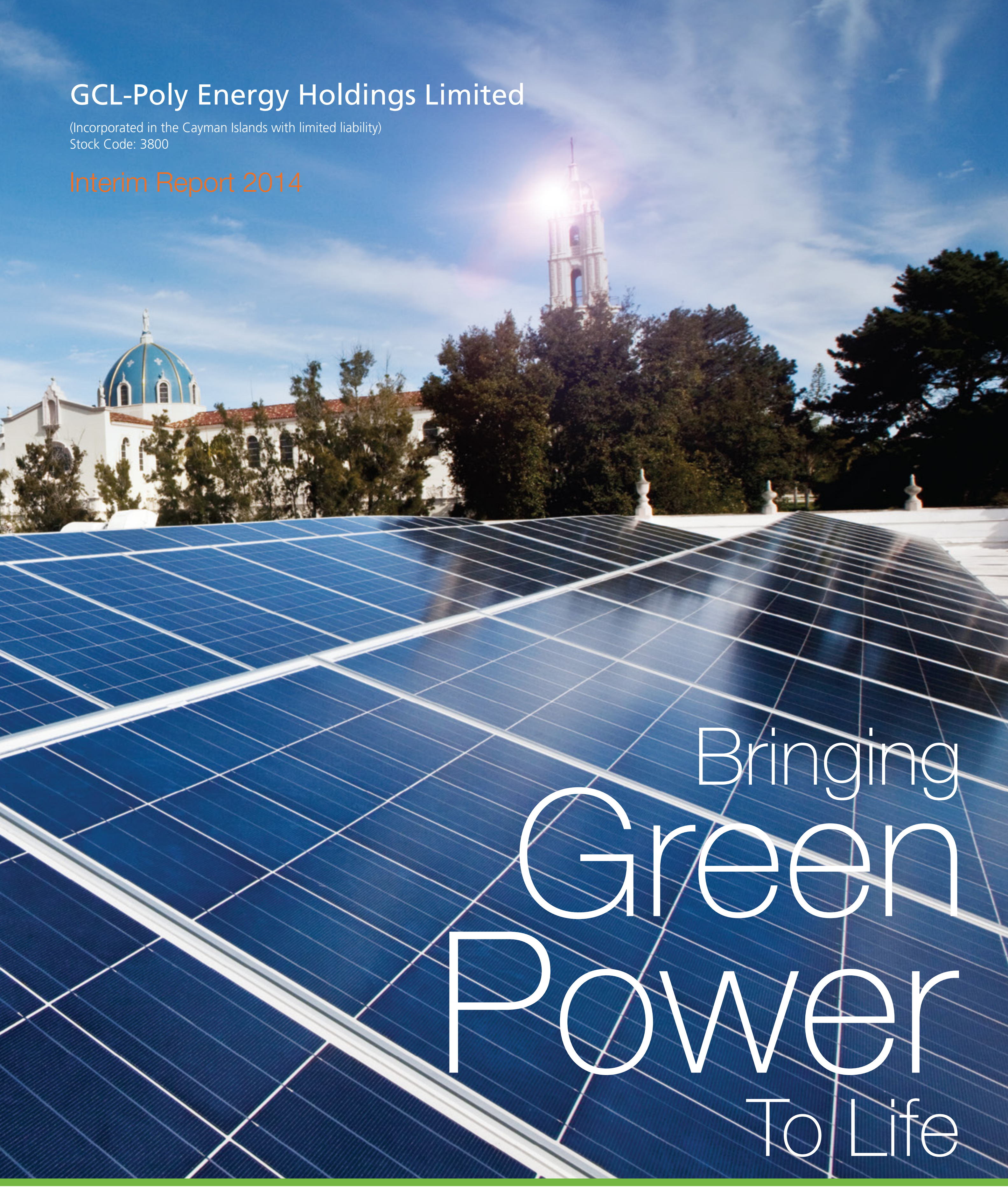
GCL-Poly Energy Holdings Limited

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

Interim Report 2014



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Contents

Performance Highlights

	Six months ended 30 June			
	2014	2013	**Change**	**% of change**
	HK$'000	HK$'000		
	(unaudited)	(unaudited)		
Revenue				
Sales of wafer	**10,049,129**	5,995,053	4,054,076	68%
Sales of electricity	**2,325,384**	1,797,818	527,566	29%
Sales of coal	**1,816,134**	527,760	1,288,374	244%
Sales of polysilicon	**1,275,038**	1,114,160	160,878	14%
Sales of steam	**918,789**	935,205	(16,416)	–2%
Sales of project assets	**—**	390,040	(390,040)	–100%
Sales of printed circuit boards	**270,457**	—	270,457	N/A
Others (mainly comprise the sales of ingot, module and processing fees)	**567,106**	539,498	27,608	5%
	17,222,037	11,299,534	5,922,503	52%
Profit (loss) attributable to owners of the Company	**900,353**	(917,316)	1,817,669	198%

	HK Cents	HK Cents	**Change**	**% of change**
Basic and Diluted earnings (loss) per share				
— Basic	**5.81**	(5.93)	11.74	198%
— Diluted	**5.81**	(5.93)	11.74	198%

	HK$'000	HK$'000	**Change**	**% of change**
EBITDA*	**4,606,170**	1,821,048	2,785,122	153%

* The following items were excluded in the calculation of Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"):

i) Impairment loss on property, plant and equipment; ii) Impairment loss on available-for-sale investment; iii) Reversal of impairment loss/impairment loss on deposits for acquisitions of property, plant and equipment; iv) Loss on fair value change of convertible bonds receivable; v) Loss on fair value change of convertible bonds payable; vi) Gain/loss on fair value change of held for trading investments; vii) Impairment loss on goodwill; viii) Gain on disposal of an associate

Performance Highlights

	30 June 2014 HK$'000 (unaudited)	31 December 2013 HK$'000 (audited)	Change	% of change
Extracts of condensed consolidated statement of financial position				
Equity attributable to owners of the Company	**16,886,329**	16,146,060	740,269	5%
Total assets	**83,414,105**	76,642,608	6,771,497	9%
Bank balances, cash, pledged and restricted bank deposits	**19,513,777**	14,411,540	5,102,237	35%
Indebtedness (bank borrowings, obligations under finance leases, notes payables and convertible bonds payable)	**44,255,556**	40,791,216	3,464,340	8%
Key financial ratios				
Current ratio	**0.72**	0.67	0.05	7%
Quick ratio	**0.65**	0.61	0.04	7%
Net debt to equity attributable to owners of the Company	**146.5%**	163.4%	–16.9%	–10%

Chairman's Statement

On behalf of the Board of Directors, I hereby announce that GCL-Poly Energy Holdings Limited and its subsidiaries (the "Group" or "GCL-Poly") achieved the following operating results for the first half of 2014. For the six months ended 30 June 2014, GCL-Poly recorded a revenue of approximately HK$17.22 billion, representing a 52.4% increase as compared with the same period in 2013. Gross profit was approximately HK$3.68 billion, an approximately 400% increase as compared with the same period in 2013. Profit attributable to shareholders amounted to approximately HK$0.90 billion. Basic earnings per share amounted to approximately HK5.81 cents. The operating environment of the solar industry in the first half of 2014 has significantly improved as compared with the same period of last year; meanwhile, the installation of global solar photovoltaic market in 2014 is expected to increase by 22% to 45 GW over that in 2013. The outperforming results of GCL-Poly in the first half of 2014 were attributed to its strategy of consistently focusing on customers as well as the trend of market demand, and continuously improving its leading competitive edges at the up and downstream of the industry value chain, including technology innovation, developing and promoting higher efficiency products, refining manufacturing efficiency; and hence, achieving better cost control. Particularly, the significant amount of GCL's higher efficiency products were introduced to the market, which has opened and led to the higher efficiency era of the PV industry.

The PV Market Continued to Grow and the Industry has Developed Healthier

According to industry analysis and forecast, it is expected that the global PV market will continue to grow, and the estimated global solar installation demand could reach approximately 29 GW in the second half of 2014. In particular, PV demand in China market will continue to lead the global market. The China National Energy Administration has reinforced its expectation of 13 GW of PV installation connecting to the grid by the end of 2014 in China. Furthermore, those emerging markets (including Japan, U.S., India, South Africa and Southeast Asia) have been increasingly growing, and the rise of United Kingdom market also has become a major highlight in the European market.

After almost two-year intensified industry consolidation, most of those excessive capacities in the solar industry were phased out, and industry concentration has been significantly improved, comparing to that in 2011. Hence, the solar industry has entered into a rational and mature developing stage. Meanwhile, the Government has introduced industry regulating policies, which has helped to increase entry barriers and operational standards of the solar PV industry. With more disciplined practices are advocated by leading companies in the industry, more positive incentives have brought to the market. Particularly, industry leaders' advantages, such as brand influence, financial strength and technological innovation, could be fully presented, creating a favorable internal and external developing environment.

Leading by higher efficiency products, higher efficiency installation system, and hence, lower cost of solar energy per watt, the solar industry has entered into the higher efficiency era. As a result, continuous improving investment return on PV installation projects has become the primary approach to achieve grid parity for the solar energy power.

It is notable that the recovery of the PV industry has encountered the challenges of trading disputes. Although the second round of "anti-dumping and anti-countervailing" investigation initiated by the U.S. government, and imposed to the Chinese and Taiwanese solar companies, does not have any direct impacts to the polysilicon and wafer segments, it has brought up a new topic of expanding to overseas markets for silicon and wafer material producers.

The Ministry of Commerce and the General Administration of Customs of China announced that they will no longer permit processing trade-based polysilicon imports from the U.S., Europe and South Korea, effective from 1 September 2014, which will close the loopholes of overseas silicon materials entering Chinese market, providing a fair and better developing environment for domestic polysilicon producers.

Looking forward to the full year of 2014, despite of the global trade war barriers, slower-than-expected distributed power generation installation in China, and decreasing solar energy subsidies in countries like Japan, the global PV market should continue to grow, mainly due to the continuously decreasing cost of solar power energy, more newly introduced favorable policies, as well as those rapidly emerged new markets.

Technology Innovation has Brought Competitive Differentiation; Higher Efficiency Products have Attributed to Better Operational Results

GCL-Poly's solar business operation has consistently driven by technology innovation, and the focus of operational philosophy, including "simplicity, cost-efficiency, speed, coordination and talents". These core competitive differentiations have helped the Company to achieve satisfied operational results. For the first half of the year, our solar business produced 32,341 MT of polysilicon and sold 7,463 MT. The production and sales of wafers were 5,903 MW and 5,776 MW, respectively, all of which were sold.

Regarding technology research and development, the Company has continuously increased its R&D investment in the first half of 2014 through prioritizing key projects. As at the end of June 2014, the Company had 92 ongoing R&D projects, and its 14 subsidiaries have applied 394 patents, and received 230 licensed patents. The Company had 4 research papers published in global journals (included in SCI). It also participated in the preparation of 3 international standards, 12 national standards and 6 industry standards. In addition, it obtained 8 high-tech product certifications in Jiangsu Province.

In respect of polysilicon production, the construction process of our self-developed Fluidized Bed Reactor (FBR) based polysilicon production is progressing as scheduled. As for crystal growing and wafer slicing process, the ingoting process of higher efficiency GCL Multi-Wafer products has continuously improved; and hence, progresses were made in respect of developing new products. As at the end of June 2014, S3 products' production capacity was increased to 110 million pieces per month. The project of full-size GCL mono crystal ingot is progressing well, and the next generation of higher efficiency wafer products will be introduced in the second half of the year.

Regarding production and operation, the Company has further promoted GPW, established, improved and refined production systems, as well as increased operation efficiency, resulting in a significant decrease in production cost. For the first half of 2014, the average polysilicon production cost was decreased by approximately 9.2% as compared with that for the same period of 2013, while that for average non-silicon wafer processing cost was decreased by approximately 16% year-over-year.

By consistently expanding to global markets and focusing on customers, GCL-Poly has enhanced industry cooperation and achieved higher customers satisfaction. While remaining demand driven orientation, the Company proactively communicated with customers, establishing a quick customer response system through its CRM on-line customer service system, with a goal to promote and materialise the grid parity goal of solar power energy as soon as possible through industry cooperation.

Chairman's Statement

Promoting the Application of Higher Efficiency Product; Forming Strategic Synergies at the Up and Downstream of the Value Chain

The Company will continue to maintain its leading position of branding and low cost advantage in polysilicon, crystal growing and wafer slicing segments in the world. We will fully dedicate to the development, promotion and application of higher efficiency wafer products by leveraging on our advantages of raw materials manufacturing capabilities at the upstream of the value chain, persistently pursuing technology innovation to develop differentiated higher efficiency products, as well as promoting the construction and operational maintenance of high-performance power systems; thus, forming strategic synergies at the up and downstream of the industry chain, and maximising profitability outlook.

Successfully Acquiring Same Time (0451.HK); Forming the Operation Platform of "GCL New Energy" to Develop, Invest and Operate Solar Power Projects

On 9 May 2014, the Company completed the acquisition of Same Time (0451.HK), which was renamed to GCL New Energy Holdings Limited and has been officially opened for operation at the same time, representing the successful listing of GCL solar power plants business in Hong Kong. In the first half of 2014, GCL New Energy proactively engaged with major domestic solar power plant developers in relation to development cooperation. On 21 May 2014, GCL New Energy announced to enter into cooperation framework agreements with several well-known enterprises including GD Solar, Huanghe Solar and CSR, forming a goal of more than 4GW jointly developing and operating solar power plant capacity.

