GCL-Poly Energy Holdings Limited
保 利 協 鑫 能 源 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3800)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2014	2013	% of
	HK$'million	*HK$'million*	Changes
Revenue	**37,224.7**	25,530.0	45.8%
Gross profit	**7,650.6**	3,039.6	151.7%
Profit (loss) attributable to owners of the Company	**1,955.0**	(664.3)	394.3%
Basic earnings (loss) per share	**HK cents 12.62**	HK cents (4.29)	394.2%
Diluted earnings (loss) per share	**HK cents 12.60**	HK cents (4.29)	393.7%

The board of directors (the "Board" or the "Directors") of GCL-Poly Energy Holdings Limited (the "Company" or "GCL-Poly") announces the audited consolidated results of the Company and its subsidiaries (the "Group or "GCL-Poly") for the year ended 31 December 2014 together with the comparative figures for the corresponding period in the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	**2014** *HK$'000*	2013 *HK$'000*
Revenue	*3*	**37,224,721**	25,530,002
Cost of sales		**(29,574,117)**	(22,490,373)
Gross profit		**7,650,604**	3,039,629
Other income	*4*	**1,316,099**	965,126
Distribution and selling expenses		**(91,980)**	(42,148)
Administrative expenses		**(2,492,900)**	(1,785,594)
Finance costs	*5*	**(3,033,579)**	(2,415,617)
Other expenses, gains and losses	*6*	**(601,211)**	(457,724)
Share of profits (losses) of joint ventures		**7,172**	(5,253)
Share of profits of associates		**40,513**	21,370
Gain on disposal of an associate		**—**	424,498
Profit (loss) before tax		**2,794,718**	(255,713)
Income tax expense	*7*	**(639,321)**	(190,092)
Profit (loss) for the year	*8*	**2,155,397**	(445,805)
Other comprehensive (expense) income, net of income tax			
Item that will not be reclassified to profit or loss:			
Exchange differences arising from translation to presentation currency		**(51,408)**	558,293
Item that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investment		**—**	63,234
Item that is reclassified to profit or loss:			
Realisation of fair value change of available-for-sale investment upon disposal		**(63,234)**	—
Total comprehensive income for the year		**2,040,755**	175,722

	NOTE	**2014**	2013
		HK$'000	*HK$'000*
Profit (loss) for the year attributable to:			
Owners of the Company		**1,955,049**	(664,263)
Non-controlling interests		**200,348**	218,458
		2,155,397	(445,805)
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,842,550**	(95,414)
Non-controlling interests		**198,205**	271,136
		2,040,755	175,722
		HK cents	*HK cents*
Earnings (loss) per share	*9*		
Basic		**12.62**	(4.29)
Diluted		**12.60**	(4.29)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2014

	NOTE	**2014** HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**50,611,803**	43,995,130
Prepaid lease payments		**1,773,240**	1,811,084
Goodwill		**633,615**	652,326
Other intangible assets		**172,834**	200,683
Interests in joint ventures		**310,191**	341,362
Interests in associates		**252,033**	194,673
Held-to-maturity investment		**15,306**	—
Available-for-sale investment		**—**	291,818
Convertible bonds receivable		**174,841**	246,426
Deferred tax assets		**94,173**	15,541
Deposits, prepayment and other non-current assets		**1,461,052**	673,697
Amount due from a related company		**27,296**	—
Pledged and restricted bank deposits		**158,183**	162,509
		55,684,567	48,585,249
CURRENT ASSETS			
Inventories		**2,695,748**	1,656,867
Project assets		**418,106**	804,720
Trade and other receivables	*10*	**13,658,345**	11,057,441
Amounts due from related companies		**125,033**	118,946
Loan to a related company		**—**	66,949
Prepaid lease payments		**41,149**	42,653
Tax recoverable		**20,989**	48,282
Held for trading investment		**21,750**	12,470
Pledged and restricted bank deposits		**11,809,191**	8,080,217
Bank balances and cash		**5,528,957**	6,168,814
		34,319,268	28,057,359

	NOTE	2014 HK$'000	2013 HK$'000
CURRENT LIABILITIES			
Trade and other payables	11	**20,832,540**	13,737,306
Amounts due to related companies		**734,786**	734,880
Loan from a related company		**12,900**	—
Advances from customers		**973,473**	955,402
Bank borrowings — due within one year		**21,951,325**	24,915,536
Obligations under finance leases — due within one year		**931,826**	654,197
Notes payables-due within one year		**2,278,404**	761,330
Deferred income		**122,340**	121,066
Tax payables		**234,391**	165,185
		48,071,985	42,044,902
NET CURRENT LIABILITIES		**(13,752,717)**	(13,987,543)
TOTAL ASSETS LESS CURRENT LIABILITIES		**41,931,850**	34,597,706
NON-CURRENT LIABILITIES			
Advances from customers		**646,954**	1,093,415
Bank borrowings — due after one year		**14,254,302**	8,340,370
Obligations under finance leases — due after one year		**1,206,002**	1,416,322
Notes payables — due after one year		**1,890,330**	3,161,449
Convertible bonds payable		**1,443,088**	1,542,012
Deferred income		**603,514**	620,847
Deferred tax liabilities		**524,475**	418,205
		20,568,665	16,592,620
NET ASSETS		**21,363,185**	18,005,086
CAPITAL AND RESERVES			
Share capital		**1,548,920**	1,548,322
Reserves		**16,856,704**	14,597,738
Equity attributable to owners of the Company		**18,405,624**	16,146,060
Non-controlling interests		**2,957,561**	1,859,026
TOTAL EQUITY		**21,363,185**	18,005,086

NOTES:

1. BASIS OF PREPARATION

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$13,753 million as at 31 December 2014 and the Group had cash and cash equivalents of HK$5,529 million against the Group's bank borrowings due within one year of HK$21,951 million at the same date. The Directors have evaluated 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.

During the year, the Group acquired GCL New Energy Holdings Limited ("GCL New Energy"), whose shares are listed on The Stock Exchange of Hong Kong Limited. As at 31 December 2014, the Company provided financial guarantee of HK$697 million to GCL New Energy. In addition, the Company together with three of its subsidiaries ("GCL-Poly Subsidiaries") jointly signed a framework borrowing agreement with a state-owned bank in the PRC for a total uncommitted banking facility of HK$6,338 million to finance the solar energy projects undertaken by the Company and its subsidiaries. Up to the date of approval of these consolidated financial statements, approximately HK$2,383 million were drawn down by the Company and its subsidiaries other than any members of GCL New Energy. The remaining undrawn facility of approximately HK$3,955 million is available for GCL New Energy and its subsidiaries (collectively referred to as "GCL New Energy Group") to draw down to finance its solar farm projects. Under this framework agreement, guarantees from the Company and GCL-Poly Subsidiaries are required for the loans drawdown. In addition, the drawdown of the facilities and the terms of the borrowings, including the borrowing amounts, pledges or guarantees required and repayment terms, are subject to the approval of the bank upon application by GCL New Energy Group, and with the guarantees from the Company and GCL-Poly Subsidiaries provided on a borrowing-by-borrowing basis.

The Directors have given careful consideration to the going concern status of GCL New Energy Group in preparing these consolidated financial statements. In light of the fact that, as at 31 December 2014, GCL New Energy Group's current liabilities exceeded its current assets by HK$2,973 million; and it had incurred a net loss of HK$113 million and had net cash outflow from operating activities of HK$518 million for the nine-month period ended 31 December 2014. In addition, GCL New Energy Group had entered into agreements to acquire solar farm sites and construct the solar farms thereon (the "Agreements") which will involve capital expenditure totalling approximately HK$6,911 million. Subsequent to 31 December 2014 and up to the date of approval of these consolidated financial statements, GCL New Energy Group has entered into further agreements to acquire a few more solar farm sites and construct solar farms thereon which will involve capital expenditure totalling approximately HK$2,800 million. Pursuant to the terms of the Agreements, such committed capital expenditure totalling approximately HK$9,711 million has to be settled within the next twelve months from the end of the reporting period. In addition, GCL New Energy Group is currently looking for further opportunities to increase the scale of its solar farm operations through mergers and acquisitions. In the event that GCL New Energy Group is successful in securing more solar farms investments or is expanding the investments in the existing solar farms in the next twelve months from the date of the reporting period, additional cash outflows will be required to settle further committed capital expenditure. As at 31 December 2014, GCL New Energy Group had bank borrowings of HK$2,324 million, out of which HK$360 million will be due in the next twelve months, provided that covenants under the borrowing agreements are satisfied, against its cash and cash equivalents of HK$758 million. The financial resources available to GCL New Energy Group as at 31 December 2014 and up to the date of approval of these consolidated financial statements are not sufficient to satisfy the above capital expenditure requirements. GCL New Energy Group is actively pursuing additional financing including, but not limited to, equity and debt financing and bank borrowings.

