UNITED PHOTOVOLTAICS GROUP LIMITED

Hong Kong Stock Code: 00686

Annual Report 2014

Together we build a
GREEN WORLD

Contents

LETTER TO INVESTORS

Dear valued investors,

As time goes by, it has been over a year since United Photovoltaics Group Limited ("**United PV**" or the "**Company**", together with its subsidiaries, the "**Group**") was renamed. With release of the 2014 annual report (the "**Report**"), I am pleased to present the Group's performance and development in 2014 and introduce the Group's vision and planning in the new year.

In 2014, the Group has achieved a turnaround from loss to profit. During the year ended 31 December 2014 (the "**Year**"), the profit attributable to the owners of the Company was approximately HK$367 million. The total revenue surged to approximately HK$524 million. The increase in profit of the Group was mainly attributable to the increase in the generation volume of electricity of the solar plants acquired in 2013 by 262% to approximately 126,320 megawatt-hour for the year; and contribution from electricity generation by 6 solar power plants acquired during the year amounted to approximately 318,000 megawatt-hour.

2014 was a year of transformation in the history of the Group. Throughout the year, we optimised our shareholding structure, accelerated project acquisition and financing. Meanwhile, we strengthened the integration of industry and finance as well as resource integration by cooperating with industry partners. Besides, we also improved our operation management and streamlined our business structure through divestitures.

I. OPTIMISATION OF SHAREHOLDING STRUCTURE AND ACCELERATION IN PROJECT ACQUISITION AND FINANCING

In 2014, reports of successes of the Group kept pouring in. Firstly, the shareholding structure has been further optimised. As of the date of the Report, China Merchants New Energy Group ("**CMNEG**") and parties acting in concert with it, the largest shareholder of United PV, held 24.09% of the share capital of the Company after two shareholding increments. In December 2014, China Merchants Group Limited ("**CMG**") substantially raised its stakes in CMNEG from 53.56% to 79.36%, which marked CMNEG's position as a specialized platform for developing the China Merchants renewable energy business.

Secondly, the Group vigorously promoted its acquisitions of high-quality grid-connected power plants. During the year, it acquired 6 established and grid-connected solar power plants. As of the date of the Report, the Group and its associates beneficially owned 15 solar power plants with an aggregate installed capacity of 517MW and the Group was in process of completing the acquisition of 5 solar power plants with an aggregate installed capacity of 100MW, covering Gansu, Inner Mongolia, Qinghai, Jiangsu, Fujian, Guangdong and Xinjiang. In addition to acquired projects, United PV, together with State Grid Corporation of China, GD Solar Co., Ltd., Zhongli Talesun Solar Co., Ltd. as well as other large-scale state-owned enterprises and industry giants, also entered into framework agreements to build up its project pipeline for the next five years.

In respect of financing, the Group has made solid progress through joint acquisitions, issue of convertible bonds and finance leasing. In 2014, the Company proposed to issue convertible bonds to an investment fund under China Merchants Bank Co., Ltd., the proceeds from which, if successfully raised, will be used to pay for the acquisition of solar power plants. The joint acquisition with bank capital and investment fund under China Merchants created a new cooperation model, which introduced a brand new way to seamlessly integrate financial capital into the photovoltaic industry. It also speeded up the expansion of the Group in solar power plants business through industrial and financing combination.

II. STRENGTHENING THE INTEGRATION OF INDUSTRY AND FINANCE AS WELL AS BUSINESS COLLABORATION WITH INDUSTRY PARTNERS

United PV proactively carried out cooperation with strategic partners within China Merchants. In the past, the Group has successfully completed joint acquisition of solar power plants with Huabei Expressway Co., Ltd. ("**Huabei Expressway**"), an A-share listed company under CMG. In December 2014, the Group entered into cooperation agreements with China Merchants Logistics Holdings Co., Ltd. ("**CMLH**") to jointly develop solar power plant projects and rooftop solar power plants. In October 2014, United PV entered into cooperation agreement with Shenzhen China Merchants Yinke Investment Management Limited under China Merchants Capital Investment Co., Ltd ("**CM Capital**") to jointly acquire solar power plants.

Meanwhile, United PV further underpinned cooperative relationships with government authorities and large state-owned enterprises, with a view to boosting project acquisitions and consolidating the investment and operation of power plants.

The photovoltaic industry is very promising in China and worldwide. The Chinese government has issued a series of policies to support solar power generation and fulfill the goal of "boosting China's share of non-fossil fuels in primary energy consumption to 20% by 2030". Given such policy support and protection, the Company will be able to connect such "dots" as CM Capital, CMNEG, technology fund and logistics into a "line" and roll out a network of solar power generation and green energy across the country.

III. IMPROVEMENTS IN OPERATION MANAGEMENT AND DIVESTITURES OF BUSINESS

In 2014, the Group optimised its business segments and management team, strengthened its management of operational team. In October 2014, the Company completed the disposal of 70% of the issued share capital in Fortune Arena Limited, which was engaged in solar cell sales and manufacturing business in Quanzhou, Fujian, at a cash consideration of HK$217 million. The disposal enable the Group to devote its resources on investment and operation of solar power plants which generate stable electricity income, and brought immediate cash flow to the Group.