Stable Power Business Development Outperformed Peers

In the first half of 2014, the power business continued to record stable performance. The Company has continued to maximise the efficiencies of existing resources with centralized management and cost control, assuring the healthy development of its power and steam businesses. As at the end of June 2014, the Company sold 3,254 GWh of electricity, with a year-on-year increase of 16.7%, and 4,218,838 tonnes of steam, with a year-on-year decrease of 3.3%. While ensuring stable growth of the business, the Company also adopted various measures including coal purchasing cost controls, bulk purchasing of resources, extension of steam supply, and vigorous efforts in steam-price adjustment. These combined measures have helped us to achieve encouraging results in terms of the overall operational and financial indicators in the first half of 2014 when compared with the industry average.

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

Zhu Gongshan
Chairman

Hong Kong, 28 August 2014

Management Discussion and Analysis

Half Year Results

Benefited from the supportive national policies from the People's Republic of China ("PRC"), demand for solar products improved and over-supply situation being improved, the photovoltaic industry showed sign of modest recovery from the second half in 2013 till the first half of 2014. The Group is able to capture the favourable market condition and its results showed a significant improvement as compared to the same period of last year. For the six months ended 30 June 2014, the Group recorded growth of 52.4% in revenue to approximately HK$17,222 million as compared to the corresponding period in last year. The Group turned around from loss of approximately HK$836 million in the six month ended 30 June 2013 to profit of approximately HK$1,013 million during the same six month period in 2014.

Acquisition

On 9 May 2014, the Group has completed the acquisition of GCL New Energy Holdings Limited ("GCL New Energy") (Formerly known as Same Time Holdings Limited, stock code: 451) by subscription of 360,000,000 new shares for a cash consideration of HK$1,440,000,000, which was mainly financed by the proceeds from the issuance of convertible bond in 2013. After completion, the Group owns approximately 67.99% of the issued share capital of GCL New Energy. GCL New Energy is principally engaged in the manufacturing and selling of printed circuit boards.

The Group considers that it is a good opportunity to focus on the new renewable energy sector and in particular, solar plants on a separate listing platform. GCL New Energy will become the Group's extended arm on the development of solar power plant business as well as investment in the new solar farms and solar roof application projects. This helps GCL-Poly to manage businesses in a more organized manner and bring the Group's business to new dimension.

Business Review

Solar Material Business

Production

GCL-Poly supplies polysilicon and wafer to companies operating in the solar industry. Polysilicon is the primary raw material for wafer used in the solar wafer production. In the solar industry supply chain, wafers are further processed by downstream manufacturers to produce solar cells and modules.

As at 30 June 2014, our annual polysilicon production capacity was maintained at 65,000 MT. During the six months ended 30 June 2014, GCL-Poly produced approximately 32,341 MT of polysilicon, representing an increase of 47.1% as compared to 21,980 MT for the same period in 2013. We plan to increase our capacity through production of high-purity polysilicon using FBR technology when its commercial production commences.

In order to meet the increasing demand, GCL-Poly's annual wafer production capacity increased to 12 GW as at 30 June 2014, we mainly increased production equipment and continued to increase wafer production capacity through various technological improvements measures such as by using upgraded ingot furnace facility, and improving crystal growing process, etc. In addition, GCL-Poly further expanded production capacity and sales volume of high-efficiency multi-crystalline silicon wafer "GCL Multi-Wafer S3" and our second generation high-efficiency mono-crystalline silicon wafer "GCL Monocrystalline G2" during this period. During the six month ended 30 June 2014, approximately 5,903 MW of wafers were produced, representing an increase of 71.0% from 3,452 MW same period last year.

Production Costs

GCL-Poly's polysilicon and wafer production costs mainly depend on its distinctive core competitiveness from technology innovation, which cause continuous cost reduction in all aspects of raw material costs control, lower energy consumption, achieving economies of scale in its operations and streamlined production processes.

Jiangsu Zhongneng continues to deploy all its efforts to reduce the electricity and steam consumption and other fixed costs incurred during the polysilicon production. Together with a high capacity utilisation rate in the first half of 2014, our average polysilicon production costs decreased by 9.2% from HK$134.1 (US$17.3) per kilogram for the six months ended 30 June 2013 to HK$122.07 (US$15.7) per kilogram for the same period this year.

Attributed to the effective raw material recycling method together with other measures resulting in increase in production yield and cost reduction, GCL-Poly was able to reduce its wafer production cost to an extremely competitive level. The average non-silicon wafer processing cost was decreased by approximately 16.0% from HK$0.752 (US$0.0970) per W for the six months ended 30 June 2013 to HK$0.632 (US$0.0815) per W for the six months ended 30 June 2014.

Sales Volume and Revenue

Revenue of our solar material business for the six months ended 30 June 2014 amounted to approximately HK$11,888 million, representing an increase of 55.5% from HK$7,647 million for the six months ended 30 June 2013.

For the six months ended 30 June 2014, GCL-Poly sold 7,463 MT of polysilicon and 5,776 MW of wafer, a decrease of 11.9% and an increase of 49.7% respectively, as compared with 8,472 MT of polysilicon and 3,858 MW of wafer for the corresponding period in 2013.

The average selling prices of polysilicon and wafer were approximately HK$171.0 (US$22.1) per kilogram and HK$1.75 (US$0.23) per W respectively for the six months ended 30 June 2014. The corresponding average selling prices of polysilicon and wafer for the same period one year earlier were HK$131.7 (US$17.0) per kilogram and HK$1.55 (US$0.20) per W respectively.

Power Business

The Group's power business consists of cogeneration plants (including incineration plants), a wind power plant and solar power plants in the PRC. They are under the category of environmentally friendly power plants that are encouraged by the PRC government. As at 30 June 2014, the Group operates 30 power plants in the PRC (including subsidiaries and associates) as follows:

		30.06.2014			31.12.2013	
		Capacity (MW)			Capacity (MW)	
	Quantity	**Installed**	**Attributable installed**	Quantity	Installed	Attributable installed
Cogeneration plants						
Coal-fired cogeneration plants and resources comprehensive utilization cogeneration plants	**13**	**444.0**	**352.2**	14	474.0	374.7
Gas-fired cogeneration plants	**3**	**870.0**	**391.1**	3	870.0	391.1
Biomass cogeneration plants	**2**	**60.0**	**60.0**	2	60.0	60.0
Solid-waste incineration plants	**2**	**36.0**	**36.0**	2	36.0	36.0
	20	**1,410.0**	**839.3**	21	1,440.0	861.8
Solar power plants						
Solar plants	**8**	**320.0**	**256.3**	7	300.0	236.3
Rooftop solar plant	**1**	**3.0**	**3.0**	1	3.0	3.0
	9	**323.0**	**259.3**	8	303.0	239.3
Wind power plant	**1**	**49.5**	**49.5**	1	49.5	49.5
Total	**30**	**1,782.5**	**1,148.1**	30	1,792.5	1,150.6

The installed capacity and attributable installed capacity decreased from 1,792.5 MW and 1,150.6 MW in December 2013 to 1,782.5 MW and 1,148.1 MW in June 2014, respectively. The change was mainly due to:

1. a 20 MW ground-mounted solar power plant in Shanxi province has commenced operation during the period,

2. as Xuzhou Cogeneration Plant continued to face operating difficulty, GCL-Poly took advantage of the opportunity to discontinue such plant in June 2014 when the local government implemented the policy to compensate enterprises closed, so as to avoid its operation loss in the future.

As at 30 June 2014, the total steam extraction and attributable steam extraction were decreased by 100 tonne/h and 75 tonne/h to 2,339.0 tonne/h and 1,755.9 tonne/h respectively for the period ended 30 June 2014. The decrease was entirely due to the discontinuous operation of Xuzhou Cogeneration power plant.

Sales Volume

For the six months ended 30 June 2014, total electricity and steam sales volume were 3,254,413 MWh and 4,218,838 tonnes respectively representing an increase of 16.7% and a decrease of 3.3% as compared to 2,788,692 MWh and 4,364,505 tonnes as at 30 June 2013. The increase of electricity sales volume was mainly due to commencement of operation of solar power plants and Suzhou Cogeneration Plant (Northern) in the second half of 2013.

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

Plants	**Electricity Sales MWh 30.06.2014**	Electricity Sales MWh 30.06.2013	**Steam Sales tonne 30.06.2014**	Steam Sales tonne 30.06.2013
Cogeneration plants				
Kunshan Cogeneration Plant	**197,812**	204,581	**307,550**	308,051
Haimen Cogeneration Plant	**75,620**	79,940	**139,280**	149,846
Rudong Cogeneration Plant	**81,082**	90,557	**374,160**	387,464
Huzhou Cogeneration Plant	**59,451**	62,335	**183,762**	194,490
Taicang Poly Cogeneration Plant	**106,762**	111,730	**173,810**	201,569
Jiaxing Cogeneration Plant	**112,239**	103,784	**378,564**	411,454
Lianyungang Xinneng Cogeneration Plant	**52,009**	52,468	**214,635**	206,562
Puyuan Cogeneration Plant	**90,438**	100,841	**328,564**	368,353
Fengxian Cogeneration Plant *(note 1)*	**50,881**	81,821	**908,542**	936,807
Yangzhou Cogeneration Plant	**212,335**	212,138	**132,514**	133,844
Dongtai Cogeneration Plant	**47,545**	59,783	**245,480**	264,436
Peixian Cogeneration Plant	**75,987**	92,675	**114,986**	116,642
Xuzhou Cogeneration Plant *(note 2)*	**56,480**	83,640	**113,180**	131,826
Suzhou Cogeneration Plant — Blue Sky	**1,001,300**	918,652	**409,803**	368,936
Suzhou Cogeneration Plant — Northern	**506,441**	250,705	**N/A**	N/A
Baoying Cogeneration Plant	**66,509**	55,456	**115,065**	106,448
Lianyungang Xiexin Cogeneration Plant	**80,079**	70,792	**78,943**	60,867
Taicang Incineration Plant	**39,855**	38,838	**N/A**	N/A
Xuzhou Incineration Plant	**65,562**	43,747	**N/A**	16,910
Sub-total	**2,978,387**	2,714,483	**4,218,838**	4,364,505
Solar power plants				
Xuzhou Solar Power Plant	**10,524**	10,578	**N/A**	N/A
DaTongXian GCL Solar Power Plant	**70,082**	6,493	**N/A**	N/A
Sangri Solar Power Plant	**9,282**	8,978	**N/A**	N/A
Funing Xinneng Solar Power Plant	**19,719**	N/A	**N/A**	N/A
Baoying Xingneng Solar Power Plant	**21,728**	N/A	**N/A**	N/A
Huocheng Solar Power Plant	**23,405**	N/A	**N/A**	N/A
Jiangsu Guoneng Rooftop Solar Power Plant	**1,787**	1,719	**N/A**	N/A
DaTongXian Xinneng Solar Power Plant *(note 3)*	**2,968**	N/A	**N/A**	N/A
Ningxia Qingyang Solar Power Plant	**75,750**	N/A	**N/A**	N/A
Sub-total	**235,245**	27,768	**N/A**	N/A
Wind power plant				
Guotai Wind Power Plant	**40,781**	46,841	**N/A**	N/A
Total of subsidiaries	**3,254,413**	2,789,092	**4,218,838**	4,364,505
Associated cogeneration plants				
Funing Cogeneration Plant	**86,028**	93,944	**34,565**	36,794
China Resources Beijing Cogeneration Plant	**342,630**	389,817	**177,239**	213,508
Grand total	**3,683,071**	3,272,853	**4,430,642**	4,614,807

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

Note 2: Xuzhou Cogeneration Plant has ceased operation from June 2014.

Note 3: DaTongXian Xinneng Solar Power Plant has commenced operation during the period.

Revenue

For the six months ended 30 June 2014, the revenue for the power business was HK$5,018 million, an increase of 55.8% as compared to HK$3,220 million as at 30 June 2013. The increase was mainly due to an increase in the sales volume of electricity and coal during the period.

Average Utilisation Hour

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

For the six months ended 30 June 2014, the average utilization hour of cogeneration plants (excluding Suzhou Cogeneration Plant — Northern) was 2,989 hours, representing a decrease of 1.9% as compared to 3,047 hours for the first six months of 2013. For the six months ended 30 June 2014, the average utilization hour of solar power plants was 793 hours, representing an increase of 38.9% as compared to the 571 hours for the first six months of 2013, which is due to the newly operated solar power plants are located in a western district where there is strong sunshine.

Fuel Costs

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

For the group's coal-fired cogeneration plants, resource comprehensive utilisation plants and biomass cogeneration plants, the average unit fuel costs for electricity sales and steam sales were HK$360.8/MWh and HK$109.9/tonne respectively for the six months ended 30 June 2014. The corresponding average unit fuel costs for electricity sales and steam sales were HK$384.3/MWh and HK$120.6/tonne respectively for the same period in 2013. The decrease was mainly due to the decrease in coal price during the period.