The Directors are of the opinion that GCL New Energy Group will have sufficient working capital to meet its financial obligations, including those relating to the solar farms, that will be due in the coming twelve months from the date of the reporting period upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for GCL New Energy Group:

(i) GCL New Energy Group has been actively negotiating with the banks for the renewal of its current borrowings as necessary when they fall due in the next twelve months. Based on past experiences, GCL New Energy Group did not encounter any significant difficulties in renewing the borrowings and the Directors are confident that all borrowings can be renewed upon the application by GCL New Energy Group when necessary;

(ii) GCL New Energy Group is currently actively negotiating with several banks in both Hong Kong and the PRC for additional financing. It has received detailed proposals from certain banks for total banking facilities of approximately HK$897 million (equivalent to approximately RMB707 million) with repayment periods from one to five years. GCL New Energy Group also received letters of intent from certain other banks which indicated that these banks tentatively might offer banking facilities of approximately HK$7,606 million (equivalent to approximately RMB6,000 million) to GCL New Energy Group.

(iii) GCL New Energy Group is actively negotiating with other private investors for additional financing in the form of equity or debt or a combination of both; and

(iv) GCL New Energy Group has completed construction of 10 solar farms with approval for on-grid connection up to the date of approval of these consolidated financial statements. GCL New Energy Group also has additional 17 solar farms under construction targeting to achieve on-grid connection in the near future. The abovementioned solar farms have an aggregate installed capacity of approximately 1,258 MW and are expected to generate operating cash inflows to GCL New Energy Group.

Accordingly, the Directors are satisfied that it is appropriate to consolidate the consolidated financial statements of GCL New Energy in the Company's consolidated financial statements on a going concern basis.

The Directors are of the opinion that, taking into account the above undrawn banking facilities, renewal of existing banking facilities, the Group's cash flow projection for the coming year, and the successful implementation of measures of GCL New Energy Group as described above, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

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

(a) Application of new and revised IFRSs

The Group has applied the following new and revised IFRSs issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") for the first time in the current year:

Amendments to 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 21	Levies

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

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

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

		Effective for annual periods beginning on or after
IFRS 9	Financial Instruments	1 January 2018
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to IAS 1	Disclosure Initiative	1 January 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	1 January 2016
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	1 January 2016
Amendments to IAS 27	Equity Method in Separate Financial Statements	1 July 2014
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle	1 July 2014
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016

The Directors do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance (Cap. 32).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

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

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

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

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

IFRS 15 Revenue from Contracts with Customers

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Directors anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 *Impairment of Assets* regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Group's consolidated financial statements.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The Directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to IAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost;
- In accordance with IFRS 9 *Financial Instruments* (or IAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted IFRS 9); or
- Using the equity method as described in IAS 28 *Investments in Associates and Joint Ventures.*

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to IAS 27, there are consequential amendments to IAS 28 to avoid a potential conflict with IFRS 10 Consolidated Financial Statements and to IFRS 1 *First-time Adoption of International Financial Reporting Standards.*

The Directors do not anticipate that the application of these amendments to IAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.
- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.
- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to IFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into IFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors do not anticipate that the application of these amendments to IFRS 10 and IAS 28 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2010–2012 Cycle

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

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

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

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

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

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

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

The Directors do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2010–2013 Cycle

The *Annual Improvements to IFRSs 2010-2013 Cycle* include a number of amendments to various IFRSs, which are summarised below.

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

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

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

(a) the property meets the definition of investment property in terms of IAS 40; and

(b) the transaction meets the definition of a business combination under IFRS 3.

The Directors do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

The *Annual Improvements to IFRSs 2012–2014 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to IFRS 7 *Disclosure — Offsetting Financial Assets and Financial Liabilities* issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with IAS 34 Interim Financial Reporting.

The amendments to IAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to IAS 34 clarify the requirements relating to information required by IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

3. SEGMENT INFORMATION

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

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

In prior years, segment information reported to the CODM was analysed on the basis of the major types of goods delivered or services provided by the Group's operating divisions: (1) solar material business; (2) power business; and (3) other businesses. During the year, the Group acquired GCL New Energy, whose shares are listed on the Stock Exchange and it carried out manufacturing and selling printed circuit boards business originally. After the acquisition, the Group focuses on its solar farm business through GCL New Energy. With the growth of the business in development, construction, management, operation and sales of solar farms and the acquisition of GCL New Energy Group in 2014, financial information of solar farm business and new energy business were separately reported to the CODM in current year. Accordingly, the comparative information has been restated.

Therefore, the Group's reportable and 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 PRC. Power plants include coal fuelled cogeneration plants, resources comprehensive utilisation cogeneration plants, gas fuelled cogeneration plants, biomass fuelled cogeneration plants, incineration plants and a wind power plant.

(c) Solar farm business — development, construction, management, operation and sales of solar farms overseas and in the PRC. It also includes the management and operation of certain previously developed solar farms in the PRC.

(d) New energy business — a listed company, GCL New Energy which is principally engaged in the development, construction, operation and management of solar farm, as well as manufacturing and selling of printed circuit boards, which is acquired in 2014.

Segment revenue and results

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

Year ended 31 December 2014

	Solar material business *HK$'000*	Power business *HK$'000*	Solar farm business *HK$'000*	New energy business *HK$'000*	Total *HK$'000*
Segment revenue					
Revenue	**25,455,332**	**10,079,099**	**688,314**	**1,024,024**	**37,246,769**
Inter-segment sale *(Note a)*	**—**	**(22,048)**	**—**	**—**	**(22,048)**
Revenue from external customers	**25,455,332**	**10,057,051**	**688,314**	**1,024,024**	**37,224,721**
Segment profit (loss)	**2,255,927**	**391,265**	**(71,643)**	**(175,178)**	**2,400,371**
Elimination of inter-segment profit					**(52,476)**
Unallocated income					**16,807**
Unallocated expenses					**(160,059)**
Fair value adjustments *(Note b)*					**(38,765)**
Impairment loss on goodwill					**(16,410)**
Impairment loss on available-for-sale investment					**(4,508)**
Loss on disposal of available-for-sale investment					**(15,937)**
Loss on fair value change of convertible bonds receivable					**(70,447)**
Gain on fair value change of convertible bonds payable					**87,543**
Gain on fair value change of held for trading investment					**9,278**
Profit for the year					**2,155,397**

Year ended 31 December 2013 (restated)

	Solar material business *HK$'000*	Power business *HK$'000*	Solar farm business *HK$'000*	New energy business *HK$'000*	Total *HK$'000*
Segment revenue					
Revenue	18,526,729	6,582,020	839,987	—	25,948,736
Inter-segment sale *(Note a)*	(405,964)	(3,137)	(9,633)	—	(418,734)
Revenue from external customers	18,120,765	6,578,883	830,354	—	25,530,002
Segment (loss) profit	(1,259,249)	551,111	(27,523)	—	(735,661)
Unallocated income					52,475
Unallocated expense					(85,038)
Fair value adjustments *(Note b)*					(54,839)
Share-based payment expenses					(25,943)
Impairment loss on goodwill					(43,780)
Gain on disposal of an associate					424,498
Gain on fair value change of convertible bonds receivables					6,722
Gain on fair value change of convertible bonds payables					17,969
Loss on fair value changes for held for trading investment					(2,208)
Loss for the year					(445,805)

