity to a 5% (2013: 5%) increase and decrease in HKD against RMB 5% (2013: 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 year-end for a 5% (2013: 5%) change in foreign currency rates. A positive number below indicates a decrease in profit before taz for the year where HKD strengthens 5% (2013: 5%) against RMB. For a 5% (2013: 5%) weakening of HKD against RMB, there would be an equal and opposite impact on the loss for the year and the balances below would be negative.

	RMB impact	
	2014 RMB'000	2013 RMB'000 (Restated)
Profit (loss) before tax	**5,050**	1,806

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

(Expressed in thousands of Renminbi unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(e) Fair value measurement

(i) Assets measured at fair value

All investment properties of the Group were revalued as at 31 December 2013 and 2014 by comparison approach assuming sale in the existing state with the benefit of vacant possession and by making reference to comparable sales evidences available in the relevant market.

Fair value hierarchy

The table below analyses recurring investment properties carried at fair value. The different levels are defined as follows.

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
At 31 December 2014			
Investment properties	**–**	**–**	**77,943**
At 31 December 2013			
Investment properties	–	–	75,399

During the year ended 31 December 2013 and 2014, there were no transfers between level 1 and level 2, or transfers into or out of level 3. The Group's policy is to recognise transfers out of level 3 as of the date of the event or change in circumstances that caused the transfer.

The table in note 13 shows a reconciliation from the beginning balances to the ending balances for level 3 fair value measurements.

The Group performing valuations of investment properties (by reference to the valuation done by Grant Sherman). An analysis of changes in fair value measurement is prepared by the team at each reporting date, and is reviewed and approved by the chief financial officer.

(Expressed in thousands of Renminbi unless otherwise stated)

31 COMMITMENTS

(a) Capital commitments

Capital commitments outstanding at 31 December 2014 not provided for in the financial statements were as follows:

	2014 RMB'000	2013 RMB'000 (Restated)
Contracted for	1,008,430	–
Authorised but not contracted for	–	–
	1,008,430	–

(b) Operating lease payments

Lessor

As at 31 December 2014, the total future minimum lease payments under non-cancellable operating leases were receivable as follows:

	2014 RMB'000	2013 RMB'000 (Restated)
Within 1 year	1,723	1,607
After 1 year but within 5 years	699	2,026
	2,422	3,633

The Group leases out a number of properties and motor vehicles under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew the leases after that date at which time all terms are renegotiated. Further details of the carrying value of the properties are contained in note 13.

(Expressed in thousands of Renminbi unless otherwise stated)

31 COMMITMENTS *(continued)*

(b) Operating lease payments *(continued)*

Lessee

As at 31 December 2014, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2014 RMB'000	2013 RMB'000 (Restated)
Within 1 year	1,555	492
After 1 year but within 5 years	2,392	367
	3,947	859

The Group leases a number of properties under operating leases. The leases typically run for an initial period of 1 to 5 years, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

32 MATERIAL RELATED PARTY TRANSACTIONS

Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 7, and certain of the highest paid employees as disclosed in note 8, is as follows:

	2014 RMB'000	2013 RMB'000 (Restated)
Short term employee benefits	3,425	2,004
Post-employee benefits	56	24
Equity compensation benefits	6,376	–
	9,857	2,028

Total remuneration is included in "staff costs" (see note 5(b)).

(Expressed in thousands of Renminbi unless otherwise stated)

33 ACQUISITION OF SUBSIDIARIES

During the year, the Group entered into equity transfer agreements with independent third parties to acquire equity interests in ten entities for a total cash consideration of RMB604,472,000. Three of the entities are with solar power plants generating electricity and the other seven entities are solar power plants at development stage.

(a) Solar power plants with operations

During the year, the Group entered into equity transfer agreements with third parties to acquire 100% equity interests in Yumen Yonglian, Gansu Hongyuan and Hami Zhaoxiang, at total cash consideration of RMB202,727,000. The above mentioned acquisitions were completed at the acquisition date of 4 November 2014, 7 November 2014 and 30 October 2014 respectively (the "Acquisition Dates"), through which the Group obtains control of Yumen Yonglian, Gansu Hongyuan and Hami Zhaoxiang.