For the Group's two Suzhou cogeneration plants, natural gas was the major component of the cost of sales. The average unit fuel costs for electricity sales and steam sales were HK$651.6/MWh and HK$203.2/tonne respectively for the six months ended 30 June 2014. The corresponding average unit fuel costs for electricity sales and steam sales for the same period in 2013 were HK$515.0/MWh and HK$188.8/tonne respectively. The increase was mainly due to the increase in natural gas price in the second half of 2013.

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

Other Businesses

During the current interim period, other businesses comprise of overseas solar power plant business and GCL New Energy.

For overseas solar power plant business, the Group has an approximately 18MW in operation in the United States as at 30 June 2014. Meanwhile there are approximately 100MW PV projects under construction in the United States.

For the first half of 30 June 2014, revenue from sales of electricity generated by the PV projects in the United States was approximately HK$43 million (US$6 million) (2013: HK$41 million).

The Group has completed the acquisition of GCL New Energy on 9 May 2014. GCL New Energy and its subsidiaries were principally located in Hong Kong and PRC and engaged in the manufacturing and selling of printed circuit boards. GCL-Poly is currently planning to deploy GCL New Energy as the platform to expand Group's arm into the renewable energy sector, including development, construction, operation and management of solar power, as well as solutions in the energy storage, efficiency, intelligent micro-grid and distributed energy.

From the acquisition date to the period ended 30 June 2014, GCL New Energy attributed to GCL-Poly revenue amounting to HK$270 million.

Outlook

The solar industry has started to recover during the second half of 2013 and robust demand continued through the first half of 2014. As a result, we experienced high utilisation of our manufacturing facilities in the first half and we expect strong momentum to continue in 2014. Despite the solar components sales of the PRC and Taiwanese manufacturers were affected by anti-dumping and countervailing ruling by the United States, we expect global demand for new installations of PV should continue to grow from the basis of 39 GW in 2013 with rising demand from China and Japan. In addition, supply-demand dynamics along the PV value chain appears to remain healthy and balanced in 2014 and as a result solar products selling prices remains stable. Higher capacity utilisation has also contributed to our manufacturing cost reduction.

We anticipate that 2014 global PV solar demand to grow modestly to approximately 40-45 GW, with slower European demand while demand in emerging markets such as China, the United States, Japan, India, Korea, Australia and Brazil will continue to increase. These emerging markets will play a more important role in the solar industry development, leading to a more balanced geographical diversification. Recently, the National Energy Bureau of China has indicated a total of 13 GW of installations in China in 2014, alleviating concerns of slower-than-expected roof-top/distributed solar energy progress. As such, we believe the initial 35 GW cumulative installation target by 2015 set by the National Development and Reform Commission ("NDRC") will have to be revised up. In addition, we also expect no major downward revision in ground-mounted Feed-In-Tariff ("FiT") in China this year which will continue to support the growth of the PV industry. A significant amount of installations in 2014 will be supported by the roof-top/Distributed generation subsidy announced in August 2013. In Japan, the government only reduced the solar FiT slightly from 36Yen/kWh to 32Yen/kWh for systems larger than 10kW, and we believe that the economics of solar projects in Japan will remain attractive in solidifying Japan to be the second largest PV market in the next few years. With rich sunlight resources and the availability of government incentives such as the National Solar Mission and State Programs, India also attracted substantial foreign capital to invest in the country and has become one of the fastest growing markets of the PV industry. We also see tremendous growing opportunities in emerging markets such as South Africa, South America and Southeast Asia. As one of the market leaders of solar industry, we are in the good position to seize the opportunity.

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

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

For the power business, coal price is an important factor to profitability. We recorded a small increase in coal price in the second half of 2013 after a significant decrease in 2012. We expect the average coal price in 2014 will remain stable. In the meantime, we will continue to focus on steam sales as contract prices of steam can be negotiated with our customers directly, making it easier to maintain profit margins. The Group will try every possible ways to further enhance operation efficiency. In the long run, we will continue to focus on the development of renewable-energy power plants.

Employees

We consider our employees to be our most important resource. As at 30 June 2014, the Group had approximately 17,886 employees in Hong Kong, the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees.

Financial Review

Segment Information

The Group organized its financial information in three segments — the solar material business, power business and other businesses (including overseas solar power plant business and printed circuit boards business) — during the period. The following table sets forth the Group's operating results by business segments:

	Solar Material Business HK$ million	**Power Business** HK$ million	**Other Businesses** HK$ million	**Corporate** HK$ million	**Consolidated** HK$ million
Revenue from external customers	11,888	5,018	316	—	17,222
Segment profit (loss)	1,135	208	(70)	—	1,273
EBITDA*	3,780	905	(8)	(70)	4,607

* The following items were excluded in the calculation of Earnings before interest, tax, depreciation and amortization ("EBITDA"): i) Impairment loss on property, plant and equipment; ii) Impairment loss on available-for-sale investment; iii) Reversal of impairment loss on deposits for acquisitions of property, plant and equipment; iv) Loss on fair value change of convertible bonds receivable; and v) Loss on fair value change of convertible bonds payable vi) Gain on fair value change of held for trading investments

Management Discussion and Analysis

Revenue

Revenue increased by 52.4% to HK$17,222 million for the six months ended 30 June 2014. The increase was mainly attributable to the increase in both the sales volume and the average selling price of polysilicon and wafer.

Gross Profit Margin

The gross profit of the Group amounted to approximately HK$3,678 million for the six months ended 30 June 2014, representing an increase of approximately 4 times to that of last period of approximately HK$745 million. Gross profit margin improved to 21.4% from 6.6%. The improvement was mainly due to the increase in gross profit margin for the solar material business.

Gross profit margin for the solar material business increased from 2.3% for the six months ended 30 June 2013 to 24.7% for the six months ended 30 June 2014. The increase was mainly attributed to the increase in selling price and decrease in production cost as a result of high utilization of manufacturing facilities.

For the power business, the gross profit margin slightly decreased from 17.5% for the six months ended 30 June 2013 to 15.0% for the six months ended 30 June 2014.

Other Income

Other income mainly comprises government grants, sales of scrap materials, bank interest income and waste processing management fee income. It increased by 81.2% as compared to HK$618 million for the six months ended 30 June 2014 from HK$341 million for the six months ended 30 June 2013. The increase was mainly due to the increase in government grants, scrap materials sales and higher bank interest income.

Distribution and Selling Expenses

Distribution and selling expenses amounted to HK$34 million for the six months ended 30 June 2014, representing an increase of 70.0% from HK$20 million for the six months ended 30 June 2013. The increase was the result of higher sales and more marketing activities during the period.

Administrative Expenses

Administrative expenses amounted to HK$1,127 million for six months ended 30 June 2014, representing an increase of 37.1% from HK$822 million for the six months ended 30 June 2013. The rise was mainly attributable to the increase in provision for bad debt expense, acquisition of GCL New Energy and increase in share-based payment expenses as a result of new share options granted during the period.

Other Expense, Gain and Losses

Other expenses primarily comprises research and development costs of HK$156 million, loss on fair value change of convertible bonds receivable of HK$85 million, loss on fair value change of convertible bonds payable of HK$67 million, net exchange loss of HK$57 million, impairment loss on property, plant and equipment of HK$47 million, reversal of impairment loss on deposits for acquisitions of property, plant and equipment of HK$63 million and provision for pipelines reinstallation charge of HK$80 million for the six months ended 30 June 2014.

Finance Costs

Finance costs of the Group for the six months ended 30 June 2014 were HK$1,406 million with an increase of 28.9% as compared to HK$1,091 million for the six months ended 30 June 2013. Increase mainly related to more discounted bills during the period.

Share of Profit of Associates

The Group's share of profits of associates for the six months ended 30 June 2014 was HK$2 million, which was mostly derived from the power business.

Share of Loss of Joint Ventures

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

Income Tax Expense

Income tax expense for the six months ended 30 June 2014 was HK$288 million, as compared to HK$71 million for the six months ended 30 June 2013, mainly due to higher operating profit.

Profit attributable to Owners of the Company

Profit attributable to Owners of the Company amounted to HK$900 million for the six months ended 30 June 2014 as compared with a loss of HK$917 million for the six months ended 30 June 2013.

Dividend

The Board does not recommend any payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: nil)

Liquidity and Financial Resources

As at 30 June 2014, the total assets of the Group were approximately HK$83,414 million, of which the restricted and unrestricted cash and bank balances amounted to HK$19,514 million. The bank interest income generated for the first six months of 2014 was HK$141 million.

For the six months ended 30 June 2014, the Group's main source of funding was cash generated from operating and financing activities. The net cash from operating activities for the period was HK$5,046 million, significantly increased from HK$2,202 million in the corresponding period in 2013. Increase in net cash from operating activities was mainly due to higher operating profit as a result of the recovery in the solar industry during the period.

The net cash used in investing activities was HK$3,198 million, primarily from the payments for the purchase of property, plant and equipment and net outflow from placement of pledged and restricted bank deposits.

In the first half of 2014, the financing activities of the Group were principally debt financing. During the period, the amount of HK$20,856 million was raised from new bank borrowings and repayment of bank borrowings announced to HK$18,253 million. On 25 June 2014, a short-term note of RMB400 million (equivalent to approximately HK$505 million) was issued and its net proceed (net of fee, commissions and expenses) of approximately HK$503 million was received. In addition, the net proceeds from sales and finance leaseback arrangement was HK$613 million.

The Group made profit of HK$1,013 million from operations for the six months ended 30 June 2014 and, the Group's current liabilities exceeded its current assets by HK$13,125 million. As of the same date, the Group had cash and cash equivalents of HK$9,994 million with bank borrowings due within one year amounted to HK$25,989 million.

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

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

Indebtedness

The indebtedness of the Group mainly comprises bank borrowings, obligations under finance leases, notes payables and convertible bonds payable. As at 30 June 2014, the Group's total bank borrowings amounted to HK$35,817 million (31 December 2013: HK$33,256 million), obligations under finance leases amounted to HK$2,444 million (31 December 2013: HK$2,071 million), notes payables amounted to HK$4,392 million (31 December 2013: HK$3,923 million) and convertible bonds payable amounted to HK$1,602 million (31 December 2013: HK$1,542 million). Below is a table showing the bank borrowing structure and maturity profile of the Group's bank borrowings:

	As at 30 June 2014 HK$ million	As at 31 December 2013 HK$ million
Secured	**12,796**	16,513
Unsecured	**23,021**	16,743
	35,817	33,256
Maturity profile of bank borrowings		
On demand or within one year	**25,989**	24,916
After one year but within two years	**2,398**	2,447
After two years but within five years	**5,277**	4,858
After five years	**2,153**	1,035
Group's total bank borrowings	**35,817**	33,256

As at 30 June 2014, RMB bank borrowings carried both fixed and floating interest rates at rates with reference to the Benchmark Borrowing Rate of The People's Bank of China. USD bank borrowings carried interest rates at rates with reference to the London Interbank Offer Rate (LIBOR).

Key Financial Ratios of the Group

	As at 30 June 2014	As at 31 December 2013
Current ratio	**0.72**	0.67
Quick ratio	**0.65**	0.61
Net debt to equity attributable to the owners of the Company	**146.5%**	163.4%

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

Foreign Currency Risk

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

For the six months ended 30 June 2014, the Group did not purchase any material foreign currency or interest rate derivatives or related hedging instruments.

Pledge of Assets

As at 30 June 2014, property, plant and equipment and prepaid lease payments with a carrying value of approximately HK$16,241 million and HK$214 million respectively, were pledged as security for certain banking facilities and borrowings granted to the Group (31 December 2013: HK$15,281 million and HK$498 million respectively). Apart from these, bank deposits and bill receivables with a carrying value of approximately HK$626 million (31 December 2013: HK$987 million) and HK$451 million (31 December 2013: HK$776 million) were pledged to the banks to secure borrowings and finance leases granted to the Group.

In addition, property, plant and equipment with a carrying value of approximately HK$3,491 million (31 December 2013: HK3,012 million) was pledged as security for finance leases granted to the Group.

Capital Commitments

As at 30 June 2014, the Group had capital commitments in respect of purchase of property, plant and equipment and constructions costs in respect of projects contracted for but not provided in the financial statements amounting to HK$1,313 million and HK$350 million, respectively (31 December 2013: HK$1,188 million and HK$915 million). In addition, the Group had capital commitments in respect of purchase of property, plant and equipment which were authorised internally but not contracted for amounted to HK$1,459 million (31 December 2013: HK$5,803 million).

Contingencies

Contingent liability

Same as disclosed in the Company's 2013 annual report, there is no material change for the six months ended 30 June 2014, except for the follows.

During the current interim period, the Group has fulfilled their obligations under the amendment agreement signed on 16 December 2013 in relation to the arbitration disclosed in the Company's 2013 annual report, and purchased certain equipment from the claimant of the arbitration. The Directors consider that their liability in relation to the arbitration has been discharged by fulfilling the obligation under the amendment agreement. As a result, no provision is recognised for the arbitration as at 30 June 2014.