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, GCL New Energy acquired in the current year 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.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) of each segment excluding elimination of inter-segment profit, unallocated income, unallocated expenses (including depreciation of an aircraft and respective finance costs under sale and finance leaseback arrangements), the fair value adjustments (see Note b above), impairment loss on goodwill, gain on disposal of an associate, change in fair value of convertible bonds receivable and payable, change in fair value of held for trading investment, impairment loss on available-for-sale investment, loss on disposal of available-for-sale investment, and unallocated share-based payment expenses incurred by the Group. This is the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Segment assets		
Solar material business	**60,684,597**	55,990,207
Power business	**11,262,981**	10,535,568
Solar farm business	**6,330,646**	5,979,036
New energy business	**9,951,941**	—
Total segment assets	**88,230,165**	72,504,811
Fair value adjustments *(Note)*	**390,797**	553,464
Goodwill	**633,615**	652,326
Available-for-sale investment	**—**	291,818
Convertible bonds receivable	**174,841**	246,426
Held for trading investment	**21,750**	12,470
Held-to-maturity investment	**15,306**	—
Unallocated bank balances and cash	**294,909**	1,901,658
Unallocated corporate assets	**242,452**	479,635
Consolidated assets	**90,003,835**	76,642,608

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Segment liabilities		
Solar material business	**47,746,778**	45,932,457
Power business	**7,977,281**	6,985,613
Solar farm business	**5,005,366**	3,189,917
New energy business	**6,058,753**	—
Total segment liabilities	**66,788,178**	56,107,987
Fair value adjustments *(Note)*	**100,729**	141,609
Convertible bonds payable	**1,443,088**	1,542,012
Unallocated bank borrowings	**—**	517,046
Unallocated corporate liabilities	**308,655**	328,868
Consolidated liabilities	**68,640,650**	58,637,522

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

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

- 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, GCL New Energy acquired in 2014 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 Group's revenue from its major products and services were as follows:

	2014	2013
	HK$'000	*HK$'000*
Sales of wafer	**21,054,434**	14,699,723
Sales of electricity	**4,553,171**	3,911,128
Sales of polysilicon	**2,600,663**	2,199,555
Sales of steam	**1,843,158**	1,881,216
Sales of coal	**4,324,691**	995,321
Sales of project assets	**—**	600,370
Others (comprise the sales of ingots, modules, printed circuit boards and processing fees)	**2,848,604**	1,242,689
	37,224,721	25,530,002

4. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Government grants	**333,288**	222,650
Sales of scrap materials	**376,707**	221,322
Bank interest income	**320,433**	208,285
Waste processing management fee	**84,369**	82,031
Management and consultancy fee income	**45,592**	50,575
Sales commission	**—**	60,584
Waiver of other payables	**16,935**	22,151
Interest income from a related company	**3,196**	3,485
Others	**135,579**	94,043
	1,316,099	965,126

5. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings		
— wholly repayable within five years	**1,566,669**	1,574,338
— not wholly repayable within five years	**132,187**	57,911
Discounted bills	**1,051,994**	445,574
Obligations under finance leases	**112,976**	98,012
Notes payables and convertible bonds payable	**267,552**	279,580
Total borrowing costs	**3,131,378**	2,455,415
Less: Interest capitalised	**(97,799)**	(39,798)
	3,033,579	2,415,617

6. OTHER EXPENSES, GAINS AND LOSSES

	2014	2013
	HK$'000	*HK$'000*
Research and development costs	**361,011**	223,455
Exchange loss (gain), net	**49,037**	(51,576)
Impairment loss on property, plant and equipment	**121,560**	257,192
Impairment loss on prepaid lease payments	**56,080**	—
Impairment loss on goodwill	**24,369**	43,780
(Reversal of) impairment loss on deposits for acquisitions of property, plant and equipment	**(62,507)**	7,356
Impairment loss on available-for-sale investment	**4,508**	—
Cumulative loss on disposal of available-for-sale investment	**15,937**	—
Loss (gain) on fair value change of convertible bonds receivable	**70,447**	(6,722)
Gain on fair value change of convertible bonds payable	**(87,543)**	(17,969)
(Gain) loss on fair value change of held for trading investment	**(9,278)**	2,208
Gain on disposal of joint ventures	**(22,339)**	—
Provision for pipelines reinstallation charge	**79,929**	—
	601,211	457,724

7. INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
PRC Enterprise Income Tax ("EIT")		
Current tax	**445,645**	271,306
Under (over) provisions in prior years	**12,510**	(46,173)
	458,155	225,133
USA Federal and State Income Tax		
Current tax	**1,686**	127
Overprovisions in prior years *(Note)*	**(33,016)**	(3,035)
	(31,330)	(2,908)
Hong Kong Profits Tax — Current tax	**31,515**	26,656
Others jurisdictions	**65**	236
PRC withholding tax	**122,461**	66,802
Deferred tax	**58,455**	(125,827)
	639,321	190,092

Note: The overprovision in prior years of HK$33,016,000 is mainly due to the refund of income taxes previously paid resulting from the agreement with the relevant tax authority for carry backward of certain taxable losses of a subsidiary in the USA to prior years.

The PRC EIT for the year represents income tax in the PRC which is calculated at the prevailing tax rate on the taxable income of subsidiaries in the PRC. The overprovisions of EIT in prior years arose mainly as a result of completion of tax clearance procedures by certain PRC subsidiaries with the respective tax authorities.

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

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

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

During the current year, Federal and State income tax rates in the USA are calculated at 35% and 8.84% (2013: 35% and 8%) respectively.

The Group's subsidiaries that are tax resident in the PRC are subject to the PRC dividend withholding tax of 5% or 10% for those non-PRC resident immediate holding company registered in Hong Kong and the British Virgin Islands ("BVI"), respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008. Accordingly, a provision for deferred taxation of HK$108,989,000 (2013: a reversal of provision for deferred taxation of HK$100,852,000) in respect of withholding tax on undistributed profits has been credited to profit or loss during the current year.

8. PROFIT (LOSS) FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Profit (loss) for the year has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**2,790,570**	1,899,213
Retirement benefit scheme contributions	**104,934**	55,970
Share-based payment expenses	**161,368**	25,943
Total staff costs	**3,056,872**	1,981,126
Depreciation of property, plant and equipment	**3,675,408**	3,330,002
Amortisation of prepaid lease payments	**41,477**	42,704
Amortisation of other intangible assets (included in cost of sales and administrative expenses)	**26,408**	28,930
Total depreciation and amortisation	**3,743,293**	3,401,636
Add (less): Amounts included in inventories	**36,687**	(14,881)
Total of depreciation and amortisation charged to profit or loss	**3,779,980**	3,386,755
Auditor's remuneration	**29,900**	10,581
Cost of inventories recognised as cost of sales	**27,854,865**	20,891,305
Cost of project assets recognised as cost of sales	**52,954**	568,758
Write-down of inventories (included in cost of sales)	**164,901**	1,001
Impairment loss on project assets (included in cost of sales)	**52,954**	—
Impairment loss on trade and other receivables (included in administrative expenses)	**65,528**	51,220
Bad debts written off (included in administrative expenses)	**2,728**	—
Loss on disposal of property, plant and equipment	**20,225**	70

9. 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:

	2014	2013
	HK$'000	*HK$'000*
Earnings (loss)		
Earnings (loss) for the purposes of calculation of basic and diluted earnings (loss) per share — profit (loss) for the year attributable to owners of the Company	**1,955,049**	(664,263)

	2014	2013
	’000	*’000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share	**15,486,891**	15,479,604
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**24,872**	—
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**15,511,763**	15,479,604

Diluted earnings per share for the year ended 31 December 2014 did not assume the conversion of the convertible bonds payable since the conversion would increase the earnings per share for the year ended 31 December 2014.