IV. OUTLOOK

In 2015, the further transformation of national energy policies coincided with Chinese government's effort to promote energy restructuring for long-term energy security. Besides, threatened by increasingly serious environmental problems, China has committed itself to pollution control. From a global perspective, energy saving and emission reduction together with low-carbon renewable energy development have become common aspirations of all countries. As a more environment-friendly new energy source, solar power is the top priority in new energy development. The year 2014 witnessed a "blow-out" of polices supporting the photovoltaic industry. The government's strong support to the development of solar power industry is evident by the coverage and publication frequency of these policies. It is clearly stated in the 2015 *Report on the Work of the Government* during the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference ("**Two Sessions**") that the government will set a ceiling on total energy consumption, and put great weight behind the development of photovoltaic power. In other words, the solar power generation industry will enter into the most rapidly developing period. In addition, the prevalent issues in the industry, such as project permits speculation and quality concern, will be further rectified and regulated under the guidance of the government, boding well for robust industry growth in a long run.

Environmental issues have been in the public limelight since the beginning of 2015. The "One Belt, One Road" ("**OBOR**") initiative became the key topic of discussion at the Two Sessions. "OBOR" is not only a national strategy, but also an opportunity to step up energy reforms and the cooperation among energy projects home and abroad. Riding the tailwind, the Group will, domestically, seek opportunities to acquire solar power plants in areas benefiting from the strategy, and increase cooperation with nations/regions along the OBOR.

Adhering to the mission of promoting green energy to the households, United PV is committed to be the leader of the industry and leading all mankind to a new energy era. Spurred by such a sense of mission, we gathered pace in innovations – from issuing quarterly power generation announcements ahead of our peers, pioneering in launching photovoltaic mobile internet app "EBOD", to using remote controlled drones for power plant operation surveillance. By adopting more open and transparent approaches, we aim to keep our shareholders, investors and all people interested in solar power industry abreast of the latest operations and power generation data of the solar power plants of the Group, in turn urging us to outperform under the market's watch. Looking back at 2014, United PV achieved remarkable growth, which encouraged us to further fulfill our core enterprise values – "loyalty, honor, cooperation and innovation". In respect of power plant acquisition, in cooperation with outstanding domestic and international enterprises, we will follow a prudent strategy and achieve rapid expansion by acquiring grid-connected solar power plants. In respect of operation and maintenance, we will deepen our cooperation with top-notch research and development institutions and leverage the most advanced technologies to develop smart management system for solar power plants, thus efficiently improving operational efficiency. In respect of financing channels, we will further broaden our international financing platform to attract more overseas funding. In our efforts to promote photovoltaic internet finance, we will further develop innovative financial products relating to solar power for Chinese households, with a vision of building a green world under the support of millions of families.

On a global scale, the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) will be held in Paris, France in December 2015. In light of the increasingly grave environmental problems, many countries have committed to working towards a new climate agreement – one that is legally binding on all parties. This shows that the signing of a climate agreement benefiting the world can be expected soon. Starting from 2015, all mankind will enter into a new energy era!

Finally, on behalf of the board of directors of the Company and all management members, I would like to express my heartfelt thanks to all employees of the Group, especially those working at the frontline of power plant operations, whose untiring efforts contributed to the Group's successful transformation. Thanks also go to all shareholders and investors of the Company, whose trust and support fueled our rapid growth, and all partners, whose generous help further enable and empower us to become a leader in the photovoltaic industry. By seizing industry opportunities and capitalising on its own strengths, United PV is dedicated to building the most efficient and specialised solar power plants operation platform in China. As an advocate of photovoltaic green ecosphere, it also aims to build green homes and make clean green energy readily accessible to millions of families.

/Signature/Li, Alan
Chairman of the Board, Executive Director and Chief Executive Officer
Li, Alan

March 23, 2015

3

INNOVATION

We Are The First......

solar power plants investor and operator with

MIXED OWNERSHIP

to acquire solar power plant projects by

JOINT ACQUISITION

to announce PV-internet financing strategy and introduce

PV CROWD-FUNDING

solar power listed company to announce

QUARTERLY POWER GENERATION VOLUME

to launch mobile app for solar power plants

"EBOD"

COMPANY PROFILE

United Photovoltaics Group Limited ("**United PV**" or the "**Company**", together with its subsidiaries, the "**Group**") is a leading investor and operator focused on solar power plants in China. As of the date of the Report, the Group and its associates beneficially owned 15 solar power plants with an aggregate installed capacity of 517MW and the Group was in process of completing the acquisition of 5 solar power plants with an aggregate installed capacity of 100MW, covering Gansu, Inner Mongolia, Qinghai, Jiangsu, Fujian, Guangdong and Xinjiang.