Yumen Yonglian, Gansu Hongyuan and Hami Zhaoxiang are limited liabilities companies and are principally engaged in electricity generation. As at the Acquisition Dates, Yumen Yonglian, Gansu Hongyuan and Hami Zhaoxiang were generating electricity.

The combined identifiable assets acquired and liabilities assumed at the Acquisition Dates are as follows:

	Note	Acquirees' carrying amount before acquisition RMB'000	Fair value adjustment RMB'000	Fair value RMB'000
Net assets acquired:				
Solar power plants	12	535,561	–	535,561
Lease prepayment	17	11,529	–	11,529
Inventories		4,599	–	4,599
Trade and other receivables		155,759	–	155,759
Cash and cash equivalents		1,873	–	1,873
Trade and other payables		(94,707)	–	(94,707)
Loans and borrowings		(446,937)	–	(446,937)
Net identifiable assets		167,677	–	167,677
Total consideration				202,727
Less: Net identifiable assets				(167,677)
Goodwill on the acquisitions	14			35,050
Consideration, satisfied in cash				202,727
Less: Cash and cash equivalents acquired				(1,873)
Less: Other payable				(46,647)
Payment for acquisition of subsidiaries, net of cash acquired				154,207

(Expressed in thousands of Renminbi unless otherwise stated)

33 ACQUISITION OF SUBSIDIARIES *(continued)*

(a) Solar power plants with operations *(continued)*

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the acquirees into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

During the period from the Acquisition Dates to 31 December 2014, Yumen Yonglian, Gansu Hongyuan and Hami Zhaoxiang contributed turnover (include tariff adjustment) of RMB9,547,000 and profit of RMB3,760,000. If the acquisitions had occurred on 1 January 2014, management estimates that the turnover (include tariff adjustment) would have been RMB76,025,000, and profit for the year would have been RMB41,436,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the dates of acquisition would have been the same if the acquisitions had occurred on 1 January 2014.

(b) Solar power plants under development

During the year, the Group acquired equity interests in seven entities, details as per below from independent third parties at a total cash consideration of RMB401,745,000. The entities principally engaged in generating and sales of electricity. As at the dates of acquisitions, the entities were at development stage.

Name of the entity*	Equity interests acquired
Enfei Shuozhou	100%
Dunhuang Wanfa	100%
Maigaiti	100%
Kuche Tianhua	100%
Wushi	100%
Yingjisha	100%
Yulin BYD	100%

The combined identifiable assets acquired and liabilities assumed are as follows:

	Note	RMB'000
Net assets acquired:		
Solar power plants under development	12	409,400
Trade and other receivables		14,790
Cash and cash equivalents		1,948
Trade and other payables		(24,393)
Total identifiable net assets acquired		401,745
Consideration, satisfied in cash		401,745
Less: Cash and cash equivalents acquired		(1,948)
Less: Other payable		(63,234)
Payment for acquisition of subsidiaries, net of cash acquired		336,563

(Expressed in thousands of Renminbi unless otherwise stated)

34 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at 31 December 2014, the directors consider the immediate parent and ultimate controlling party of the Group to be Pohua JT Private Equity Fund L.P., a private equity investment fund established in the Cayman Islands. This entity does not produce financial statements available for public use.

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR END 31 DECEMBER 2014

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2010-2012 cycle	1 July 2014
Annual improvements to HKFRSs 2011-2013	1 July 2014
Amendments to HKAS 16 and HKAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
HKFRS 15, *Revenue from contracts with customers*	1 January 2017
HKFRS 9, *Financial instruments (2014)*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)	(Restated)	(Restated)
TURNOVER	**524,283**	7,364	6,965	60,308	73,373
PROFIT/(LOSS) FOR THE YEAR	**11,667**	(6,212)	(8,869)	(35,944)	(20,815)

FINANCIAL POSITION

	At 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)	(Restated)	(Restated)
TOTAL ASSETS	**3,497,760**	252,102	234,352	204,459	256,457
TOTAL LIABILITIES	**(1,396,251)**	(24,529)	(24,266)	(27,984)	(25,651)
TOTAL EQUITY	**2,101,509**	227,573	210,086	176,475	230,806