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

10. TRADE AND OTHER RECEIVABLES

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

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

	2014	2013
	HK$’000	*HK$’000*
Trade receivables:		
Within 3 months	**5,009,699**	2,342,828
3 to 6 months	**308,199**	517,292
Over 6 months	**535,326**	200,011
	5,853,224	3,060,131

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

	2014	2013
	HK$'000	*HK$'000*
Bills receivable (trade):		
Within 3 months	**3,232,645**	3,349,504
3 to 6 months	**2,388,467**	2,527,925
	5,621,112	5,877,429

11. TRADE AND OTHER PAYABLES

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

	2014	2013
	HK$'000	*HK$'000*
Trade payables:		
0 – 90 days	**2,793,258**	2,590,741
91 – 180 days	**2,260,636**	965,104
Over 180 days	**248,210**	308,475
	5,302,104	3,864,320

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

	2014	2013
	HK$'000	*HK$'000*
Bills payable (trade):		
0 – 90 days	**2,548,032**	2,622,893
91 – 180 days	**4,655,452**	2,355,140
	7,203,484	4,978,033

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I hereby report the following operating results of GCL-Poly in 2014. For the year ended 31 December 2014, GCL-Poly recorded revenue of approximately HK$37.225 billion, representing a 45.8% increase as compared with the same period in 2013. Gross profit was approximately HK$7.65 billion, a 151.7% increase as compared with the same period in 2013. Profit attributable to owners of the Company amounted to approximately HK$1.96 billion. Basic earnings per share was HK 12.62 cents. The operating environment of photovoltaic ("PV") industry saw a significant improvement in 2014. Following accelerated technological advancement of global PV industry, small and medium enterprises that lacked the technology and competitiveness in the complete industry chain were eliminated through competition, reaching an equilibrium of supply and demand of effective capacity. The industry continued to undergo technological reform during which new technology, new equipment and new process were introduced continuously, products of high conversion efficiency rate were launched and application cost of PV technology fell significantly. Despite that global trade conflicts still hindered the development of global PV industry in the near term, China emerged as the largest PV application market in the world where GCL-Poly remained as the most competitive market player, given continuous expansion of global PV market and application scope. As a leading enterprise in global silicon materials industry, GCL-Poly spared no effort to boost its core competitiveness by way of technological innovation, R&D and promotion of products of high conversion efficiency rate, improvement in process technology, production efficiency and cost control strictly in line with market demand. GCL-Poly also extended its competitive advantages in upstream and downstream sectors of the industry chain such that our 2014 annual results outperformed the market. Our massive launch of high-efficiency products has set off a trend in PV industry.

According to the latest industry data published by various market research institutes, the scale of global solar energy market was approximately 44 GW in 2014, representing a certain increase compared with 37 GW in 2013. The report stated that distributed PV electricity generation pushed the entire market to a modest upward trend in 2014. The report also pointed out that Asia, North America, Latin America and South Africa were the key markets. China ranked top with a new installation scale of 11.9 GW. In addition, the market scale in Japan witnessed a significant increase to 9.5 GW followed by 6.4 GW in the United States. In contrast to the robust market in China, Japan and the US, the European market witnessed a slight decline with the market size of approximately 9.2 GW. Among emerging markets, South Africa, India, Thailand, Chile, Mexico and Turkey had strong performance contributing to a total scale of 3 GW.

Continuous advancement in new silicon materials technologies and products, completion of various targets and a new high in global market share

As one of the most influential and competitive silicon material manufacturers and suppliers in the world, the Company achieved remarkable technological advancement and product competitiveness in 2014 due to increase in R&D investment. As at the end of December 2014, the PV business completed a total production of 66,876 MT and sales of 15,443 MT of polysilicon, a production of 13,098 MW and sales of 12,909 MW of wafers, and the Company has fully achieved the manufacturing and sales targets. The Company's estimated global market shares of polysilicon and wafers are 28% and 29% respectively, both ranking top of the world.

In 2014 we commenced trial production of polysilicon based on silane-based FBR technology, of which various work proceed smoothly at present. Meanwhile, the Company has achieved significant product efficiency improvement from the ongoing R&D on current modified Siemens method of polysilicon. In the future, we will maintain our focus on technology and R&D innovations, improvement in project economics, enhancement of management standard and ensuring high-quality, low-cost production. In addition, the highly-anticipated captive power plant project of Jiangsu Zhongneng, has passed the environmental evaluation and received approval from the Ministry of Environmental Protection of the PRC on 27 January, 2015 and other relevant approval procedures progressed smoothly. The completion of this project can significantly increase the comprehensive energy efficiency and reduce the production cost of the Company. This will enable GCL-Poly to continue its leadership in the high-end polysilicon material market.

On 6 November, 2014, GCL-Poly announced at the sixth China (Wuxi) International Conference and Exhibition on New Energy that the R&D of the third generation of high-efficiency multi-crystalline wafer product, GCL Multi-Wafer S3+, has again achieved great success. Meanwhile, the trial average conversion efficiency among the key customers of the new S3+ has reached 18.1%–18.2%. The new product has a good stability and was well received by customers. Previously the second and third generation of GCL Multi-Wafer S2 and S3 have already gained high recognition from the customers and have become the the industry leading benchmark of high-efficiency multi-crystalline wafer products. The launch of GCL Multi-Wafer S3+ were immediately well received by the market. The quality of GCL Multi-Wafer S3+ have significantly improved compared to previous generation and this can help the customers constantly increase the conversion efficiency of crystalline silicon solar cells. In addition, for the wafer production, the Group has made a remarkable achievement in the upgrading and transformation of ingot furnaces, optimization of high-efficiency multi-crystalline ingot casting, the design and manufacturing of large-sized high-purity crucibles, which has solidified the Company's No.1 place in global market share of wafers.

Making a market miracle for new development platform of the solar farm — GCL New Energy

On 22 May 2014, GCL-Poly completed the subscription of shares of Same Time (0451.HK), which was officially renamed to GCL New Energy Holdings Limited and started operation in the solar energy business. On 25 March 2015, GCL New Energy announced that the total capacity of its solar farms under construction as well as operational power installed capacity completed with approval for on-grid connection have reached 1.26 GW. Meanwhile, GCL New Energy provides operation and management services to GCL-Poly for its solar farms with installed capacity of 353 MW. GCL New Energy has established investment development companies in more than 20 provinces across the country, while the building of distributive and proprietary development teams have also been completed. GCL New Energy targets 2GW of additional grid-connected installation in 2015.

Stable Power Business Outperformed Peers

In 2014, the power business continued to record stable performance. The Company, through centralized management and cost control measures, was able to maximize the efficiencies of existing resources resulting in stable development of its power and steam businesses. At the end of December 2014, the Company sold 5,903 GWh of electricity and 8,616,443 tonnes of steam with a 2.6% and 2.6% year-on-year increase and decrease, respectively. While ensuring stable growth of the business, the Company also adopted various measures including cost control on coal purchasing, bulk purchase of resources, increase in steam supply, and strengthened efforts to increase steam-prices. All these measures enabled our power business to achieve encouraging annual financial results in 2014 when compared with peer power operators.

Social Responsibilities

As a global leading enterprise that has long been engaged in the development of renewable energy, GCL-Poly is well aware of its responsibilities to environmental protection and social contribution. While ensuring our power generation and manufacturing activities to be in compliance with national environmental standards, we also actively participated in various public welfare activities, such as "Sunshine Love and Care Action" (陽光關愛行動), "20 Sunshine primary schools project" (20所陽光小學計劃) and "Higher Education Subsidies" (高等教育獎助學基金) organized by GCL-Poly Sunshine Charity Fund, disaster relief and care for lives of the poor. Over the years, we have initiated and participated in over 100 charitable events and gained positive feedbacks from the society. In 2014, GCL-Poly was honored as "Annual Outstanding Contribution to China's New Energy Industry Award", "2014 China Energy Green Energy Model Enterprise Award", "2014 Top Ten SNEC Highlights — Terawatt Diamond Award" and China Securities Golden Bauhinia Awards "The Best Listed Company", which showed trust and recognition from the industries to GCL-Poly. In 2015, we will continue to make active contribution to the society by creating jobs, charity donation, public welfare and otherwise possible ways.

Outlook

Due to the continuous decrease in the cost of solar power generation, the global demand for PV will continue to grow in 2015 and there will be a huge wave of installation. "Implementation Plan of Construction of PV Power Generation" by National Energy Administration of China in 2015 confirms the target of additional solar power installed capacity in 2015 will be 17.8 GW. In 2016, PV market in the United States will reduce subsidies in preliminary installation which will enable the market in the United States in 2015 to surge. Meanwhile, the market demand from emerging markets such as Latin America, the Middle East and Africa will also reach over GW. Market research predicts that the global PV installation will increase by 16%–25%, or between 53 GW and 57 GW in 2015. We believe that China, Japan and the United States are still the biggest new energy markets in 2015.

In 2015, we will continue with our technological innovation to promote the project of granular silicon, the development of high-efficiency mono and multi-crystalline ingot growth process, the R&D of high-efficiency S series and G series products to expand the breadth and depth of our products offering, guide and satisfy the demand of PV market towards the higher end of high-efficiency wafers products. This will further improve product differentiation and core competitiveness of our products and maintain the Company's leading position in global market of polysilicon and wafers. Meanwhile, we will constantly improve the standard of customer service, create a customer technical support and information platform, enhance customer experience and work closely with leading brands in solar cell and modules to establish a good image of first-class, high-efficiency wafer supplier. By constantly increasing product efficiency and reducing the production costs, we will continue to reduce the unit generation cost of solar power unit to achieve grid-parity soon.