United PV focuses on the fast-growing solar power plant market in China. At the industry level, United PV strives for significant expansion via investment in high-quality power plants. This helps stimulate rapid development of the entire industry chain including raw material suppliers, equipment manufacturers, system integrators, electricity operators and information service providers through terminal advantages, and attracts more citizens to join in the cause of building green homes.

We integrate and optimise the superior resources of the photovoltaics industry, and have initiated the establishment of the Photovoltaic Green-Ecosystem Organization (PGO) with state-owned enterprises and industry leaders, in order to vigorously promote solar power plants in a large-scale manner. At the technical level, we ally with technical elites in various fields, carry out cross-border design, applications and integration. Via the establishment of a global smart-technology solar power station management system and the use of various innovative technologies, United PV will achieve effective real-time management of its solar power plants around the world in order to improve operational efficiency and business results for the Company.

United PV is joining hands with partners from all sectors of the society to build the most efficient and specialised solar power plants operation platform in China, and establishing a photovoltaic green ecosphere by employing a low-carbon and economic development model in order to bring clean green energy into millions of families.

The ordinary shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited, with stock code 00686.HK.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li, Alan *(Chairman and CEO)*
Mr. Lu Zhenwei

Non-executive Directors

Academician Yao Jiannian
Mr. Yang Baiqian
Ms. Qiu Ping, Maggie

Independent Non-executive Directors

Mr. Kwan Kai Cheong
Mr. Yen Yuen Ho, Tony
Mr. Shi Dinghuan
Mr. Ma Kwong Wing

CHIEF FINANCIAL OFFICER

Mr. Li Hong

COMPANY SECRETARY

Ms. Qiu Ping, Maggie

BOARD COMMITTEES

Audit Committee

Mr. Kwan Kai Cheong *(chairman)*
Mr. Yen Yuen Ho, Tony
Mr. Yang Baiqian

Remuneration Committee

Mr. Kwan Kai Cheong *(chairman)*
Mr. Yen Yuen Ho, Tony
Mr. Yang Baiqian

Nomination Committee

Mr. Yen Yuen Ho, Tony *(chairman)*
Mr. Kwan Kai Cheong
Mr. Li, Alan

Risk Control Committee

Mr. Yang Baiqian *(chairman)*
Mr. Li, Alan
Mr. Lu Zhenwei
Mr. Kwan Kai Cheong

AUDITORS

PricewaterhouseCoopers

SOLICITORS

Bermuda

Conyers Dill & Pearman

Hong Kong

Reed Smith Richards Butler
Troutman Sanders

Mainland China

Grandall Law Firm, Hangzhou Office

PRINCIPAL BANKERS

China Development Bank Corporation
Bank of China (Hong Kong) Ltd.
China Merchants Bank Co., Ltd.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Appleby Management (Bermuda) Ltd.

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Union Registrars Limited

REGISTERED OFFICE

Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1012, 10/F., West Tower, Shun Tak Centre,
168-200 Connaught Road Central, Hong Kong

WEBSITE

www.unitedpvgroup.com

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Li, Alan, aged 47, was appointed as an executive director, chief executive officer and chairman of the board of the Company on 10 June 2013, 11 June 2013 and 7 January 2014, respectively. He is also the member of the nomination committee and the risk control committee of the Company. Mr. Li is responsible for overseeing the business strategies, mergers and acquisitions, capital market development and daily operation. Mr. Li also serves as chairman of the board and executive director and chief executive officer of each of Renewable Energy Trade Board Corporation ("EBOD", the common stock of which was listed on the Nasdaq from 1996 to February 2013) and China Solar Power Group Limited ("CSPG", a wholly-owned subsidiary of the Company). He is also the director of China Merchants New Energy Group Limited ("CMNEG") and chairman of the board of Pairing Venture Limited. In 2013, Mr. Li collaborated with state-owned enterprises, such as GD Solar Co., Ltd and State Grid Corporation of China, and established Photovoltaic Green Ecosystem Organization ("PGO"), the first eco-system that integrates the entire value chain of the photovoltaic industry in China, which has driven the development of the industry in China significantly. Prior to joining CMNEG, Mr. Li served as executive director of Linchest Technology Ltd. and Shun Tai Investment Limited and was mainly engaged in investment, mergers and acquisitions in China. Mr. Li has extensive and solid experience in investment and management of conglomerate companies. Mr. Li received an MBA from Murdoch University of Australia.

Mr. Lu Zhenwei, aged 44, was appointed as an executive director of the Company on 10 June 2013. He is a member of the risk control committee of the Company. Mr. Lu is also the executive director and chief financial officer of EBOD, general manager of Shenzhen China Merchants Yinke Investment Management Ltd. Mr. Lu is also the director of each of China Merchants Technology Group Co., Ltd., CMNEG and CSPG. Mr. Lu served as a director of 北京清華華環電子股份有限公司 (Beijing Qinghua Huahuan Electronics Co., Ltd.*) and 中國科招高技術有限公司 (China KZ High technology Co., Ltd.*), and general manager of China Merchants Technology Group Co., Ltd.. Mr. Lu served as a director of 深圳中國農大科技股份有限公司 (Shenzhen CAU Technology Co., Ltd*) from May 2003 to May 2008, the shares of which are listed on the main board of Shenzhen Stock Exchange. Prior to joining China Merchants Group Limited, Mr. Lu served as a director, general manager, deputy manager and chief financial officer in a number of companies. He is a veteran in venture investment and management with more than ten years' experience and shares unique insights of financing matters. Mr. Lu was awarded a bachelor degree in economics by the Shanghai Maritime University and a master's degree in finance by Zhongnan University of Economics and Law.