Financial guarantees contracts

At 30 June 2014, the Group provided guarantees of HK$126 million (31 December 2013: HK$127 million) to a bank in respect of banking facilities of an associate. The associate had utilised HK$126 million (31 December 2013: HK$64 million) of such banking facilities at the end of the reporting period. The Directors consider that the fair value of the financial guarantees at date of inception and at the end of the reporting period is insignificant.

Events After the End of the Interim Period

On 25 August 2014, the Company entered new banking facility agreements with a bank with total facility amount of US$490 million with a term of three years. The purposes of the facilities are for funding a subsidiary of the Group, repayment of the outstanding amounts of existing banking facilities and for working capital.

Details of the banking facilities were set out in the announcement of the Company dated 25 August 2014.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

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

Introduction

We have reviewed the condensed consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 20 to 56, which comprises the condensed consolidated statement of financial position as of 30 June 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 August 2014

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014

	NOTES	Six months ended 30 June 2014 HK$'000 (Unaudited)	 2013 HK$'000 (Unaudited)
Revenue	3	**17,222,037**	11,299,534
Cost of sales		**(13,544,162)**	(10,554,538)
Gross profit		**3,677,875**	744,996
Other income	4	**618,034**	340,747
Distribution and selling expenses		**(33,904)**	(20,070)
Administrative expenses		**(1,127,116)**	(822,112)
Finance costs	5	**(1,405,602)**	(1,091,119)
Other expense, gain and losses	6	**(428,373)**	(356,992)
Gain on disposal of an associate		**—**	424,498
Share of profit of associates		**1,605**	16,142
Share of losses of joint ventures		**(1,052)**	(708)
Profit (loss) before tax		**1,301,467**	(764,618)
Income tax expense	7	**(288,071)**	(71,471)
Profit (loss) for the period	8	**1,013,396**	(836,089)
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
Exchange differences arising from translation to presentation currency		**(170,112)**	320,845
Item that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investment		**(63,234)**	—
		(233,346)	320,845
Total comprehensive income (expense) for the period		**780,050**	(515,244)
Profit (loss) for the period attributable to:			
Owners of the Company		**900,353**	(917,316)
Non-controlling interests		**113,043**	81,227
		1,013,396	(836,089)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**684,892**	(624,524)
Non-controlling interests		**95,158**	109,280
		780,050	(515,244)
		HK cents	HK cents
Earnings (loss) per share	10		
Basic		**5.81**	(5.93)
Diluted		**5.81**	(5.93)

Condensed Consolidated Statement of Financial Position

At 30 June 2014

	NOTES	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	**45,439,282**	43,995,130
Prepaid lease payments		**1,803,377**	1,811,084
Goodwill	12	**646,080**	652,326
Other intangible assets		**183,958**	200,683
Interests in joint ventures	13	**248,476**	341,362
Interests in associates	14	**172,719**	194,673
Available-for-sale investment	15	**—**	291,818
Convertible bonds receivable	16	**159,006**	246,426
Pledged bank deposits		**151,209**	162,509
Deferred tax assets		**45,079**	15,541
Deposits for acquisitions of property, plant and equipment		**518,182**	673,697
		49,367,368	48,585,249
CURRENT ASSETS			
Inventories	17	**2,627,595**	1,656,867
Project assets	18	**760,674**	804,720
Trade and other receivables	19	**10,984,890**	11,057,441
Amounts due from related companies	20	**99,746**	118,946
Loan to a related company		**22,807**	66,949
Prepaid lease payments		**42,055**	42,653
Tax recoverable		**18,162**	48,282
Held for trading investments		**31,036**	12,470
Available-for-sale investment	15	**97,204**	—
Pledged and restricted bank deposits		**9,368,500**	8,080,217
Bank balances and cash		**9,994,068**	6,168,814
		34,046,737	28,057,359
CURRENT LIABILITIES			
Trade and other payables	21	**15,788,071**	13,737,306
Amounts due to related companies	20	**677,272**	734,880
Advances from customers		**966,085**	955,402
Bank borrowings — due within one year	22	**25,989,044**	24,915,536
Obligations under finance leases — due within one year	23	**917,581**	654,197
Notes payables — due within one year	25	**2,514,907**	761,330
Deferred income		**122,104**	121,066
Tax payables		**197,036**	165,185
		47,172,100	42,044,902
NET CURRENT LIABILITIES		**(13,125,363)**	(13,987,543)
TOTAL ASSETS LESS CURRENT LIABILITIES		**36,242,005**	34,597,706

Condensed Consolidated Statement of Financial Position

At 30 June 2014

	NOTES	**As at 30 June 2014 HK$'000 (Unaudited)**	As at 31 December 2013 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Advances from customers		**898,472**	1,093,415
Bank borrowings — due after one year	22	**9,828,255**	8,340,370
Obligations under finance leases — due after one year	23	**1,526,100**	1,416,322
Notes payables — due after one year	25	**1,877,244**	3,161,449
Convertible bonds payable	24	**1,602,425**	1,542,012
Deferred income		**570,924**	620,847
Deferred tax liabilities		**503,873**	418,205
		16,807,293	16,592,620
NET ASSETS		**19,434,712**	18,005,086
CAPITAL AND RESERVES			
Share capital	26	**1,548,610**	1,548,322
Reserves		**15,337,719**	14,597,738
Equity attributable to owners of the Company		**16,886,329**	16,146,060
Non-controlling interests		**2,548,383**	1,859,026
TOTAL EQUITY		**19,434,712**	18,005,086

The condensed consolidated financial statements on pages 20 to 56 were approved and authorised for issue by the Board of Directors on 28 August 2014 and are signed on its behalf by:

DIRECTOR

DIRECTOR

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Attributable to owners of the Company												
	Share capital	**Other reserve**	**Share premium**	**Capital reserve**	**Statutory reserve fund**	**Special reserves**	**Share options reserve**	**Revaluation reserve**	**Translation reserve**	**Accumulated profits**	**Sub-total**	**Non-controlling interests**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2013 (Audited)	1,547,607	2,430,010	6,915,309	62,470	1,655,427	(2,680,931)	142,048	—	1,311,775	4,826,312	16,210,027	1,560,433	17,770,460
Exchange differences arising from translation to presentation currency	—	—	—	—	—	—	—	—	292,792	—	292,792	28,053	320,845
(Loss) profit for the period	—	—	—	—	—	—	—	—	—	(917,316)	(917,316)	81,227	(836,089)
Total comprehensive income (expense) for the period	—	—	—	—	—	—	—	—	292,792	(917,316)	(624,524)	109,280	(515,244)
Share-based payment expenses in respect of share options	—	—	—	—	—	—	10,462	—	—	—	10,462	—	10,462
Forfeitures of share options	—	—	—	—	—	—	(16,938)	—	—	16,938	—	—	—
Exercise of share options	306	—	2,133	—	—	—	(632)	—	—	—	1,807	—	1,807
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	27,041	27,041
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	3,063	3,063
Transfer to reserve	—	—	—	—	53,850	—	—	—	—	(53,850)	—	—	—
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(84,684)	(84,684)
At 30 June 2013 (Unaudited)	1,547,913	2,430,010	6,917,442	62,470	1,709,277	(2,680,931)	134,940	—	1,604,567	3,872,084	15,597,772	1,615,133	17,212,905
At 1 January 2014 (Audited)	**1,548,322**	**2,428,409**	**6,922,251**	**62,470**	**1,758,304**	**(2,680,931)**	**148,015**	**63,234**	**1,817,390**	**4,078,596**	**16,146,060**	**1,859,026**	**18,005,086**
Exchange differences arising from translation to presentation currency	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(152,227)**	**—**	**(152,227)**	**(17,885)**	**(170,112)**
Fair value change of available-for-sale investment	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(63,234)**	**—**	**—**	**(63,234)**	**—**	**(63,234)**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**900,353**	**900,353**	**113,043**	**1,013,396**
Total comprehensive (expense) income for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(63,234)**	**(152,227)**	**900,353**	**684,892**	**95,158**	**780,050**
Share-based payment expenses in respect of share options	**—**	**—**	**—**	**—**	**—**	**—**	**51,346**	**—**	**—**	**—**	**51,346**	**—**	**51,346**
Forfeitures of share options	**—**	**—**	**—**	**—**	**—**	**—**	**(1,404)**	**—**	**—**	**1,404**	**—**	**—**	**—**
Exercise of share options	**288**	**—**	**5,605**	**—**	**—**	**—**	**(1,862)**	**—**	**—**	**—**	**4,031**	**—**	**4,031**
Acquisition of subsidiaries (note 30)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**677,959**	**677,959**
Transfer to reserve	**—**	**—**	**—**	**—**	**33,472**	**—**	**—**	**—**	**—**	**(33,472)**	**—**	**—**	**—**
Dividend declared to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(83,760)**	**(83,760)**
At 30 June 2014 (Unaudited)	**1,548,610**	**2,428,409**	**6,927,856**	**62,470**	**1,791,776**	**(2,680,931)**	**196,095**	**—**	**1,665,163**	**4,946,881**	**16,886,329**	**2,548,383**	**19,434,712**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	NOTES	Six months ended 30 June **2014** **HK$'000** **(Unaudited)**	 2013 HK$'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES		**5,046,336**	2,202,487
NET CASH USED IN INVESTING ACTIVITIES:			
Interest received		**154,123**	87,254
Dividend received from associates		**10,653**	16,796
Proceeds from disposal of joint ventures	13	**147,827**	—
Proceeds from disposal of available-for-sale investment		**106,768**	—
Proceeds from disposal of asset held-for-sale		**—**	31,263
Proceeds from disposal of property, plant and equipment		**137,641**	12,838
Purchases of property, plant and equipment		**(2,593,984)**	(986,812)
Deposits paid for acquisition of property, plant and equipment		**(231,450)**	(205,952)
Investment in joint ventures		**(4,307)**	(53,435)
Purchase of held for trading investments		**(15,276)**	—
Purchases of prepaid lease payments		**(3,558)**	(55,726)
Acquisition of subsidiaries	30	**244,665**	—
Withdrawal of pledged and restricted bank deposits		**8,134,623**	4,880,877
Placement of pledged and restricted bank deposits		**(9,511,691)**	(5,413,836)
Receipt of repayments from entrusted loans receivable		**164,270**	62,174
Receipt of government grants related to property, plant and equipment		**5,098**	43,988
Repayment from related companies		**56,260**	60,468
Advances to related companies		**—**	(57,519)
		(3,198,338)	(1,577,622)
NET CASH FROM (USED IN) FINANCING ACTIVITIES:			
Dividend paid to non-controlling interests		**(68,761)**	(62,968)
Repayment of bank borrowings		**(18,252,976)**	(11,470,676)
Interest paid		**(1,336,511)**	(1,089,086)
Repayment of obligations under finance leases		**(288,297)**	(258,957)
New bank borrowings raised		**20,856,157**	12,231,994
Net proceeds from issuance of a note payable		**503,348**	—
Net proceeds from sale and finance leaseback arrangements		**612,761**	272,831
Net proceeds from exercise of share options		**4,031**	1,807
Contribution from non-controlling interests		**—**	27,041
		2,029,752	(348,014)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**3,877,750**	276,851
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**6,168,814**	4,495,575
Effect of foreign exchange rate changes		**(52,496)**	89,973
CASH AND CASH EQUIVALENTS AT 30 JUNE represented by bank balances and cash		**9,994,068**	4,862,399

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

1. BASIS OF PREPARATION

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

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

The Group recorded a profit of HK$1,013 million for the six months ended 30 June 2014, and the Group's current liabilities exceeded its current assets by HK$13,125 million as of 30 June 2014. As of the same date, the Group had cash and cash equivalents of HK$9,994 million with bank borrowings due within one year of HK$25,989 million.

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

For the six months ended 30 June 2014

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to International Financial Reporting Standards ("IFRSs") issued by IASB that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC — Int 21	Levies

The Directors anticipate that the application of the new interpretation and amendments to IFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

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

(a) Solar material business — mainly manufacture and sales of polysilicon and wafer to companies operating in the solar industry.

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

(c) Other businesses include:

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

(ii) Printed circuit boards business — manufacture and sales of printed circuit boards business which is acquired during the current interim period as disclosed in note 30.

3. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

Six months ended 30 June 2014

	Solar material business HK$'000 (Unaudited)	Power business HK$'000 (Unaudited)	Other businesses HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
SEGMENT REVENUE				
Revenue	11,888,321	5,033,590	316,025	17,237,936
Inter-segment sales (Note a)	—	(15,899)	—	(15,899)
Revenue from external customers	11,888,321	5,017,691	316,025	17,222,037
Segment profit (loss)	1,135,021	208,541	(70,338)	1,273,224
Unallocated income				8,527
Unallocated expenses				(80,587)
Fair value adjustments (Note b)				(14,976)
Loss on disposal of available-for-sale investment				(19,251)
Impairment loss on available-for-sale investment				(4,508)
Loss on fair value change of convertible bonds receivable				(85,308)
Loss on fair value change of convertible bonds payable				(67,045)
Gain on fair value change of held for trading investments				3,320
Profit for the period				1,013,396

3. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Six months ended 30 June 2013

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

Notes:

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

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

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

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

3. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Audited)
Segment assets		
Solar material business	**59,093,457**	55,990,207
Power business	**16,715,576**	14,217,929
Other businesses	**5,151,332**	2,296,675
Total segment assets	**80,960,365**	72,504,811
Fair value adjustments (Note)	**409,924**	553,464
Goodwill	**646,080**	652,326
Available-for-sale investment	**97,204**	291,818
Convertible bonds receivable	**159,006**	246,426
Held for trading investments	**31,036**	12,470
Unallocated bank balances and cash	**676,005**	1,901,658
Unallocated corporate assets	**434,485**	479,635
Consolidated total assets	**83,414,105**	76,642,608
Segment liabilities		
Solar material business	**46,989,614**	45,932,457
Power business	**11,642,571**	8,522,747
Other businesses	**2,701,014**	1,652,783
Total segment liabilities	**61,333,199**	56,107,987
Fair value adjustments (Note)	**135,369**	141,609
Convertible bonds payable	**1,602,425**	1,542,012
Unallocated bank borrowings	**594,977**	517,046
Unallocated corporate liabilities	**313,423**	328,868
Consolidated total liabilities	**63,979,393**	58,637,522

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

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

3. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

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

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

Revenue from major products

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

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Sales of wafer	**10,049,129**	5,995,053
Sales of electricity	**2,325,384**	1,797,818
Sales of coal	**1,816,134**	527,760
Sales of polysilicon	**1,275,038**	1,114,160
Sales of steam	**918,789**	935,205
Sales of project assets	**—**	390,040
Sales of printed circuit boards (Note 30)	**270,457**	—
Others (mainly comprise the sales of ingot, module and processing fees)	**567,106**	539,498
	17,222,037	11,299,534

For the six months ended 30 June 2014

4. OTHER INCOME

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Government grants (Note)	**187,483**	87,200
Sales of scrap materials	**160,996**	86,164
Bank interest income	**141,132**	88,001
Waste processing management fee	**43,061**	41,397
Rental income	**19,184**	866
Management and consultancy fee income	**13,634**	19,664
Others	**52,544**	17,455
	618,034	340,747

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

5. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on:		
Bank borrowings	**718,187**	825,188
Discounted bills receivable and letters of credit	**544,968**	133,259
Obligations under finance leases	**54,488**	46,123
Notes payables	**135,204**	107,912
Total borrowing costs	**1,452,847**	1,112,482
Less: Interest capitalised	**(47,245)**	(21,363)
	1,405,602	1,091,119

6. OTHER EXPENSE, GAIN AND LOSSES

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Research and development costs	**156,294**	68,211
Exchange loss (gain), net	**57,462**	(23,349)
Impairment loss on property, plant and equipment	**46,747**	255,370
Impairment loss on goodwill	**—**	7,549
(Reversal of) impairment loss on deposits for acquisitions of property, plant and equipment (Note 31)	**(62,564)**	45,573
Loss on fair value change of convertible bonds receivable	**85,308**	—
Loss on fair value change of convertible bonds payable	**67,045**	—
Loss on disposal of available-for-sale investment	**19,251**	—
Impairment loss on available-for-sale investment	**4,508**	—
(Gain) loss on fair value change of held for trading investments	**(3,320)**	3,638
Gain on disposal of joint ventures (Note 13)	**(22,358)**	—
Provision for pipelines reinstallation charge (Note 11)	**80,000**	—
	428,373	356,992

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("EIT")		
Current tax	**221,340**	111,323
(Over)underprovisions in prior periods	**(11,418)**	7,439
	209,922	118,762
USA Federal and State Income Tax		
Current tax	**1,687**	332
Overprovisions in prior periods	**—**	(7,248)
	1,687	(6,916)
Hong Kong Profits Tax — Current tax	**18,690**	6,295
PRC dividend withholding tax	**11,413**	18,395
Deferred tax	**46,359**	(65,065)
	288,071	71,471

7. INCOME TAX EXPENSE *(Continued)*

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

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

Certain subsidiaries operating in the PRC have been accredited as "High and New Technology Enterprise" by the Science and Technology Bureau of Jiangsu Province and relevant authorities for a term of three years, and have been registered with the local tax authority to be eligible to the reduced 15% enterprise income tax rate. Accordingly, these subsidiaries are subject to 15% enterprise income tax rate for the six months ended 30 June 2014. The qualification as High and New Technology Enterprise will be subject to annual review by the relevant government authorities in the PRC.

A subsidiary has qualified for the reduced 15% enterprise income tax rate as it is operating in a province of the PRC which provided certain tax incentives to encourage business development in the area.

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

Federal and State tax rates in the United States of America (the "USA") are calculated at 35% and 8.8%, respectively for the six months ended 30 June 2014.

The Group's subsidiaries that are tax resident in the PRC are subject to the PRC dividend withholding tax of 5% or 10% for those non-PRC resident immediate holding companies registered in Hong Kong and the British Virgin Islands, respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008.

8. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit (loss) for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**1,818,128**	1,668,974
Amortisation of prepaid lease payments	**20,946**	24,174
Amortisation of other intangible assets (included in cost of sales and administrative expenses)	**14,574**	14,360
Total depreciation and amortisation	**1,853,648**	1,707,508
Less: Amounts included in inventories	**(92,271)**	(100,593)
Total depreciation and amortisation charged to profit or loss	**1,761,377**	1,606,915
Allowance for trade and other receivables, net (included in administrative expenses)	**185,512**	84,731
Cost of inventories recognised as cost of sales	**12,733,196**	9,645,966
Cost of project assets recognised as cost of sales	**—**	390,298
Impairment loss on inventories (included in cost of sales)	**14,996**	43,711
Impairment loss on project assets (included in cost of sales)	**53,001**	17,233
Loss on disposal of property, plant and equipment	**14,283**	970
Share-based payment expenses (included in administrative expenses)	**51,346**	10,462

9. DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

10. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Earnings (loss)		
Earnings (loss) for the purposes of calculation of basic and diluted earnings (loss) per share		
— Profit (loss) for the period attributable to owners of the Company	**900,353**	(917,316)

	Six months ended 30 June	
	2014	2013
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**15,485,432**	15,477,881
Effect of dilutive potential ordinary shares:		
Share options	**20,451**	—
Weighted average number of ordinary shares for the purpose of dilutive earnings (loss) per share	**15,505,883**	15,477,881

Diluted earnings per share for the six months ended 30 June 2014 did not assume the conversion of convertible bonds payable since the conversion would increase the earnings per share for the six months ended 30 June 2014.

Diluted loss per share for the six months ended 30 June 2013 did not assume the exercise of the share options since the exercise would decrease the loss per share for the six months ended 30 June 2013.

For the six months ended 30 June 2014

11. PROPERTY, PLANT AND EQUIPMENT

	Carrying values HK$'000
At 1 January 2014 (Audited)	43,995,130
Additions	3,174,573
Acquired on acquisition of subsidiaries (Note 30)	717,398
Depreciation for the period	(1,818,128)
Disposals	(151,924)
Impairment losses recognised in profit or loss	(46,747)
Exchange realignment	(431,020)
At 30 June 2014 (Unaudited)	45,439,282

During the six months ended 30 June 2014, the Group spent approximately HK$1,202 million (six months ended 30 June 2013: HK$1,006 million) on construction of power plants and related facilities in the PRC in order to enlarge its power generation capacities. Furthermore, the Group spent approximately HK$827 million (six months ended 30 June 2013: HK$41 million) on technological improvement and other production facilities to enhance the polysilicon production efficiency. As at 30 June 2014, the construction is still in progress.

As at 30 June 2014, property, plant and equipment includes (i) an aircraft, (ii) plant and machinery located in the PRC, and (iii) solar farms located in the USA held under finance leases or sale and finance leaseback transactions of approximately HK$405 million, HK$2,711 million and HK$375 million respectively (31 December 2013: HK$425 million, HK$2,200 million and HK$387 million, respectively).

The local government of Xuzhou city is undertaking an integration of cogeneration plant in Xuzhou city in order to improve the power generation efficiency and support the environmental friendly policies of the central government of the PRC. Pursuant to the integration policy, Xuzhou Western Environmental Protection Co-generation Power Co., Ltd. ("Xuzhou Cogeneration Plant"), a subsidiary of the Group, agreed with the local government of Xuzhou city to shut down the power plant and to cease its operation in 2014. The Directors have assessed the impairment of the property, plant and equipment of Xuzhou Cogeneration Plant by comparing its recoverable amount with its carrying value. The recoverable amount of the property, plant and equipment has been determined based on the best estimate of the compensation to be received from the government. Based on the estimation, an impairment loss of approximately RMB37,000,000 (equivalent to HK$46,747,000) in respect of the Group's property, plant and equipment used in the Xuzhou Cogeneration Plant has been made during the current interim period.

In addition, under the integration policy, Xuzhou Cogeneration Plant has signed a steam supply agreement with an independent third party who will replace Xuzhou Cogeneration Plant to supply steam to its customers after its shut down. According to the steam supply agreement, Xuzhou Cogeneration Plant agreed to pay the independent third party 50% of the cost for reinstallation of the steam pipelines connecting to the Xuzhou Cogeneration Plant's customers, and accordingly, a provision for reinstallation cost of HK$80,000,000 has been provided in the current interim period.

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

The management of the Xuzhou Cogeneration Plant is in the process of negotiation with the local government of Xuzhou city in relation to the compensation plan for the shutdown. Any compensation received/receivable as a result of this negotiation would be recognised in other expense, gain and losses in the profit or loss of the Group.

12. GOODWILL

Same as disclosed in the Company's 2013 annual report, there is no material change in the balance for the six months ended 30 June 2014, except for the exchange realignment of HK$6,246,000 recognised in the current interim period.

For the purpose of impairment testing, goodwill has been allocated to cash generating units of the Power Group and Konca Solar. In the current interim period, the management of the Group has compared the actual financial performance of Power Group and Konca Solar to the cash flows projections and forecasts made for the annual assessment for the year ended 31 December 2013.

No impairment of goodwill (six months ended 30 June 2013: HK$7,549,000) has been recognised in respect of the Power Group and Konca Solar since the financial performance for the six months ended 30 June 2014 is consistent with the cash flow projections prepared in the annual assessment for the year ended 31 December 2013.

13. INTERESTS IN JOINT VENTURES

	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Audited)
Cost of unlisted investments in joint ventures	**273,664**	363,043
Share of post-acquisition loss	**(25,439)**	(24,387)
Exchange realignment	**251**	2,706
	248,476	341,362

13. INTERESTS IN JOINT VENTURES *(Continued)*

As at 30 June 2014, the Group has interests in the joint ventures incorporated and operated in the USA, South Africa and Luxembourg as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		30/6/2014	31/12/2013	**30/6/2014**	31/12/2013	
GCL-SR Solar Energy, LLC	USA	**50%**	50%	**50%**	50%	Development of photovoltaic power generation projects in the USA
SA Equity Holdco S.a.r.l ("SA Equity")	Luxembourg	**51%**	N/A	**51%**	N/A	Investment holding of photovoltaic power generation projects in South Africa
SolarReserve GCL Soutdrift PV1 Proprietary Limited ("GCL Soutdrift")	South Africa	—	76%	—	76%	Development of photovoltaic power generation projects in South Africa
SolarReserve GCL Humansrus PV1 Proprietary Limited ("GCL Humansrus")	South Africa	—	76%	—	76%	Development of photovoltaic power generation projects in South Africa

In March 2014, the Group completed the disposal of its 49% equity interests in SA Equity, a then wholly owned subsidiary of the Group, to China-Africa Development Fund (the "CAD Fund") at a total consideration of approximately US$18,872,000 (equivalent to HK$147,827,000) (the "Disposal"). SA Equity is an investing holding company which holds 76% equity interest in each of GCL Soutdrift and GCL Humansrus, which were the two joint ventures of the Group before the disposal and indirectly holds a 150MW photovoltaic power plant in South Africa.

Pursuant to the subscription agreement entered into by the Group and CAD Fund, the relevant activities of SA Equity require unanimous consent of the parties sharing control. As a result, the Group has lost its sole control on SA Equity which becomes a joint venture of the Group during the current interim period.

After the completion of the transaction, the Group recognised its remaining 51% equity interest in SA Equity at fair value which becomes its initial cost of investment. The amount is adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of this joint venture. At the same time, the Group lost the joint control over GCL Soutdrift and GCL Humansrus upon the Disposal. The gain on disposal of GCL Soutdrift and GCL Humansrus of HKD22,358,000 is recognised in profit or loss for the current interim period.

14. INTERESTS IN ASSOCIATES

	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Audited)
Cost of unlisted investments in associates	**204,977**	204,977
Share of post-acquisition loss, net of dividends received/receivable	**(55,985)**	(35,874)
Exchange realignment	**23,727**	25,570
	172,719	194,673

Same as disclosed in the Company's 2013 annual report, there is no material change for the six months ended 30 June 2014, except for the share of profit of HK$1,605,000, dividend received/receivable from associates of HK$21,716,000 and exchange realignment of HK$1,843,000 recognised in the current interim period.

15. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Audited)
Equity securities listed in Hong Kong	**97,204**	291,818

The listed equity investment represented 108,004,000 (31 December 2013: 239,982,000) ordinary shares of United Photovoltaics Group Limited ("United Photovoltaics"), a company listed in the Stock Exchange. In the current interim period, the Group disposed of 131,978,000 ordinary shares of United Photovoltaics with a loss on disposal of HK$19,251,000 recognised in profit or loss for the current interim period (including the cumulative gain previously recognised in revaluation reserve of HK$34,775,000 that was reclassified to profit or loss). The Directors have assessed the impairment of the equity investment in United Photovoltaics due to its fair value is significantly below cost. Based on the calculation, an impairment loss of HK$4,508,000 (including the cumulative gain previously recognised in revaluation reserve of HK$28,459,000 that was reclassified to profit or loss) in respect of the equity investment in United Photovoltaics has been made during the current interim period.

16. CONVERTIBLE BONDS RECEIVABLE

Same as disclosed in the Company's 2013 annual report, there is no material change for the six months ended 30 June 2014, except for the change in fair value of HK$85,308,000 and exchange realignment of HK$2,112,000 recognised in the current interim period.

17. INVENTORIES

	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Audited)
Raw materials	**1,061,934**	625,776
Work in progress	**513,472**	486,161
Semi-finished goods (Note)	**446,591**	374,629
Finished goods	**383,652**	93,303
Solar modules	**120,343**	5,343
Spare parts	**101,603**	71,655
	2,627,595	1,656,867

Note: Semi-finished goods mainly represented polysilicon.

For the six months ended 30 June 2014, inventories in relation to solar products were impaired and included in cost of sales by approximately HK$14,996,000 (six months ended 30 June 2013: HK$43,711,000), because the costs of those inventories were higher than their net realisable values.

18. PROJECT ASSETS

	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Audited)
Module costs	**390,239**	397,005
Other development costs	**370,435**	407,715
Total project assets	**760,674**	804,720

19. TRADE AND OTHER RECEIVABLES

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

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

	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Audited)
Trade receivables:		
Within 3 months	**3,246,077**	2,342,828
3 to 6 months	**472,881**	517,292
Over 6 months	**193,438**	200,011
	3,912,396	3,060,131
Bills receivable (trade):		
Within 3 months	**2,362,625**	3,349,504
3 to 6 months	**2,278,317**	2,527,925
	4,640,942	5,877,429
Value-added-tax receivables	**916,583**	739,357
Prepayments to suppliers for purchase of materials	**839,586**	499,536
Other receivables	**549,432**	588,442
Entrusted loans receivable	**125,951**	292,546
	10,984,890	11,057,441

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

Included in the Group's trade receivables are debtors with aggregate carrying amount of HK$666,319,000 (31 December 2013: HK$651,385,000) which are past due as at the end of the reporting period. The Group has not provided allowance for doubtful debts for such receivables as part of such receivables are either covered by letters of credit and advances from customers or substantially settled subsequent to the end of the reporting period. For the remaining receivables, there was no historical default of payments by the respective customers and the Directors are closely monitoring the settlement status from the customers. The Group does not hold any collateral over these receivables.

20. BALANCES WITH RELATED COMPANIES

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

	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Audited)
Within 3 months	**24,103**	41,862
3 to 6 months	**38,891**	8,275
Over 6 months	**21,370**	51,777
	84,364	101,914

The following is an aged analysis of amounts due to related companies (trade-related) at the end of the reporting period, presented based on the invoice date:

	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Audited)
Within 3 months	**376,519**	287,831
3 to 6 months	**280,912**	382,756
Over 6 months	**9,124**	54,029
	666,555	724,616

Notes:

(i) The related companies are controlled by Mr. Zhu Gong Shan, who is a director and a substantial shareholder of the Company, and his family members which hold in aggregate 32.41% of the Company's share capital as at 30 June 2014 and exercises significant influence over the Company.

(ii) The amounts are unsecured, non-interest bearing and the credit period are normally within 3 months.

21. TRADE AND OTHER PAYABLES

The credit period for trade payables and bills payable (trade) are normally within 3 months and 6 months, respectively.

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

	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Audited)
Trade payables:		
Within 3 months	**2,744,925**	2,590,741
3 to 6 months	**1,181,576**	965,104
Over 6 months	**284,751**	308,475
	4,211,252	3,864,320
Bills payable (trade):		
Within 3 months	**3,466,327**	2,622,893
Over 6 months	**2,846,991**	2,355,140
	6,313,318	4,978,033
Construction payables	**3,189,698**	2,984,517
Other payables	**903,515**	836,647
Accruals	**561,323**	407,454
Other tax payables	**148,126**	182,812
Interest payable	**268,967**	199,325
Bills payable (non-trade)	**151,172**	258,204
Dividend payables to non-controlling shareholders of subsidiaries	**40,700**	25,994
	15,788,071	13,737,306

Included in trade and other payables are obligations arising from endorsing bills receivable with recourse issued by third parties for settlement of trade and other payables with an aggregate amount of HK$1,456,397,000 (31 December 2013: HK$1,720,599,000).

22. BANK BORROWINGS

	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Audited)
Short-term bank borrowings	**18,810,539**	16,142,615
Long-term bank borrowings		
due within one year or on demand	**7,178,505**	8,772,921
due more than one year, but not exceeding two years	**2,397,868**	2,447,157
due more than two years, but not exceeding three years	**4,644,579**	4,312,316
due more than three years, but not exceeding four years	**332,042**	337,955
due more than four years, but not exceeding five years	**300,705**	207,582
due more than five years	**2,153,061**	1,035,360
	35,817,299	33,255,906
Less: Amounts due within one year shown under current liabilities	**(25,989,044)**	(24,915,536)
Amounts due after one year	**9,828,255**	8,340,370
Representing:		
Secured	**12,796,492**	16,513,235
Unsecured	**23,020,807**	16,742,671
	35,817,299	33,255,906

Included in the short-term bank borrowings are obligations arising from discounting of bills receivable with recourse and letter of credit issued by third parties and by the Group's entities discounted to banks with aggregate carrying amount of approximately HK$9,281,744,000 (31 December 2013: HK$8,208,717,000).

In respect of a bank loan of HK$7,935,480,000 as at 30 June 2014 (31 December 2013: HK$7,568,986,000) with covenants compliance requirements, the Directors had reviewed the covenant terms of such loan and considered that the Group has satisfied such covenants as at 30 June 2014.

23. OBLIGATIONS UNDER FINANCE LEASES

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

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Audited)	**As at 30 June 2014 HK$'000 (Unaudited)**	As at 31 December 2013 HK$'000 (Audited)
Amounts payable under finance leases				
Within one year	**1,026,609**	732,840	**917,581**	654,197
More than one year but not exceeding two years	**771,443**	547,287	**717,536**	496,928
More than two years but not exceeding five years	**543,755**	485,338	**469,026**	402,245
More than five years	**431,402**	618,926	**339,538**	517,149
	2,773,209	2,384,391	**2,443,681**	2,070,519
Less: future finance charges	**(329,528)**	(313,872)	**N/A**	N/A
Present value of lease obligations	**2,443,681**	2,070,519		
Less: Amount due for settlement within one year (shown under current liabilities)			**(917,581)**	(654,197)
Amount due for settlement after one year			**1,526,100**	1,416,322

24. CONVERTIBLE BONDS PAYABLE

	HK$'000
As at 1 January 2014 (Audited)	1,542,012
Change in fair value charged to profit or loss (Note 6)	67,045
Payments of interests	(5,834)
Exchange realignment	(798)
As at 30 June 2014 (Unaudited)	1,602,425

25. NOTES PAYABLES

	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Audited)
Principal amount of notes payables	**4,409,170**	3,943,015
Less: Unamortised issuance costs	**(17,019)**	(20,236)
Net carrying amount	**4,392,151**	3,922,779
Less: Amounts due within one year shown under current liabilities	**(2,514,907)**	(761,330)
Amounts due for settlement after one year shown under non-current liabilities	**1,877,244**	3,161,449

Same as disclosed in the Company's 2013 annual report, there is no material change for the six months ended 30 June 2014, except for the issuance of notes described below:

On 25 June 2014, GCL-Poly Limited 保利協鑫有限公司, a wholly-owned subsidiary of the Group issued notes payable in an aggregate principal amount of RMB400,000,000 (equivalent to approximately HK$505,370,000). The maturity date of the notes payable is 25 June 2015 and bear interest at a rate of 6.05% per annum, which is payable together with the principal upon the maturity date.

26. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised		
At 1 January 2013 (Audited) and 30 June 2013 (Unaudited)		
— Ordinary shares of HK$0.1 each	20,000,000	2,000,000
Issued and fully paid		
At 1 January 2013 (Audited)	15,476,076	1,547,607
Exercise of share options (Note a)	3,062	306
At 30 June 2013 (Unaudited)	15,479,138	1,547,913
Authorised		
At 1 January 2014 (Audited) and 30 June 2014 (Unaudited)		
— Ordinary shares of HK$0.1 each	20,000,000	2,000,000
Issued and fully paid		
At 1 January 2014 (Audited)	15,483,223	1,548,322
Exercise of share options (Note b)	2,878	288
At 30 June 2014 (Unaudited)	15,486,101	1,548,610

Notes:

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

(b) During the six months ended 30 June 2014, share options holders exercised their rights to subscribe for 660,000 and 2,218,000 ordinary shares in the Company at HK$0.59 and HK$1.642 per share, respectively, with net proceeds of HK$4,031,000.

All shares issued rank pari passu in all respects with the then existing shares.

27. PLEDGE OF ASSETS

As 30 June 2014, the Group has pledged buildings with carrying values of approximately HK$1,649,184,000 (31 December 2013: HK$2,183,703,000) and plant and machinery with carrying values of approximately HK$14,591,378,000 (31 December 2013: HK$13,097,002,000) to secure borrowings granted to the Group.

The Group has pledged prepaid lease payments with carrying values of approximately HK$214,184,000 (31 December 2013: HK$497,694,000) at 30 June 2014 to secure borrowings granted to the Group.

The Group has pledged bank deposits and bills receivable with carrying values of approximately HK$625,938,000 and HK$450,583,000 (31 December 2013: HK$987,354,000 and HK$775,696,000, respectively) at 30 June 2014 to secure borrowings granted to the Group and obligations under finance leases.

28. SHARE-BASED PAYMENT TRANSACTIONS

Same as disclosed in the Company's 2013 annual report relating to the share-based payment transactions, there is no material change for the six months ended 30 June 2014, except for the following:

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

			Number of share options				
			Outstanding at 1 January	During the period			Outstanding at 30 June
	Exercise price	Date of grant	2014	Granted	Exercised	Forfeited	2014
Directors	HK$4.1	13.11.2007	6,000,000	—	—	—	6,000,000
	HK$0.59	16.02.2009	7,000,000	—	—	—	7,000,000
	HK$4.1	15.07.2011	2,000,000	—	—	(1,200,000)	800,000
	HK$2.888	24.03.2014	—	8,800,000	—	—	8,800,000
Employees and others	HK$4.1	13.11.2007	19,060,000	—	—	—	19,060,000
	HK$0.59	16.02.2009	7,341,000	—	(660,000)	—	6,681,000
	HK$1.054	24.04.2009	1,248,000	—	—	—	1,248,000
	HK$3.32	12.01.2011	15,000,000	—	—	—	15,000,000
	HK$4.1	15.07.2011	68,700,000	—	—	(400,000)	68,300,000
	HK$1.642	05.07.2013	42,003,000	—	(2,218,000)	(480,000)	39,305,000
	HK$2.888	24.03.2014	—	68,800,000	—	—	68,800,000
			168,352,000	77,600,000	(2,878,000)	(2,080,000)	240,994,000

During the six months ended 30 June 2014, share-based payment expenses of approximately HK$51,346,000 (six months ended 30 June 2013: HK$10,462,000) has been recognised in profit or loss.

During the six months ended 30 June 2014, certain share options granted to employees have been forfeited after the vesting period, and respective share option reserve are transferred to the Group's accumulated profits of approximately HK$1,404,000 (six months ended 30 June 2013: HK$16,938,000).

28. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

On 24 March 2014, the Company granted 77,600,000 share options to the employees of the Group under the share option scheme adopted by the Company on 22 October 2007, at an exercise price of HK$2.888 per share. The share options are subject to a vesting scale in tranches of one-fifth of the shares starting from 26 May 2014 and the first, second, third and fourth anniversary dates of the date of grant, respectively. The share options shall be valid during the period of 10 years from the date of grant.

The weighted average closing price of the Company's shares at dates on which the options were exercised during the period was HK$2.89 per share.

29. CAPITAL AND OTHER COMMITMENTS

	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Audited)
Capital expenditure in respect of acquisitions of property, plant and equipment:		
Contracted for but not provided for	**1,312,830**	1,188,104
Authorised but not contracted for	**1,458,557**	5,802,712
	2,771,387	6,990,816
Construction costs in respect of project assets:		
Contracted for but not provided for	**349,904**	915,381
	3,121,291	7,906,197
Acquisition of subsidiaries	**—**	1,440,000

30. ACQUISITION OF SUBSIDIARIES

On 13 February 2014, the Group entered into a subscription agreement with GCL New Energy Holdings Limited ("GCL New Energy", formerly known as Same Time Holdings Limited) to subscribe in cash for 360,000,000 new shares of GCL New Energy at a subscription price of HK$4.00 per share. The acquisition was completed on 9 May 2014 and resulted in GCL New Energy becoming a non wholly-owned subsidiary of the Group. Details of this acquisition were set out in the announcements of the Group dated 13 February 2014 and 9 May 2014.