Finally, I would like to express my heartfelt gratitude to our Directors, management team and all the staff members of GCL-Poly for their efforts and hard work in 2014. I also wish to extend my gratitude to our shareholders and business partners for their strong support over the past year.

Zhu Gongshan
Chairman

Hong Kong, 26 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group went through the solar market downturn in previous years and demonstrated its ability to cope with different challenges. With a growing in demand on photovoltaic products in 2014, the Group witnessed the recovery of the solar industry.

During the year, the Group successfully acquired a listed company in HK, GCL New Energy Holdings Limited ("GCL New Energy") (Stock code: 0451), on which it enables us to further capture business opportunities on a separate listing platform. The Group recorded a remarkable improvement of its operational performance in running at full capacity of polysilicon and wafer manufacturing facilities and further reducing our production costs to a very competitive level. As a result, the Group achieved a robust financial results with revenue increased to HK$37,224.7 million and profit attributable to the owners of the Company of HK$1,955.0 million as compared to a loss of HK$664.3 million in 2013.

Business Structure

After the successful acquisition of GCL New Energy, the Group will focus on future solar farm business in this separate platform, including its original printed circuit board business as a single business segment (collectively referred to as the "New Energy Business"), while the Group's existing solar farms are segregated into another business segment in current year called "Solar Farm Business". Accordingly, the comparative information of segment information has been restated.

The Group organised its financial information in the following business segments during the year:

- Solar Material Business
- Power Business
- Solar Farm Business
- New Energy Business

The financial results contributed from business segments were as follows:

	2014			2013 (Restated)		
	Revenue	**Segment profit (loss)**	**EBITDA**	Revenue	Segment profit (loss)	EBITDA
	HK$ million	***HK$ million***	***HK$ million***	*HK$ million*	*HK$ million*	*HK$ million*
Solar Material Business	**25,455**	**2,256**	**8,028**	18,121	(1,259)	3,729
Power Business	**10,057**	**391**	**1,654**	6,579	551	1,503
Solar Farm Business	**689**	**(72)**	**282**	830	(28)	148
Corporate	**—**	**—**	**(129)**	—	—	20
Sub-total	**36,201**	**2,575**	**9,835**	25,530	(736)	5,400
New Energy Business	**1,024**	**(175)**	**(36)**	—	—	—
Total	**37,225**	**2,400**	**9,799**	25,530	(736)	5,400

* *The following items were excluded in the calculation of earnings before interest expenses, tax, depreciation and amortisation ("EBITDA"): i) Impairment losses on property, plant and equipment; ii) Impairment loss on prepaid lease payments; iii) Impairment losses on goodwill; iv) (Reversal of) impairment loss on deposits for acquisition of property, plant and equipment; v) Impairment losses on available-for-sale investment; vi) Loss on disposal of available-for-sale investment; vii) Loss (gain) on fair value change of convertible bonds receivable; viii) Gain on fair value change of convertible bonds payable; ix) (Gain) loss on fair value change of held for trading investments; x) Gain on disposal of an associate; xi) Gain on disposal of joint ventures; and xii) Provision for pipelines reinstallation charge.*

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.

During the years ended 31 December 2013 and 2014, our annual polysilicon production capacity was maintained at 65,000 MT. GCL-Poly operated its polysilicon business at full capacity for the year ended 31 December 2014, while 50,440 MT was produced for the same period last year. Since September 2014, the trial production of the first phase of silane-based Fluidised Bed Reactor polysilicon production, with projected total new capacity of 25,000 MT, has reached operating levels in compliance with the design specification.

During 2014, GCL-Poly continued to purchase equipment and adopt various technological improvements such as application of advanced ingot furnace facility and enhancing crystal growing process, GCL-Poly's annual wafer production capacity has increased to 13 GW by the end of 2014. In addition, GCL-Poly further expanded production capacity and sales volume of high-efficiency multi-crystalline silicon wafer "GCL Multi-Wafer S3" during the year. For the year ended 31 December 2014, GCL-Poly also ran the wafer business at full capacity while approximately 8,827 MW of wafers (including processing business with supplied materials) were produced for the same period in 2013.

Sales Volume and Revenue

Revenue of our Solar Material Business for the year ended 31 December 2014 amounted to approximately HK$25,455.3 million, representing an increase of 40.5% from HK$18,120.8 million for the year ended 31 December 2013.

For the year ended 31 December 2014, GCL-Poly sold 15,443 MT of polysilicon and 12,909 MW of wafer (including processing business with supplied materials), a decrease of 5.4% and an increase of 36.8% respectively, as compared with 16,329 MT of polysilicon and 9,436 MW of wafer for the same period in 2013.

The average selling prices of polysilicon and wafer were approximately HK$168.5 (US$21.7) per kilogram and HK$1.71 (US$0.22) per W respectively for the year ended 31 December 2014. The corresponding average selling prices of polysilicon and wafer for the year ended 31 December 2013 were HK$134.9 (US$17.4) per kilogram and HK$1.63 (US$0.21) per W respectively.

Cost and Net Profit Margin

GCL-Poly's polysilicon and wafer production costs mainly depend on its ability to control raw material costs, lower energy consumption, achieve economies of scale in its operations and streamline production processes. During the year, GCL-Poly continued to make effort on cost reduction and control measures.

Attributed to effective method on raw material recycling together with technology innovation, GCL-Poly was able to reduce its fundamental production cost to an extremely competitive level, and hence resulted in production yield increase. Together with a full capacity utilisation rate and higher average selling prices in the year of 2014 for both polysilicon and wafer production, our operating performance were substantially improved, and the net profit margin of our Solar Material Business for the year ended 31 December 2014 was 8.9% as compared with net operating loss margin of 6.8% in the same period last year.

Power Business

The Group's Power Business consists of cogeneration plants, incineration plants and a wind power plant in the PRC. They are under the category of environmentally friendly power plants that are encouraged by the PRC government. As at 31 December 2014, the Group operated 21 power plants in the PRC (including subsidiaries and associates) as follows:

	31 December 2014			31 December 2013		
		Capacity *(MW)*			Capacity *(MW)*	
	Quantity	**Installed**	**Attributable**	Quantity	Installed	Attributable
Power plants						
Coal-fired cogeneration plants and resources comprehensive utilisation 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
Wind power plant	**1**	**49.5**	**49.5**	1	49.5	49.5
Total	**21**	**1,459.5**	**888.8**	22	1,489.5	911.3

The installed capacity and attributable installed capacity decreased from 1,489.5 MW and 911.3 MW at 31 December 2013 to 1,459.5 MW and 888.8 MW at 31 December 2014, respectively. The decrease was due to Xuzhou Cogeneration Plant, which was installed with capacity of 30 MW, continued to face operating difficulty. The Group 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.

In addition, a gas-fired cogeneration plant located in Wuxi, Jiangsu province with installed capacity of 360 MW is currently under construction and is expected to be completed in 2015.

As at 31 December 2014, total steam extraction and attributable steam extraction were 2,339.0 tonne/h and 1,755.9 tonne/h respectively as compared to 2,439.0 tonne/h and 1,830.9 tonne/h at 31 December 2013. The decrease was entirely due to the discontinued operation of Xuzhou Cogeneration Power Plant.

Sales Volume

For the year ended 31 December 2014, total electricity and steam sales volume were 5,902,809 MWh and 8,616,443 tonnes, respectively, representing an increase of 2.6% and a decrease of 2.6%, respectively, as compared to 5,755,955 MWh and 8,850,776 tonnes for the same period in 2013. The increase of electricity sales was mainly due to the commencement of operation of Suzhou Cogeneration Plant — Northern in the second half of 2013. The decrease of steam sales was mainly attributed to the reduction of steam supply as result from the construction and installation works carried out for upgrading the environmental protection facilities of our cogeneration plants during the year.