NON-EXECUTIVE DIRECTORS

Academician Yao Jiannian, aged 61, was appointed as a non-executive director of the Company on 25 October 2010. Academician Yao is currently a researcher with the Institute of Chemistry, Chinese Academy of Science ("CAS"), and was elected as an academician of the CAS in 2005. Academician Yao is also a member of the 9th and 10th National Committee of the Chinese People's Political Consultative Conference, member of the standing committee of the 11th National People's Congress, and member of the 7th National Committee of China Association for Science and Technology. During the period from March 2000 to March 2008, he was the deputy head of the Institute of Chemistry, CAS. During the period from August 1995 to September 1999, Academician Yao had been an associate researcher, researcher, instructor for students of doctoral degrees, director of laboratory, and assistant to center head of the Institute of Photographic Chemistry, CAS. Academician Yao graduated from the Chemistry Department of Fujian Normal University in 1982 and was conferred a master's degree by the Graduate School of Engineering of Tokyo University, Japan in 1990 and a doctoral degree by the same university in 1993.

Mr. Yang Baiqian, aged 49, was appointed as a non-executive director of the Company on 10 June 2013. He is a member of both audit committee and remuneration committee, and the chairman of the risk control committee of the Company. Mr. Yang serves as the deputy general manager of China Merchants Capital Management Co., Ltd. Mr. Yang is also the chairman of the board of CMNEG and a director of CSPG. Prior to joining China Merchants Group Limited, Mr. Yang served as a manager and deputy general manager of Computer Application Research Institute of Ministry of Communication, Shenzhen Shekou Planning and Statistic Bureau. Mr. Yang has extensive experience in business administration, investment management, as well as capital market development. Mr. Yang holds an MBA from Tsinghua University Economic and Management School and a Bachelor's degree in Modern Control Theory from Nankai University.

Ms. Qiu Ping Maggie, aged 36, was appointed as a non-executive director and company secretary of the Company on 10 June 2013 and 10 August 2013, respectively. Ms. Qiu is also a director and the president of CSPG, overseeing the legal matters, compliance, corporate governance and human resources of CSPG over seven years. Ms. Qiu was company secretary and senior vice president of EBOD. Prior to that, Ms. Qiu served as assistant to general manager in multinational companies and gained extensive experience in corporate governance, mergers and acquisitions and project management. Ms. Qiu received a Bachelor's degree in Economics and a Bachelor's degree in German Literature from Peking University. Ms. Qiu was also awarded a master's degree in European Culture and Economics from Ruhr University Bochum in Germany and a Master of Laws in Corporate and Financial Law from the University of Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwan Kai Cheong, aged 65, was appointed as an independent non-executive director of the Company on 1 April 2011. He is the chairman of both the audit committee and the remuneration committee, a member of both the nomination committee and the risk control committee of the Company. Mr. Kwan is the president of Morrison & Company Limited, a business consultancy firm. He was previously the president and chief operating officer for the Asia Pacific region of Merrill Lynch & Co., Inc.. Mr. Kwan has since 1 February 2007 become a non-executive director of China Properties Group Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited ("the Stock Exchange"). He is an independent non-executive director for several listed companies in Hong Kong, namely HK Electric Investments Limited, Win Hanverky Holdings Limited, Greenland Hong Kong Holdings Limited (formerly known as: SPG Land (Holdings) Limited), Henderson Sunlight Asset Management Limited as the Manager of Sunlight Real Estate Investment Trust and Dynagreen Environmental Protection Group Co., Limited, all of which are listed on the Main Board of the Stock Exchange. He was previously an independent non-executive director of Galaxy Resources Limited, a company listed on the Australian Securities Exchange, with effect from 13 October 2010 and had resigned on 30 June 2014. Mr. Kwan was an independent non-executive director of China Oceanwide Holdings Limited (formerly known as: Hutchison Harbour Ring Limited), a company listed on the Main Board of the Stock Exchange, from 27 September 2004 to 19 December 2014. Mr. Kwan graduated from the University of Singapore in 1973 with a degree in Accountancy. Mr. Kwan qualified as a Chartered Accountant in Australia in 1979 and has been a member of the Hong Kong Institute of Certified Public Accountants since 1982. He completed the Stanford Executive Program in 1992.