GCL New Energy and its subsidiaries are principally engaged in the manufacture and sales of printed circuit boards in the PRC. It was acquired with the objective of expanding into the renewable energy sector including development, construction, operation and management of solar power, energy storage, energy conservation, smart micro-grid and distributed energy.

The acquisition has been accounted for using the purchase method.

Assets and liabilities recognised at the date of acquisition

	Provisional fair values HK$'000
Non-current assets	
Property, plant and equipment	717,398
Prepaid lease payments	37,741
Other non-current assets	6,420
Current assets	
Inventories	200,638
Trade and other receivables	380,890
Pledged bank deposits	5,045
Cash and cash equivalents	244,665
Current liabilities	
Trade and other payables	(479,813)
Amount due to a related party	(20,000)
Obligations under finance leases	(28,209)
Tax payables	(48,769)
Bank borrowings	(243,285)
Non-current liabilities	
Obligations under finance leases	(30,546)
Bank borrowings	(50,451)
Deferred tax liabilities	(13,765)
Net assets of GCL New Energy before share subscription by the Group	677,959
Share subscription by the Group	1,440,000
Provisional fair values of identifiable net assets	2,117,959

30. ACQUISITION OF SUBSIDIARIES *(Continued)*

The provisional fair values of trade and other receivables amounted to approximately HK$380,890,000, representing the gross contractual amounts at the date of acquisition.

The fair values of the assets, liabilities and contingent liabilities of the subsidiaries acquired, and the goodwill/negative goodwill arising on the acquisition, if any, are measured based on provisional values and are subject to change pending the finalisation of the professional valuations. The finalisation of those valuations, could affect the amounts assigned to the assets, liabilities and the related depreciation and amortisation charges for the assets and the amount of goodwill/negative goodwill on acquisition of the subsidiaries.

Non-controlling interests

The non-controlling interest (32.01%) in GCL New Energy recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of GCL New Energy and amounted to HK$677,959,000.

Goodwill arising on acquisition

	HK$'000
Consideration transferred	1,440,000
Plus: non-controlling interests	677,959
Less: provisional fair values of identifiable net assets acquired	(2,117,959)
Goodwill arising on acquisition	—

Net cash inflow arising on acquisition

	HK$'000
Consideration paid in cash	1,440,000
Less: cash and cash equivalents acquired (included consideration for share subscription paid by the Group)	(1,684,665)
Net cash inflow arising on acquisition	(244,665)

Acquisition related costs are insignificant which have been excluded from the considerations transferred and have been recognised as an expense in the condensed consolidated statement of profit or loss and other comprehensive income.

30. ACQUISITION OF SUBSIDIARIES *(Continued)*

Impact of acquisition on the results of the Group

Included in the profit and revenue of the Group for the six months ended 30 June 2014 were approximately a loss of HK$1,263,000 and HK$270,457,000, respectively, generated from GCL New Energy.

Had the acquisition of GCL New Energy been effected at the beginning of the current interim period, the total amount of revenue of the Group for the six months ended 30 June 2014 would have been HK$766,619,000, and the amount of the profit for the year attributable to owners of the Company would have been HK$14,395,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the current interim period, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit of the Group had GCL New Energy been acquired at the beginning of the current interim period, the Directors calculated depreciation and amortisation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

31. CONTINGENCIES

i) Contingent liability

Same as disclosed in the Company's 2013 annual report, there is no material change for the six months ended 30 June 2014, except for the follows.

During the current interim period, the Group has fulfilled their obligations under the amendment agreement signed on 16 December 2013 in relation to the arbitration disclosed in the Company's 2013 annual report, and purchased certain equipment from the claimant of the arbitration. The Directors consider that their liabilities in relation to the arbitration has been discharged by fulfilling the obligations under the amendment agreement. As a result, no provision is recognised for the arbitration as at 30 June 2014.

Against this background, for the deposits for acquisition of equipment paid to the claimant which have been impaired previously, the Directors consider the deposits would be utilised for settlement of the equipment purchases, and the impairment loss of HK$62,564,000 previously recognised has been reversed during the current interim period.

31. CONTINGENCIES *(Continued)*

ii) Financial guarantees contracts

At 30 June 2014, the Group provided guarantees of HK$125,976,000 (31 December 2013: HK$127,194,000) to a bank in respect of banking facilities of an associate. The associate had utilised HK$125,976,000 (31 December 2013: HK$63,597,000) of such banking facilities at the end of the reporting period. The Directors consider that the fair value of the financial guarantees at date of inception and at the end of the reporting period is insignificant.

32. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

32. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

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

Financial assets	Fair value as at 30.6.2014 HK$'000 (Unaudited)	Fair value as at 31.12.2013 HK$'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
1) Listed equity securities classified as available-for-sale investment	Listed equity securities in HK — 97,204	N/A	Level 1	Quoted bid price in an active market.	N/A	N/A
	N/A	Listed equity securities in HK — 291,818	Level 3	Quoted bid price in an active market, adjusted by marketability discount for the twelve-month lock-up period.	Discount for a lack of marketability.	The higher the discount rate the lower the fair value.
2) Convertible bonds receivable (Note a)	159,006	246,426	Level 3	Binomial model, the key inputs are: the underlying share price, exercise price, risk free interest rate, share price volatility and, dividend yield.	Share price volatility of 50% (31 December 2013: 50%), taking into account the historical share price of United Photovoltaics and its comparable companies for the period of time close to the expected time to exercise.	The higher the volatility the higher the fair value.
					Dividend yield of 0% (31 December 2013: 0%), taking into account management's experience and knowledge of the dividend to be paid.	The higher the dividend yield the lower the fair value.
					Probability of a subsidiary of United Photovoltaics failed to meet the profit guarantee requirement as disclosed in the Company's 2013 annual report.	The higher the probability the lower the fair value.
3) Convertible bonds payable (Note b)	1,602,425	1,542,012	Level 3	Binomial model, the key inputs are: the underlying share price, exercise price, risk free interest rate, share price volatility, and dividend yield.	Share price volatility of 65.53% (31 December 2013: 66.14%) taking into account the historical share price of the Company and its comparable companies for the period of time close to the expected time to exercise.	The higher the volatility the higher the fair value.
					Dividend yield of 1% (31 December 2013: 0%), taking into account management's experience and knowledge of the dividend to be paid	The higher the dividend yield the lower the fair value.
4) Listed equity securities classified as held for trading investment	Listed equity securities in HK — 15,805	Listed equity securities in HK — 12,470	Level 1	Quoted bid price in an active market.	N/A	N/A
5) Listed debt instrument classified as held for trading investment	15,231	—	Level 2	Quoted bid price from market makers.	N/A	N/A

32. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

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

Notes:

(a) If the volatility of the United Photovoltaics's shares was 5% higher/lower while all the other variables were held constant, the carrying amount of the convertible bonds receivable would increase by approximately HK$2,797,000/decrease by approximately HK$2,844,000.

If the dividend yield of the shares was 5% higher while all the other variables were held constant, the carrying amount of the convertible bonds receivable would decrease by approximately HK$10,567,000.

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

(b) If the volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the carrying amount of the convertible bonds payable would increase by approximately HK$32,291,000/decrease by approximately HK$32,756,000.

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

Included in other expense, gain and losses set out in note 6, net losses of HK$149,033,000 are in relation to financial assets and liabilities designated as at fair value through profit or loss held at the end of the current reporting period.

Fair value measurements and valuation processes

The Directors have engaged independent professionally qualified valuers, to determine the appropriate valuation techniques and inputs for fair value measurements.

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

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

33. EVENTS AFTER THE END OF THE INTERIM PERIOD

On 25 August 2014, the Company entered new banking facility agreements with a bank with total facility amount of US$490 million with a term of three years. The purposes of the facilities are for funding a subsidiary of the Group, repayment of the outstanding amounts of existing banking facilities and for the Company's working capital.

Details of the banking facilities were set out in the announcement of the Company dated 25 August 2014.

34. RELATED PARTY TRANSACTIONS

Other than as disclosed in notes 20 and 31, during the period, the Group has also entered into the following significant transactions with related parties:

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Transactions with companies in which Mr. Zhu Gong Shan and his family members have control:		
Construction-related service expense	**5,305**	10,551
Sales of coal	**196,851**	115,418
Purchases of steam	**482,311**	431,351
Rental expenses	**12,068**	11,797
Management income	**10,332**	9,488
Management expenses	**12,694**	—
Transactions with associates:		
Sales of coal	**8,459**	15,344

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

As at 30 June 2014, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register required to be kept by the Company pursuant to Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") adopted by the Company:

Long position in the shares of the Company

Name of director/ chief executive	Number of ordinary shares held: Beneficiary of a trust	Number of ordinary shares held: Corporate interests	Number of ordinary shares held: Personal interests	Number of underlying shares	Total	Approximate percentage of issued share capital
Zhu Gongshan	4,758,843,327 (note 1)	—	—	260,000,000 (note 1)	5,018,843,327	32.41%
Ji Jun	—	—	—	3,700,000 (note 2)	3,700,000	0.02%
Shu Hua	—	—	1,200,000	4,700,000 (note 2)	5,900,000	0.04%
Yu Baodong	—	6,108,934 (note 3)	1,112,000	4,700,000 (note 2)	11,920,934	0.08%
Sun Wei	—	—	5,723,000	4,700,000 (note 2)	10,423,000	0.07%
Zhu Yufeng	4,758,843,327 (note 1)	—	—	262,500,000 (note 4)	5,021,343,327	32.42%
Yip Tai Him	—	—	—	1,000,000 (note 2)	1,000,000	0.006%
Ho Chung Tai, Raymond	—	—	—	1,000,000 (note 2)	1,000,000	0.006%
Xue Zhongsu	—	—	—	1,000,000 (note 2)	1,000,000	0.006%

Notes:

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

(2) These are share options granted by the Company to the Directors, pursuant to the pre-IPO share option scheme and the share option scheme, both adopted by the shareholders of the Company on 22 October 2007. Such granted share options can be exercised by the Directors at various intervals during the period from 1 April 2009 to 23 March 2024 at an exercise price of HK$4.10, HK$2.888 or HK$0.59. Details of the share options held by the Directors is set out under the "Option Schemes" section of this report.

(3) Mr. Yu Baodong is the ultimate beneficial owner of Bonus Billion Group Limited which owns 6,108,934 shares of the Company as at 30 June 2014.

(4) The 262,500,000 underlying shares comprises the long position of 260,000,000 shares of the Company held by Happy Genius Holdings Limited under Note (1) and 2,500,000 option shares mentioned under Note (2) above.

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

Save as disclosed above, as at 30 June 2014, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept under Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Option Schemes

(i) Pre-IPO share option scheme

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

Details of the pre-IPO share options outstanding and movements during the six months ended 30 June 2014 (the "Period") are as follows:

				Number of options				
Name or category of participant	Date of grant	Exercise period	Exercise Price HK$	Outstanding as at 01.01.2014	Granted during the Period	Lapsed or forfeited during the Period	Exercised during the Period	Outstanding as at 30.6.2014
Directors/chief executive								
Ji Jun	13.11.2007	13.11.2010 to 12.11.2017	4.10	1,500,000	—	—	—	1,500,000
Shu Hua	13.11.2007	13.11.2010 to 12.11.2017	4.10	1,500,000	—	—	—	1,500,000
Yu Baodong	13.11.2007	13.11.2010 to 12.11.2017	4.10	1,500,000	—	—	—	1,500,000
Sun Wei	13.11.2007	13.11.2010 to 12.11.2017	4.10	1,500,000	—	—	—	1,500,000
Non-director employees								
(in aggregate)	13.11.2007	13.11.2010 to 12.11.2017	4.10	19,060,000	—	—	—	19,060,000
Total				25,060,000	—	—	—	25,060,000

Note: the consideration for the pre-IPO Share Options granted to each participant is HK$1.00.

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

During the Period, no option was lapsed, cancelled nor exercised.

(ii) Share option scheme

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

During the Period, 77,600,000 option shares were granted by the Company on 24 March 2014, a total of 2,080,000 option shares were lapsed, 2,878,000 option shares were exercised and there were 215,934,000 option shares outstanding as at 30 June 2014.