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

Plants	**Electricity Sales**	Electricity Sales	**Steam Sales**	Steam Sales
	MWh	*MWh*	***tonne***	*tonne*
	2014	2013	**2014**	2013
Subsidiary plants				
Kunshan Cogeneration Plant	**404,017**	415,646	**598,044**	624,207
Haimen Cogeneration Plant	**163,960**	165,780	**270,942**	291,134
Rudong Cogeneration Plant	**170,500**	174,300	**752,449**	722,024
Huzhou Cogeneration Plant	**124,244**	131,411	**417,575**	403,725
Taicang Poly Cogeneration Plant	**232,988**	235,822	**337,635**	382,401
Jiaxing Cogeneration Plant	**222,448**	208,688	**886,284**	898,167
Lianyungang Xinneng Cogeneration Plant	**99,000**	110,920	**377,895**	414,289
Puyuan Cogeneration Plant	**198,385**	208,900	**863,282**	904,876
Fengxian Cogeneration Plant *(note 1)*	**127,478**	162,525	**1,909,555**	1,914,471
Yangzhou Cogeneration Plant	**399,761**	423,922	**250,335**	267,868
Dongtai Cogeneration Plant	**107,743**	125,145	**458,887**	502,025
Peixian Cogeneration Plant	**158,102**	180,974	**214,622**	222,560
Xuzhou Cogeneration Plant *(note 2)*	**56,480**	172,811	**113,180**	224,207
Suzhou Cogeneration Plant — Blue Sky	**1,851,630**	1,884,773	**785,770**	722,738
Suzhou Cogeneration Plant — Northern	**1,013,064**	611,149	**N/A**	N/A
Baoying Cogeneration Plant	**130,305**	121,012	**231,302**	215,464
Lianyungang Xiexin Cogeneration Plant	**147,791**	147,477	**148,686**	123,710
Taicang Incineration Plant	**80,271**	78,652	**N/A**	N/A
Xuzhou Incineration Plant	**131,168**	104,117	**N/A**	16,910
Guotai Wind Power Plant	**83,474**	91,931	**N/A**	N/A
Total of subsidiaries	**5,902,809**	5,755,955	**8,616,443**	8,850,776
Associated power plants				
Funing Cogeneration Plant	**179,700**	193,742	**62,732**	67,152
China Resources Beijing Cogeneration Plant	**656,443**	640,521	**355,823**	346,612
Grand total	**6,738,952**	6,590,218	**9,034,998**	9,264,540

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

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

Revenue

For the year ended 31 December 2014, the revenue for the power business was HK$10,057.1 million, an increase of 52.9% as compared to HK$6,578.9 million in 2013. The increase was mainly due to increase in the sales coal during the year.

Average Utilisation Hours

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

For the year ended 31 December 2014, the average utilisation hour of cogeneration plants (excluding Xuzhou Cogeneration Plant and Suzhou Cogeneration Plant — Northern) was 5,526 hours, representing a decrease of 7.4% as compared to the 5,970 hours in 2013.

Approved On-Grid Tariff

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

On-Grid Tariff of the Group's cogeneration plants are based on an approved on-grid tariff that is determined by the provincial price bureaus. The on-grid tariff depends on the type of fuel of the relevant power plants and whether government-encouraged desulphurisation equipment has been installed. As at 31 December 2014, the approved on-grid tariff of the Group's cogeneration plants ranged from approximately HK$628.6/MWh to HK$959.4/MWh (2013: HK$637.4/MWh to HK$951.8/MWh).

Approved Steam Price

In response to the PRC-government incentive program, the Group sells steam to customers exclusively within a certain radius of where our cogeneration plants are located. Steam prices are negotiated commercially between customers and our cogeneration plants and are subject to the local government pricing guidelines. Price may vary according to the market forces. As at 31 December 2014, the approved steam price of the Group's cogeneration plants ranged from HK$208.3/tonne to HK$353.4/tonne (2013: HK$187.9/tonne to HK$310.0/tonne).

Fuel Costs

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

For the Group's coal-fired cogeneration plants, resource comprehensive utilisation plants and biomass cogeneration plants, the average unit fuel cost for electricity sales and steam sales were HK$343.7/MWh and HK$103.6/tonne respectively in 2014. The corresponding average unit fuel costs for electricity sales and steam sales were HK$374.6/MWh and HK$114.2/tonne respectively in 2013. The decrease was mainly due to a decrease in coal price during the year.

For the Group's two Suzhou cogeneration plants, natural gas was the major component of the cost of sales. The average unit fuel cost for electricity sales and steam sales were HK$664.0/MWh and HK$203.5/tonne respectively in 2014. The corresponding average unit fuel cost for electricity sales and steam sales in 2013 were HK$568.7/MWh and HK$196.3/tonne respectively. The increase was mainly due to an increase in natural gas price during the year.

Solar Farm Business

As at 31 December 2014, the Solar Farm Business consists of 371 MW of solar farms, of which 18 MW was contributed by the overseas operations in the United States and 353 MW was contributed by the Power Business in the PRC.

Overseas Solar Farms

As at 31 December 2014, the Group had approximately 100 MW solar farms targeted to commence operation by the end of 2016. The Group's total solar farms in the United States remained at 18 MW at the end of 2013 and 2014. Joint venture of the Group obtained 144 MW power purchase agreements in the United States in 2014. 150 MW solar farms in South Africa, which was partnered with CAD fund, commenced operation in the mid-year of 2014 with total effective ownership of 9.7%.

PRC Solar Farms

As at 31 December 2014, the Group operated 10 solar farms in the PRC, the installed capacity and attributable installed capacity were 353.0 MW and 289.3 MW at 31 December 2014, representing an increase of 50 MW from 303.0 MW and 239.3 MW respectively at 31 December 2013. The increase was mainly due to the commencement of operations of two ground-mounted solar farms with 20 MW and 30 MW in Shanxi province and Ningxia Hui Autonomous Region respectively.

Sales Volume and Revenue

Revenue for Solar Farm Business was HK$688.3 million and HK$830.4 million for the year ended 31 December 2014 and 2013 respectively.

For the year ended 31 December 2014, the electricity sales volume of Solar Farm Business in overseas and the PRC were 32,126 MWh and 494,148 MWh respectively.

New Energy Business (451)

Acquisition

On 9 May 2014, the Group completed the acquisition of GCL New Energy (Formerly known as Same Time Holdings Limited) (HKEx 0451.HK) 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 bonds in 2013. Immediately upon completion of acquisition, the Group owns approximately 67.99% of the issued share capital of GCL New Energy. The percentage of equity interest owned by the Group reduced to 62.28% as a result of the placement of new shares from GCL New Energy at HK$2.55 per share to independent third parties on 8 October 2014. The net proceeds of approximately HK$2,370 million by subscription from acquisition and placement of new shares is for its future business development. Besides, there were 2 share subdivisions after acquisition, consequently, our shares holding in GCL New Energy were subdivided from 360,000,000 to 8,640,000,000.

GCL New Energy is originally engaged in the manufacturing and selling of printed circuit boards. The Group considers that the acquisition is a good opportunity to extend Group's arm on the development of Solar Farm Business and helps us to manage business in a more organised manner and bring us to new dimension. A new segment business, New Energy Business segment was formed accordingly.

During the Reporting Period, through intensive acquisitions and developments, the GCL New Energy Group successfully expanded into solar energy business and developed a significant amount of solar farm projects throughout different regions of the PRC. As at 31 December 2014, GCL New Energy Group completed the construction and obtained the approval for on-grid connection for the following projects: Jinhu Zhenhui 100 MW ground-mounted solar farm project and Suqian 10.4 MW rooftop distributed solar farm project in Jiangsu province, Xiangdo 130 MW ground-mounted solar farm project in Inner Mongolia Autonomous Region, Yu County 50 MW and Licheng 30 MW ground-mounted solar farm projects in Shanxi province, Hami Yaohai 60 MW and Hami Ourui 20 MW ground-mounted solar farm projects in Xinjiang province; and Shuqimeng 17.5 MW rooftop distributed solar farm project in Zhejiang province. In addition, GCL New Energy Group completed the acquisition of Delingha 100 MW ground-mounted solar farm project in Qinghai province by end of December, which can immediately contribute revenue to GCL New Energy Group as the Delingha solar farm project was already grid-connected.

Revenue

For the period from 9 May 2014 to 31 December 2014, revenue contributed by New Energy Business amounted to HK$1,024.0 million. As most of the solar farms achieved on-grid connection in late December 2014, the revenue was mainly contributed by printed circuit board business.