Mr. Yen Yuen Ho, Tony, aged 67, was appointed as an independent non-executive director of the Company on 6 April 2011. He is a member of both the audit committee and the remuneration committee, and the chairman of the nomination committee of the Company. Mr. Yen is a solicitor of Hong Kong and the United Kingdom. He is also a barrister and solicitor of Australia. Mr. Yen is a retired senior civil servant. From April 1994 to March 2007, he was the Law Draftsman of the Department of Justice, where he was responsible for the drafting of all the legislation of Hong Kong. He was also a member of the Government's Law Reform Commission. Currently, he is an adjunct professor at the City University of Hong Kong, the Hong Kong Shue Yan University and the Beijing Normal University. Mr. Yen is an Honorary Court Member of the Hong Kong University of Science and Technology and an Honorary Fellow of the School of Education, Hong Kong University. He is the director of two secondary schools, the Vice President of the Neighbourhood Advice Action Council and a member of Heep Hong Society's Executive Council. Mr. Yen is also an independent non-executive director of Jinchuan Group International Resources Company Limited, whose shares are listed on the Main Board of the Stock Exchange. Mr. Yen also served as an independent non-executive director of Link Holdings Limited from 20 June 2014 to 16 October 2014, whose shares are listed on the growth enterprise market of the Stock Exchange. He is an honorary adviser to the Pok Oi Hospital and the Provisional Hong Kong Academy of Nursing. He is an honorary legal adviser to the Shanghai Fraternity Association and to the Friends of Scouting, Scout Association of Hong Kong. He also serves as a member to the Hong Kong Law Society's Greater China Legal Affairs Committee and as a director of the Hong Kong Institute for Public Administration. In April 2009, Mr. Yen was appointed by the Hong Kong SAR Government as the vice chairman of the Social Welfare Lump Sum Grant Independent Complaints Handling Committee. He is currently also a panel member of Review Board of School Complaints of the Education Bureau of HKSAR.

Mr. Shi Dinghuan, aged 71, was appointed as an independent non-executive director of the Company on 10 June 2013. Mr. Shi is a Counselor of the State Council of the PRC, the chairman of China Renewable Energy Society and deputy president of China Industry-University-Research Institute Collaboration Association. Mr. Shi had worked in the Nuclear Energy Technology Institute of Tsinghua University since November 1973. In October 1980, he joined the State Commission of Science and Technology of PRC ("SSTC"), the Former of Ministry of Science and Technology ("MOST")). He was once appointed as the deputy division chief of the Forecasting Bureau of the SSTC, deputy director of the Industrial Technology Bureau of the SSTC, director of the Department of Industrial Science and Technology of the SSTC. He then take up the position as the deputy director of the Deputy Director-General of the High and New Technology Department and Industrial Department (directorate grade) (科學技術部高新技術發展及產業化司副司長(正司級) of the PRC. In June 1988, he also acted as the officer of the "Torch Programme (國家火炬計劃)" office of the SSTC. Mr. Shi took the office of the Secretary General of MOST in August 2001. Since June 2003, he has been a member of the Mid-and-Long-Term Project Planning Office for National Science and Technology Development (國家中長期科學技術發展規劃領導小組) and the leader of the Strategic Research Group (戰略組組長). In March 2004, Mr. Shi was appointed as the Counselor of the State Council of the PRC. Mr. Shi has taken part in the implementation of the Seventh Five-Year-Plan of national economy and the Mid-and-Long-Term Plan of Technology Development 1991-2000. Mr. Shi has also contributed to the formulation of technology programmes and the implementation of key technology projects in hi-tech areas for the Eighth and Ninth Five-Year-Plans. He has been taking part in various hi-tech industrialisation programmes, such as High & New Technology Industries Development Zones (國家高新區), enterprise incubation, Productivity Centers and technology and innovation engineering. Mr. Shi was an independent non-executive director of Guodian Technology & Environment Group Corporation Limited, the shares of which are listed on the main board of the Stock Exchange, from June 2012 to May 2014. Mr. Shi graduated from the Engineering Physics Department, Tsinghua University in July 1967, majoring in radiation dosimetry and protection.

Mr. Ma Kwong Wing, aged 69, was appointed as an independent non-executive director of the Company on 1 September 2013. Mr. Ma served with Hang Seng Bank Limited ("Hang Seng Bank") for over 30 years in various business areas and functions (including compliance) prior to his retirement in October 2005. He was appointed as company secretary of Hang Seng Bank in 1988 and assistant general manager (while remaining as company secretary) in January 1993. Since 17 February 2006, Mr. Ma has been an independent non-executive director of Henderson Sunlight Asset Management Limited as the Manager of Sunlight REIT which is listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Ma is a Fellow of The Hong Kong Institute of Directors, the Association of Chartered Certified Accountants, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. He is also a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, an associate member of The Chartered Institute of Bankers and The Hong Kong Institute of Bankers and, since November 2014, a Fellow Member of the Hong Kong Securities and Investment Institute.