				Number of options				
Name or category of participant	**Date of grant**	**Exercise period**	**Exercise Price HK$**	**Outstanding as at 01.01.2014**	**Granted during the Period**	**Lapsed or forfeited during the Period**	**Exercised during the Period**	**Outstanding as at 30.6.2014**
Directors/chief executive								
Ji Jun	16.2.2009	01.04.2009 to 15.02.2019	0.59	1,500,000	—	—	—	1,500,000
	24.3.2014	26.05.2014 to 23.03.2024	2.888	—	700,000	—	—	700,000
Shu Hua	16.2.2009	01.04.2009 to 15.02.2019	0.59	1,500,000	—	—	—	1,500,000
	24.3.2014	26.05.2014 to 23.03.2024	2.888	—	1,700,000	—	—	1,700,000
Yu Baodong	16.2.2009	01.04.2009 to 15.02.2019	0.59	1,500,000	—	—	—	1,500,000
	24.3.2014	26.05.2014 to 23.03.2024	2.888	—	1,700,000	—	—	1,700,000
Sun Wei	16.2.2009	01.04.2009 to 15.02.2019	0.59	1,500,000	—	—	—	1,500,000
	24.3.2014	26.05.2014 to 23.03.2024	2.888	—	1,700,000	—	—	1,700,000
Zhu Yufeng	16.2.2009	01.04.2009 to 15.02.2019	0.59	1,000,000	—	—	—	1,000,000
	24.3.2014	26.05.2014 to 23.03.2024	2.888	—	1,500,000	—	—	1,500,000
Yip Tai Him	15.07.2011	01.09.2011 to 14.07.2021	4.10	500,000	—	—	—	500,000
	24.3.2014	26.05.2014 to 23.03.2024	2.888	—	500,000	—	—	500,000
Ho Chung Tai, Raymond	15.07.2011	01.09.2011 to 14.07.2021	4.10	500,000	—	—	—	500,000
	24.3.2014	26.05.2014 to 23.03.2024	2.888	—	500,000	—	—	500,000
Xue Zhongsu	15.07.2011	01.09.2011 to 14.07.2021	4.10	500,000	—	—	—	500,000
	24.3.2014	26.05.2014 to 23.03.2024	2.888	—	500,000	—	—	500,000
Non-director employees								
(in aggregate)	16.2.2009	01.04.2009 to15.02.2019	0.59	7,341,000	—	—	(660,000)[a]	6,681,000
	24.4.2009	01.05.2009 to 23.04.2019	1.054	1,248,000	—	—	—	1,248,000
	12.1.2011	1.3.2011 to 11.1.2021	3.32	15,000,000	—	—	—	15,000,000
	15.07.2011	01.09.2011 to 14.07.2021	4.10	69,200,000[c]	—	(1,600,000)	—	67,600,000
	05.07.2013	16.09.2013 to 04.07.2023	1.642	42,003,000	—	(480,000)	(2,218,000)[a]	39,305,000
	24.3.2014	26.05.2014 to 23.03.2024	2.888	—	68,800,000	—	—	68,800,000
Total				**143,292,000**	**77,600,000**	**(2,080,000)**	**(2,878,000)**	**215,934,000**

Notes:

a The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised during the period ended 30 June 2014:

Date of Grant	No. of options exercised	Exercise price per share (HK$)	Weighted average closing price (HK$)
16.2.2009	660,000	0.59	2.91
05.07.2013	2,218,000	1.642	2.84

b. The vesting period of all share options granted under the Share Option Scheme is 20% of the share options granted will be vested on the year of grant, the first, second, third and fourth anniversary of the date of grant, respectively, such that the share options granted are fully vested on the fourth anniversary of the date of grant.

c. Mr. Qian Zhixin, who was entitled to 500,000 option shares, resigned as an independent non-executive Director of the Company with effect from 8 January 2014. His entitlement was aggregated to the outstanding share options as at 1 January 2014 under the "Non-Director employees" column.

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

Interests and Short Positions of Substantial Shareholders

As at 30 June 2014, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as record in the register kept pursuant to Section 336 of the SFO:

(i) Long position in the shares of the Company

Name	Note	Capacity/nature of interest	Number of shares/ underlying shares	Approximate percentage of issued share capital of the Company
Asia Pacific Energy Fund Limited	1	Interest in a controlled corporation	5,018,843,327	32.41%
PAG Holdings Limited	2	Interest in a controlled corporation	826,184,281	5.34%
FMR LLC		Investment manager	816,562,000	5.27%
Blackrock, Inc	3	Interest in a controlled corporation	802,670,836	5.18%
JP Morgan Chase & Co.	4	Beneficial owner, investment manager, trustee, custodian corporation/approved lending agent	775,610,661	5.00%

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

Name	Note	Capacity/nature of interest	Number of shares/ underlying shares	Approximate percentage of issued share capital of the Company
PAG Holdings Limited	2	Interest in a controlled corporation	260,000,000	1.68%
Blackrock, Inc.	3	Interest in a controlled corporation	34,848,000	0.23%
JP Morgan Chase & Co.	4	Beneficial owner	47,778,000	0.31%

Notes:

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

Interests and Short Positions of Substantial Shareholders

2. PAG Holdings Limited disclosed that as at 17 February 2014, it was interested in a long position of 826,184,281 shares of the Company and a short position of 260,000,000 shares of the Company, both held through controlled corporation. Out of the long positions in 826,184,281 shares of the Company, 566,184,281 shares were involved in derivative interests.

3. Blackrock, Inc. disclosed that as at 30 June 2014, it had a long position in 802,670,836 shares of the Company, out of which 344,000 shares involves in derivative interests. It also had a short position in 34,848,000 shares, out of which 16,868,000 shares involves in derivative interests.

4. JP Morgan Chase & Co. disclosed that as at 17 June 2014, it had a long position in 775,610,661 shares of the Company, out of which 61,790,466 shares were held as beneficial owner, 192,257,000 shares were held as investment manager, 117,000 shares were held as trustee and 521,446,195 shares were held as custodian corporation/approved lending agent, respectively. It also had a short position in 47,778,000 shares of the Company, out of which 21,778,000 shares involves in derivative interests.

5. The total number of ordinary shares of the Company in issue as at 30 June 2014 is 15,486,101,268.

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

Corporate Governance and Other Information

Code on Corporate Governance Practices

The corporate governance report of the Board has been set out in the Company's 2013 Annual Report. During the six months ended 30 June 2014, the Company has complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules with the exception of the following areas:

(i) Code Provision A.2.1

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

(ii) Code Provision A.6.7

Code provision A.6.7 stipulates that the independent non-executive directors and other non-executive directors should attend general meetings. Two independent non-executive directors had attended while one independent non-executive director who was unable to attend the annual general meeting of the Company held on 30 May 2014 due to overseas commitment.

(iii) Code Provision A.5.1

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

Model Code for Securities Transactions

The Board has adopted the model code for securities transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2014.

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

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities of the Company during the interim period.

Auditor's and Audit Committee's Review

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2014 have been reviewed by Deloitte Touche Tohmatsu (the auditor of the Company) and the audit committee of the Company, which consists of three independent non-executive Directors, namely Ir. Dr. Raymond Ho Chung Tai, Mr. Xue Zhongsu and Mr. Yip Tai Him. The Audit Committee expressed no disagreement with the accounting policies and principles adopted by the Group.

Changes in Information on Directors

Changes in information required to be disclosed by the Directors of the Company pursuant to Rule 13.51(B) of the Listing Rules between 1 January 2014 and 28 August 2014 (being the date of approval of this report) are set out below:

(i) Directors' Updated Biographical Details

Name of Director	Details of Change
Mr. Zhu Gongshan	Appointed as the Honorary Chairman, an executive director and the Chairman of Strategic Planning Committee of GCL New Energy Holdings Limited with effect from 9 May 2014
Ms. Sun Wei	Appointed as a non-executive director, and a member of the Remuneration Committee, Strategic Planning Committee and Risk Management Committee of GCL New Energy Holdings Limited with effect from 9 May 2014
Mr. Yu Baodong	Appointed as a non-executive director of GCL New Energy Holdings Limited with effect from 9 May 2014
Mr. Yip Tai Him	Ceased as an independent non-executive director of (i) Wing Lee Holdings Limited with effect from 20 June 2014; and (ii) iOne Holdings Limited with effect from 21 July 2014.

(ii) Directors' Emoluments

The remuneration committee had reviewed and approved an adjustment in the annual base salary of certain Executive Directors with effect from 1 January 2014. There was an average deduction in the annual base salary of all the executive Directors within the range of 15%-30% for the year 2013. No change has been made to the basis of determining Directors' remuneration. Details of the approved 2014 annual base salary was set out below:

Name of Director	Approved annual base salary (HK$)	
Mr. Zhu Gongshan	4,000,000	(2013: 4,250,000)
Mr. Ji Jun	1,500,000	(2013: 1,275,000)
Mr. Shu Hua	3,000,000	(2013: 2,100,000)
Ms. Sun Wei	3,500,000	(2013: 2,550,000)
Mr. Yu Baodong	2,500,000	(2013: 1,870,000)
Mr. Zhu Yufeng	2,000,000	(2013: 1,034,000)

Other than those disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

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

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

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

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

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

On 25 August 2014, the Company (as borrower) entered into the following two new facility agreements with the Bank, each for a term of three years:

i. the facility agreement ("Facility III Agreement") in respect of US$240 million facility (the "Facility III"); and

ii. the facility agreement ("Facility IV Agreement") in respect of US$250 million facility (the "Facility IV")

Under the terms of the Facility III Agreement and the Facility IV Agreement, it will be a change of control event if at any time (i) Mr. Zhu Gongshan, the Chairman and a director of the Company, ceases to remain as one of the major beneficiaries of a discretionary trust with Credit Suisse Trust Limited as trustee; (ii) such discretionary trust ceases to own 100% interest in (whether directly or indirectly) Asia Pacific Energy Fund Limited; (iii) Asia Pacific Energy Fund Limited ceases to be the single largest shareholder of the Company; or (iv) Mr. Zhu Gongshan ceases to control the Company. If any of the above change of control events occurs, the Bank may, by notice to the Company, immediately cancel the facilities and declare the outstanding principal together with accrued interest and all other amounts accrued under the Facility III Agreement and Facility IV Agreement, and all relevant security documents, to be immediately due and payable.

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

Corporate Sustainability

Since the incorporation of GCL-Poly in 2006, we have committed to "bringing green power to life" by entering into environmentally friendly industry. We acknowledge that GCL-Poly's development relies on social demands, thus always insist on the concept of sustainability and actively perform social responsibilities for its shareholders, staff, consumers, communities and relevant regulatory authorities.

The Company prepared a corporate social responsibility report up to 31 December 2013 based on the Sustainability Reporting Guidelines (Version 3.1) of Global Reporting Initiative (GRI) and the Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Limited, the full text of which is available under the "Corporate Social Responsibilities" on the Company's website www.gcl-poly.com.hk.

In the environmental area, GCL-Poly continued to produce high-quality low-cost solar materials to speed up solar power's application to ordinary families. Solar power is considered as a renewable energy source and is promoted globally.

In recent years, GCL-Poly also committed to the investment in domestic and overseas PV power generation projects to promote clean energies. As of the end of 2013, the PV power generation projects operated by GCL-Poly in China reached a capacity of 303MW, and the operating power stations sold about 84,698 MWh throughout 2013.

Meanwhile, the Company actively developed environment-friendly electrical energy, improved energy utilization efficiency by way of cogeneration, and explored various power generation methods that are efficient and environment-friendly, recyclable, clean and renewable, to gradually reduce the dependence on coal resources. Power plants fueled by natural gas, waste, coal gangues and coal slurry and biomass (agricultural residues such as straw) not only improves our living environment, but also promotes sustainable development of the whole society.

During the production process, GCL-Poly actively improved energy efficiency, and effectively reduced the utilization of non-renewable energy sources or substituted for the same using the technology of recycling exhaust gas into materials, to conserve environmental resources and reduce pollution, so as to minimize the effect on the environment.

Regarding employees, it is the Company's policy to diversify the composition of employees. Under this policy, there is no gender, age, geographic, ethnic, racial and religious discrimination to employees. The Company also has an employee promotion and training system in place. It actively cultivates corporate culture and provides comfortable working environment. Since ensuring physical and mental health and safety of employees is the work of highest priority, GCL-Poly actively promotes the implementation of OHSAS18000 occupational health and safety management system, and continues to improve systems and processes thereof.

As of December 31, 2013, GCL-Poly had 13,516 employees in total, approximately 84 of whom were minority nationalities, and female employees accounted for about 24.7%.

In terms of public welfare, GCL-Poly took initiatives to get to know the needs of communities where it operates, and launched a series of caring activities, including, among others, making donations to local primary schools, visiting kindergartens, primary schools and seniors' homes, blood donations, as well as organizing community art events and environmental information promotion activities.

Corporate Information

Chairman & Chief Executive Officer

Zhu Gongshan

Executive Directors

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

Independent Non-Executive Directors

Raymond Ho Chung Tai
Xue Zhongsu
Yip Tai Him

Composition of Board Committees

Audit Committee

Yip Tai Him *(Chairman)*
Raymond Ho Chung Tai
Xue Zhongsu

Remuneration Committee

Raymond Ho Chung Tai *(Chairman)*
Yip Tai Him
Sun Wei

Nomination Committee

Xue Zhongsu *(Chairman)*
Yu Baodong

Corporate Governance Committee

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

Connected Transaction Committee

Yip Tai Him *(Chairman)*
Yu Baodong

Strategic Planning Committee

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

Company Secretary

Chan Yuk Chun

Authorized Representatives

Yu Baodong
Chan Yuk Chun

Auditor

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

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Kowloon, Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited
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Grand Cayman, KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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Legal Advisers to the Company

As to Hong Kong law

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Hebert Smith Freehills
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