Outlook

In 2014, we witnessed solar industry recovered in full swing as oversupply in the PV value-chain continued to ease. As a result, we experienced high utilisation of our manufacturing facilities in the entire 2014 and we expect a favorable demand outlook to continue in 2015. Despite further antidumping and countervailing ruling on the PRC manufacturers by the United States and the European Union, global demand for new installations of PV systems grew to about 44 GW in 2014 up from 37 GW in 2013. At the same time, we continue to see weaker players were not benefited from the recovery and continue to exit the industry, and as a result solar product selling prices are expected to remain stable. Higher capacity utilisation has also contributed to our manufacturing cost reduction.

We anticipate that 2015 global PV solar demand to grow modestly to approximately 55 GW, with 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. We believe that environmental and energy-related spending will still be a new driver in sustaining China's GDP growth, until air pollution materially improves. The National Energy Bureau of China has earmarked 17.8 GW of installations in China in 2015, following a slower-than-expected growth in 2014. 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 a minimal decrease in ground-mounted Feed-In-Tariff ("FiT") in China for 2016 and as a result the installation will likely increase significantly ahead of the change. An increasing amount of installations in 2015 will be supported by the roof-top/Distributed generation subsidy announced in August 2013 as the "ecosystem" of distributed energy becoming more mature. In Japan, although the government only is trying to tighten the current subsidy system, we believe that the incentives in Japan will draw renewed emphasis on price performance of PV components especially our own high-performance wafers as well as modules made by our customers. We estimate that over 9 GW of solar have been installed in 2014 in Japan and over 50 GW of approved pipeline will support the installation in coming years, despite increasing difficulty to get new projects approved. 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 solar industry.

As import of polysilicon from the United States will likely reduce significantly in the second half of 2015 with the stringent control on trade-processing loophole by China's Ministry of Commerce, we expect the average selling price of solar products will remain stable in 2015. We are optimistic that our manufacturing cost will continue to decrease as capacity utilisation continues to increase. We believe our Company will remain competitive with our superior cost structure and effective execution to manage our production facilities.

The cost and quality of PV products will continue to be the critical factors to the global demand in the solar industry. The launch of "GCL S3+" wafer in November 2014 and "GCL MonoCrystalline-Wafer G2" wafer in December 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 18% and 19% respectively. It helps our customers to reduce their manufacturing costs, further lower the overall capital expenditure of solar farms, and to increase the competitiveness and return on investment of PV system installation.

Health, Safety and Environmental Matters

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

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

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

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

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

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

Employees

We consider our employees to be our most important resource. As at 31 December 2014, the Group had approximately 18,326 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

Revenue

Revenue for the year ended 31 December 2014 amounted to HK$37,224.7 million, representing an increase of 45.8% as compared with HK$25,530.0 million for the year ended 31 December 2013. The increase was mainly due to growth in sales volume of wafer, coal trading and acquisition of New Energy Business.

Gross Profit Margin

The Group's overall gross profit margin for the year ended 31 December 2014 was 20.6% with gross profit margin excluding the New Energy Business being 20.9%, as compared with 11.9% for the year ended 31 December 2013.

Gross profit margin for the Solar Material Business increased from 9.3% for the year ended 31 December 2013 to 23.4% for the year ended 31 December 2014. The increase was mainly attributed to higher average selling price in 2014 for both polysilicon and wafer products and decrease in production cost as a result of high utilisation of manufacturing facilities. For the power business, the gross profit margin decrease from 18.0% for the year ended 31 December 2013 to 13.3% for the year ended 31 December 2014. The decrease was mainly due to the significant increase in sales of coal in 2014, which has a lower gross margin, and the increase in natural gas price during the year. The gross profit margin for the Solar Farm Business was 38.4% for the year ended 31 December 2014 and 17.3% for the year ended 31 December 2013. The increase was mainly due to the commencement of operation of new solar farms during the year.

For New Energy Business, the gross profit margin for the period after acquisition was 8.0%.

Other Income

Other income mainly comprised government grants of HK$333.3 million, sales of scrap materials of HK$376.7 million and bank interest income of HK$320.4 million.

Distribution and Selling Expenses

Distribution and selling expenses amounted to HK$92.0 million for the year ended 31 December 2014, representing an increase of 118.2% from HK$42.1 million for the year ended 31 December 2013. Increase in distribution and selling expenses were due to more sales and marketing activities were carried out during the year.

Administrative Expenses

Administrative expenses amounted to HK$2,492.9 million for the year ended 31 December 2014, representing an increase of 39.6% from HK$1,785.6 million for the year ended 31 December 2013. Increase in administrative expenses was due to expansion of our business and the increase in share-based payment expenses resulted from the share option scheme of the Group and GCL New Energy.

Other Expenses, Gains and Losses

Other expenses for the year ended 31 December 2014 were HK$601.2 million, representing an increase of 31.3% from HK$457.7 million for the year ended 31 December 2013. The increase was mainly due to the increase in research and development expenses during the year.

Finance Costs

Finance costs of the Group in 2014 were HK$3,033.6 million, increased by 25.6% as compared to HK$2,415.6 million in 2013. Increase mainly related to more discounted bills during the year.

Share of Profits of Associates

The Group's share of profits of associates for the year ended 31 December 2014 was HK$40.5 million, which was mostly derived from the power business.

Share of Profits of Joint Ventures

The Group's share of profits of Joint Ventures for the year ended 31 December 2014 was HK$7.2 million, which was mostly derived from a joint venture in South Africa.

Income Tax Expense

Income tax expense for the year ended 31 December 2014 was HK$639.3 million, representing an increase of 236.3% as compared with HK$190.1 million for the year ended 31 December 2013. The increase was mainly due to the significant increase in operating profit during the year.

Profit attributable to Owners of the Company

Profit attributable to Owners of the Company amounted to HK$1,955.0 million for the year ended 31 December 2014 as compared with a loss of HK$664.3 million for the year ended 31 December 2013.

Liquidity and Financial Resources

At the end of 2014, the total assets of the Group were about HK$90,003.8 million, of which the aggregate restricted and unrestricted cash and bank balances amounted to approximately HK$17,496.3 million as at 31 December 2014. The bank interest received for the year was HK$334.0 million.

For the year ended 31 December 2014, the Group's main source of funding was cash generated from operating activities. The net cash from operating activities for the current year was HK$9.0 billion, compared with HK$8.5 billion 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 year.

For the year ended 31 December 2014, the cash used in investing activities was HK$9.4 billion, mainly for purchasing of property, plant and equipment and outflow for placing of pledged bank deposits.

For the year ended 31 December 2014, the net cash used in financing activities was HK$0.2 billion, mainly resulted from repayment of bank borrowings of HK$43.6 billion, interest payments of HK$3.0 billion, offsetting by net proceeds from the issuance of notes payables of HK$1.0 billion, raising of new bank borrowings of HK$45.5 billion and share placements by GCL New Energy of HK$0.7 billion.

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$13,753 million as at 31 December 2014 and the Group had cash and cash equivalents of HK$5,529 million against the Group's bank borrowings due within one year of HK$21,951 million at the same date. The Directors have evaluated the Group's current undrawn banking facilities and renewable bank borrowings, in order to improve liquidity the Group has negotiated with certain banks, who have indicated that they do not foresee any reasons to withdraw the existing facilities in the foreseeable future, and will continue to negotiate with other banks to obtain revolving banking facilities to ensure the Group's bank borrowings can be renewed on an on-going basis. The Directors believe that the Group will be able to renew the banking facilities upon maturity dates.

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

For detailed information, please refer to "Basis of Preparation" Section of this announcement.

Indebtedness

The indebtedness of the Group mainly comprises bank borrowings, obligations under finance leases, note payables and convertible bonds payable. As at 31 December 2014, the Group's total bank borrowings amounted to HK$36,205.6 million (31 December 2013: HK$33,255.9 million), obligations under finance leases amounted to HK$2,137.8 million (31 December 2013: HK$2,070.5 million), note payables amounted to HK$4,168.7 million (31 December 2013: HK$3,922.8 million) and convertible bonds payable amounted to HK$1,443.1 million (31 December 2013: 1,542.0 million). Below is a table showing the bank borrowing structure and maturity profile of the Group's bank borrowings:

	2014	2013
	HK$ million	*HK$ million*
Secured	**27,850.0**	20,235.6
Unsecured	**8,355.6**	13,020.3
	36,205.6	33,255.9
Maturity profile of bank borrowings		
On demand or within one year	**21,951.3**	24,915.5
After one year but within two years	**7,063.7**	2,447.2
After two years but within five years	**4,211.7**	4,857.8
After five years	**2,978.9**	1,035.4
Group's total bank borrowings	**36,205.6**	33,255.9
Bank borrowings are denominated in the following currencies		
RMB	**23,550.2**	24,202.4
USD	**12,655.4**	9,053.5
	36,205.6	33,255.9

As at 31 December 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).