COMPANY SECRETARY

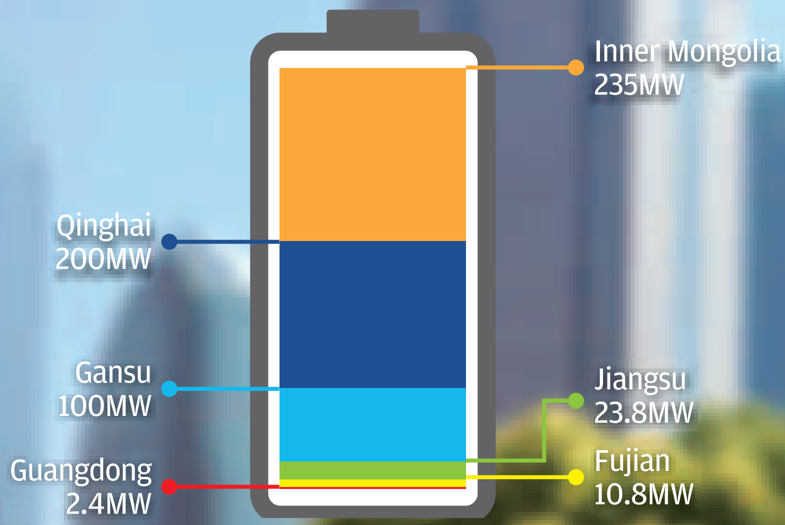
Ms. Qiu Ping, Maggie

(Please refer to "Non-Executive Directors – Ms. Qiu Ping, Maggie")

CHIEF FINANCIAL OFFICER

Mr. Li Hong, aged 42, joined the Group as the Financial Controller in February 2014, and was appointed as the Chief Financial Officer of the Company in April 2014. Prior to joining the Group, he worked in the finance department of Overseas Chinese Affairs Office of the State Council. He also served with the China Travel Service (Holdings) Hong Kong Limited and was in charge of finance department of its mainland subsidiaries, having over 15 years' managerial experience in large state-owned enterprises, industrial enterprise, as well as in tourism industry and media industry. Mr. Li graduated from the China Central University of Finance and Economics with a Bachelor's degree of Economics, majoring in Monetary Banking. Mr. Li also received an MBA degree from Murdoch University of Australia.

2 VISION



15 Solar Power Plants Installed Capacity 572MW*

TO BECOME THE WORLD'S LARGEST AND BEST SOLAR POWER PLANTS OPERATION PLATFORM

* As of 31 December 2014, the acquisition of a project company owning a solar power plant with the aggregate installed capacity of 65MW is subject to completion.

2014 MILESTONES AND EVENTS

DECEMBER

Signed a framework agreement with China Orient Asset Management (international) Holdings Limited proposing the issue of US$30 million convertible bonds

Signed a framework agreement with an energy fund under Ping An Insurance (Group) Company of China, Ltd. and San Shan (HK) Limited proposing the issue of RMB1 billion convertible bonds

Obtained long-term financing facilities of RMB1.02 billion

China Merchants New Energy Group (**CMNEG**) together with parties acting in concert conditionally agreed to subscribe for an aggregate of 200,000,000 new Shares

Entered into strategic cooperation agreement with NARI Electricity Design Company Limited to jointly develop and construct 1.5GW solar power plants

Signed agreements with CMLH to collaboratively develop solar power plant projects and rooftop solar power plants

OCTOBER

Disposed 70% of the issued share capital of Fortune Arena Limited, which is engaged in manufacturing and sales of solar cells at a cash consideration of HK$217 million

SEPTEMBER

Signed an agreement with Huabei Expressway to jointly acquire a 40MW solar power plant in Kezuohouqi, Inner Mongolia

JUNE

Shareholding of CMNEG together with its parties acting in concert increased to 19% in United PV

Completed acquisition of 180MW solar power plants in Qinghai

APRIL

Signed a strategic cooperation agreement with China Financial Leasing Co., Ltd. for intended finance lease of RMB10 billion

Signed a framework agreement with a wholly owned subsidiary of Yingli Green Energy Holding Company Limited for the acquisition of 300 MW of ground-based solar power plant projects from 2014 to 2016

Completed acquisition of 89.7839% equity interest in Guodian Tuoketuo County Solar Power Co., Ltd.

MARCH

Completed the acquisition of 90.3299% equity interest in Guodian Wulatehouqi Solar Power Co., Ltd. and 86.79% equity interest in Guodian Chahaeryouyiqianqi Solar Power Co., Ltd.

FEBRUARY

Jointly launched PV and internet finance strategic cooperation with partners as Guodian Solar Co., Ltd. and NCF Group to develop the world's first megawatt distributed solar power project in Qianhai, Shenzhen through crowdfunding

JANUARY

Completed the placement of 480,000,000 new shares of the company

Signed a cooperation agreement with China Triumph International Engineering Co., Ltd. and Huawei Technologies Co., Ltd. for the acquisition of the first batch of 500MW solar power plants

2014 AWARDS

In June 2014, ITPC (Shenzhen International Energy and Environmental Technology Promotion Center) was authorised by United Nations Industrial Development Organization to award "2014 Blue Sky Award Nominee Certificate" to the Company

In August 2014, obtained "Shenzhen High and New-Technology Enterprise Certificate" issued by Shenzhen Scientific and Technological Innovation Committee

In November 2014, the Company was named one of the “2014 TOP 50 Energy Enterprises with the Most Promising Growth Potential” by the *Energy Magazine*

In November 2014, the Company was included to the list of the *Innovative micro, small and medium-sized businesses key enterprises*, which was granted by Shenzhen Service Bureau for Small and Medium-sized Enterprises in January 2015

China Merchants New Energy Group, United PV’s largest shareholder, was awarded “2014 PV Power Plants Award for Outstanding Business Achievement" by the International Energy Research Institute of International Cooperation Center which is affiliated to the National Development and Reform Commission


1
MISSION

To build a green home, and fulfill the dream of millions of families

GREEN POWER
GREEN FUTURE

Total electricity generation for 2014

617,726,000.0 KWh

Fulfill the electricity demand of ordinary families in a year

340,000 families

Equivalent trees planted per annum

28,960,000 trees

Standard coal saved per annum

203,849.6 tons

CO_2 emission reduction per annum

530,008.9 tons

SO_2 emission reduction per annum

5,127.1 tons

INVESTOR RELATIONS

The Company's investor relations (IR) practice has remained underpinned by the strategy of transparency, openness and proactivity in 2014, and committed to articulating its operations, financial position, visions and development strategy, as well as the In-depth understanding of the industry investors, helping stakeholders make informed investment decisions.

MULTI CHANNEL-BACKED COMMUNICATION

The Company has attached great importance to maintain the two-way communication between stakeholders, assisting them for a proper assessment of the value, growth potential and outlook of the Company. Making fair, accurate and timely corporate disclosures a top priority, the Company was the first listed company in solar industry to voluntarily announce its quarterly electricity generation volume in 2014. With the protection of investors' interests at the core, the Company helped to improve transparency of the sector, monitored the media environment and market trends, and enhanced the communication between shareholders, investors, and the media. Our IR team is committed to developing a scientific investor relations system and has formed a specific procedure of information disclosure where a dedicated IR webpage and a WeChat public account, as well as investor quarterly newsletters are utilised as the outlets of information for external and internal audience respectively. Being the information bridge to link the Company and investors, the IR department incrementally improved the investor database, hosted investors meetings and collected information in an organised and orderly manner, and updated stockholding information.

DIVERSIFIED ACTIVITIES TO ENGAGE INVESTMENT COMMUNITY

In 2014, we maintained timely corporate disclosures in compliance with the legal and regulatory requirements to update the capital market on our strategy, latest developments and results, as well as on related state policies via channels including analyst meetings, roadshows, media columns, meetings with visiting investors, corporate website, phone calls, emails, new media platform and newspaper columns. Meanwhile, we kept tracking of any changes in shareholding structure and stockholding data, and conducting shareholder identification regularly; investor inquiries were handled proactively, timely and properly in an effort to update the investors on our operations comprehensively on the back of enhanced communication between the Company and the investment community. Suggestions and advice from investors were timely reverted to the management to ensure effective communication.

Investor Activities in 2014:

1 Annual and interim results announcement presentations: Management discussed the Group's latest developments and sector trends from the perspectives of operations, financials, strategy and outlook.

23 Major investor forums and roadshows: The Company kept an ear to the ground and soliciting feedbacks regarding business performance by proactively attending leading investor events and conferences to maintain close touch with the investment community.

64 One-on-one roadshows and group meetings Being the information bridge to link the Company and investors. Suggestions and advice from investors were taken into consideration of the management structure and policy.

8 Reverse roadshows: The Company organised tours for investors to our solar power plants across different locations, during which key members of our management team and frontline staffs would brief them on the plants' operations and taking questions.

70 Press interviews and newspaper columns: Publicise the latest developments of the Group and thereby enhancing our corporate image. Analyst industry trends and comment key issues through byline articles in news columns.

LIST OF 2014 MAJOR INVESTOR EVENTS

Date	Event	Location
01.08	Guoyuan Securities (H.K.) 2014 Investment Conference on Overseas Market	Hong Kong
01.10	Morgan Stanley Hong Kong/China Utilities & Energy Corporate Day	Hong Kong
01.10	BOCI Clean China Corporate Day	Hong Kong
01.20	Macquarie GEM Superstar Corporate Day	Hong Kong
02.19	Press Conference on Internet Financing of PV Power Plant	Shenzhen
02.20	PGO Annual Meeting	Shenzhen
03.07	Citibank Corporate Day	Hong Kong
03.27	CIPV EXPO 2014	Beijing
03.28	Credit Suisse Asian Investment Conference	Hong Kong
04.04	IPCC WG2/UN Foundation Climate Change China Conference	Beijing
04.10	CICC Investors Conference 2014	Hangzhou
05.08	BofAML China Energy & Clean Environment Corporate Day	Hong Kong
05.20	DBAccess Asia Conference	Singapore
07.08	J.P. Morgan's China Clean Energy & Environmental Protection Forum	Hong Kong
09.03	Nomura China Investor Forum 2014	Shanghai
10.29	CICC Investment Forum 2014	Beijing
11.03	Macquarie Asia-Pacific Industrials, Infrastructure, Transportation and Utilities Corporate Day	Hong Kong
11.05	The 6th Chinese International Renewable Energy Conference	Wuxi
11.24	Haitong International Securities Corporate Day 2014	Hong Kong
11.26	The 3rd International Forum for Clean Energy	Macau
11.28	Industrial Securities 2015 Investment Conference on Overseas Market and Shanghai-Hong Kong Stock Connect	Shenzhen
12.03	The 9th AsiaSolar Photovoltaic Industry Development Summit Forum	Shanghai
12.12	2014 PGO Annual Meeting	Nanjing