The note payables bear interest at a rate of 5.23%–7.05% per annum and the convertible bonds payable bear interest at a fixed rate of 0.75% per annum.

Key Financial Ratios of the Group

	2014	2013
Current ratio	**0.71**	0.67
Quick ratio	**0.65**	0.61
Net debt to equity attributable to the owners of the Company	**143.8%**	163.4%

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

Foreign Currency Risk

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

For the year ended 31 December 2014, the Group did not purchase any material foreign currency or interest rate derivatives or related hedging instruments.

Pledge of Assets

As at 31 December 2014, property, plant and equipment and prepaid lease payments with a carrying value of approximately HK$21,519.4 million and HK$513.8 million respectively, were pledged as security for certain banking facilities and borrowings granted to the Group (31 December 2013: HK$15,280.7 million and HK$497.7 million respectively). Apart from these, bank deposits, bill receivables and held-to-maturity investment of HK$2,620.5 million, HK$1,810.4 million and HK$15.3 million respectively (31 December 2013: HK$987.4 million, HK$775.7 million and nil, respectively), were pledged to the banks to secure borrowings and finance leases granted to the Group.

Capital Commitments

As at 31 December 2014, the Group's capital commitments in respect of purchase of property, plant and equipment, constructions costs in respect of projects, and share capital commitment to a joint venture contracted for but not provided amounted to HK$5,617.9 million, HK$505.4 million and HK$66.0 million, respectively (31 December 2013: HK$1,188.1 million, HK$915.4 million and Nil, respectively). In addition, the Group had capital commitments in respect of purchase of property, plant and equipment and share capital commitment to a joint venture which were authorised internally but not contracted for amounted to HK$2,483.2 million and HK$116.9 million (31 December 2013 HK$5,802.7 million and nil, respectively).

DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2014 (2013: nil).

CORPORATE GOVERNANCE

The Company has complied with all the code provisions as set out in the Corporate Governance Code ("CG Code") under Appendix 14 in the Listing Rules for the year ended 31 December 2014 save for the deviation from code provision A.2.1 and A.6.7 of the CG Code.

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

Code Provision A.6.7 stipulates that (including but not limited to) independent non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. One of the independent non-executive directors, who was not in Hong Kong when the annual general meeting and the extraordinary general meeting of the Company held on 23 May 2014 and 15 October 2014, respectively, unable to attend such meeting.

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

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

MODEL CODE SET OUT IN APPENDIX 10 OF THE LISTING RULES

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

Having made specific inquires of all Directors, the Company has received from all Directors confirmations of compliance with the required standard as set out in the Code throughout the year ended 31 December 2014.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.gcl-poly.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2014 will be dispatched to shareholders of the Company and available on the above websites in due course.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed the audited financial statements of the Group for the year ended 31 December 2014.

GLOSSARY OF TERMS

"Baoying Cogeneration Plant"	寶應協鑫生物質發電有限公司 (Baoying Xiexin Biomass Electric Power Generation Co., Ltd.*)
"Board" or "Board of Directors"	our board of Directors
"China" or "PRC"	the People's Republic of China, but for the purposes of this announcement, excludes Hong Kong and Macau Special Administrative Region of the PRC
"China Resources Beijing Cogeneration Plant"	華潤協鑫(北京)熱電有限公司 (China Resources Golden Concord (Beijing) Co-generation Power Co., Ltd.*)
"Company, GCL-Poly"	GCL-Poly Energy Holdings Limited
"Director(s)"	director(s) of the Company or any one of them

"Dongtai Cogeneration Plant"	東台蘇中環保熱電有限公司 (Dongtai Suzhong Environmental Protection Co-generation Co., Ltd.)
"Fengxian Cogeneration Plant"	豐縣鑫源生物質環保熱電有限公司 (Fengxian Xinyuan Biological Environmental Heat and Power Co., Ltd.)
"Funing Cogeneration Plant"	阜寧協鑫環保熱電有限公司 (Funing Golden Concord Environmental Protection Co-generation Co., Ltd.)
"GCL New Energy"	GCL New Energy Holdings Limited, a limited liability company incorporated in Bermuda with its shares listed in the Stock Exchange Hong Kong Limited (Stock Code: 451)
"GCL New Energy Group"	GCL New Energy Holdings Limited and its subsidiaries
"Group"	the Company and its subsidiaries
"Guotai Wind Power Plant"	錫林郭勒國泰風力發電有限公司 (Xilingol Guotai Wind Power Generation Co., Ltd.*)
"GW"	gigawatts
"Haimen Cogeneration Plant"	海門鑫源環保熱電有限公司 (Haimen Xinyuan Environmental Protection Co-generation Co., Ltd.)
"Huzhou Cogeneration Plant"	湖州協鑫環保熱電有限公司 (Huzhou Golden Concord Environmental Protection Cogen-Power Co., Ltd.)
"Jiaxing Cogeneration Plant"	嘉興協鑫環保熱電有限公司 (Jiaxing Golden Concord Environmental Cogeneration Co., Ltd.)
"Kunshan Cogeneration Plant"	昆山鑫源環保熱電有限公司 (Kunshan Xinyuan Environmental Protection Cogen-Power Co., Ltd.)
"kWh"	Kilowatt hour
"Lianyungang Xiexin Cogeneration Plant"	連雲港協鑫生物質發電有限公司 (Lianyungang Xiexin Biomass Electric-Power Generation Co., Ltd.)
"Lianyungang Xinneng Cogeneration Plant"	連雲港鑫能污泥發電有限公司 (Lianyungang Xinneng Sludge Power Co., Ltd.*)
"MT"	metric tonnes

"MW"	megawatts
"Peixian Cogeneration Plant"	沛縣坑口環保熱電有限公司 (Peixian Mine-site Environmental Cogen-Power Co., Ltd.)
"Puyuan Cogeneration Plant"	桐鄉濮院協鑫環保熱電有限公司 (Tongxiang Puyuan Xiexin Environmental Protection Cogeneration Co., Ltd.*)
"PV"	photovoltaic
"Rudong Cogeneration Plant"	如東協鑫環保熱電有限公司 (Rudong Golden Concord Environmental Protection Cogen-Power Co. Ltd.*)
"Suzhou Cogeneration Plant — Blue Sky"	蘇州工業園區藍天燃氣熱電有限公司 (Suzhou Industrial Park Blue Sky Gas Cogen-Power Co., Ltd.)
"Suzhou Cogeneration Plant — Northern"	蘇州工業園區北部燃機熱電有限公司 (Suzhou Industrial Park Northern Gas Turbine Cogeneration Co., Ltd.*)
"Taicang Incineration Plant"	太倉協鑫垃圾焚燒發電有限公司 (Taicang Xiexin Refuse Incineration Power Co. Ltd.*)
"Taicang Poly Cogeneration Plant"	太倉保利協鑫熱電有限公司 (Taicang Poly Xiexin Thermal Power Co., Ltd.)
"W"	watts
"Xuzhou Cogeneration Plant"	徐州西區環保熱電有限公司 (Xuzhou Western Environmental Protection Co-generation Power Co., Ltd.)

"Xuzhou Incineration Plant"	保利協鑫(徐州)再生能源有限公司 (Xuzhou GCL-Poly Renewable Energy Company Limited*)
"Yangzhou Cogeneration Plant"	揚州港口污泥發電有限公司 (Yangzhou Harbour Sludge Power Co., Ltd.)

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

Hong Kong, 26 March 2015

As at the date of this announcement, the Board comprises Mr. Zhu Gongshan (Chairman), Mr. Ji Jun, Mr. Zhu Yufeng, Mr. Yeung Man Chung, Charles and Mr. Zhu Zhanjun as executive directors; Mr. Shu Hua as a non-executive director, Ir. Dr. Raymond Ho Chung Tai, Mr. Xue Zhongsu and Mr. Yip Tai Him as independent non-executive directors.

* *for identification only*