1. CHARITY FOR RURAL DEVELOPMENT: ILLUMINATING THE PATHS

In September 2014, United PV donated 1,000 sets of solar lights to temples and primary schools in poverty-stricken areas in Haidong, Qinghai Province. This donation has helped the locals to further understanding about the solar power technology in daily use and improved the educational conditions and the livelihood by alleviating shortage of electricity.

The Bureau of Education in Haidong received and distributed solar lights.

2. BUILDING SOLAR PARK, CREATING ECOLOGY OASIS, GAINING MULTIPLE ECOLOGICAL, SOCIAL AND ECONOMIC BENEFITS

In 2014, United PV set up a solar park in Gonghe County, Hainang Tibetan Autonomous Prefecture, Qinghai Province, meanwhile, the supporting construction of "Ecology Oasis" also kicked off. This program has not only enhanced local greening and ecology, but also fundamentally changed the lifestyle of most villagers, which prove to be a long-term benefit. The land that was not suitable for pasture development was requisitioned to build the park, for which the villagers could be offered an allowance of RMB2,200 per mu, paid in two installments, and a five-year grazing withdrawal allowance of RMB9.7 per mu every year. With this sum, many locals purchased new houses and cars, leading a moderately prosperous life. A number of villagers made it as startup capital for other business and changed the traditional lifestyle depending on animal husbandry, which help them secure a sustainable increase in income. Also the construction and operation of the park have created a lot of jobs opportunities for local people. According to the statistics, since the program broke ground, three quarters of local people had been hired in the areas of construction, power plant operation, catering and security etc. which made a considerable raise in household income and standard of living.

3. GREEN POWER GENERATION, ENERGY SAVING, OPTIMISATION AND EMISSION REDUCTION

During the year ended 31 December 2014, the 15 solar power plants owned or to be acquired by the Group and its associates have generated electricity in a total volume of 617,726MWh, which was equivalent to saving 203,849.6 tons of standard coal and avoiding the emission of 530,008.9 tons of CO_2, 5,127.1 tons of SO_2 and 308.9 tons of smoke on annual average. Based on the fact that per hectare of broad-leaf forest absorbs 1,000kg of CO_2 every day and 60kg of SO_2 every month, United PV's electricity generation in 2014 amounted to the effect of planting an 1,460-hectare broad-leaf forest, which showed that United PV has delivered on its mission of building a green world and made significant contributions to forging green ecology.


FIRM SUPPORT FROM STATE-OWNED ENTERPRISES
Build up a professional new energy platform with the sister companies under China Merchants Group
Develop smart-technology management system and introduce remote control drone with camera in operation and management
Strong financing capabilities, joint industry leader, boost the development of low carbon economy
TECHNOLOGY-BASED
COMBINATION OF INDUSTRY AND FINANCE


GO

RESULTS OF THE GROUP

In October 2014, the Group completed the disposal of 70% equity interest (the "**Disposal**") in Fortune Arena Limited ("**Fortune Arena**") to an independent third party. Upon completion of the Disposal, Fortune Arena ceased to be a subsidiary of the Group and its financial results would no longer be consolidated into the consolidated financial statements of the Group. The remaining 30% equity interest in Fortune Arena was accounted for as an associate using the equity method of accounting. Fortune Arena once represented the Group's separate major line of solar cells business and the Disposal was separately presented as a discontinued operation on the consolidated income statement, with prior year's figures re-presented. The continuing operations mainly represented the solar power plants business during the year.

The profit/(loss) attributable to the owners of the Company during the year ended 31 December 2014 (the "**Year**") was as follows:

	2014 **HK$'million**	2013 HK$'million
Continuing operations	**619**	(2,193)
Discontinued operation	**(252)**	(112)
Profit/(loss) for the Year	**367**	(2,305)

The improvement in results in the continuing operations during the Year was mainly attributable to:

1. The increase in the generation volume of electricity of the solar power plants acquired in 2013: the Group recorded an increase in the generation volume of electricity by 262% from approximately 34,939 megawatt-hour for the year ended 31 December 2013 to approximately 126,320 megawatt-hour for the Year.

2. The contribution from electricity generation by solar power plants acquired during the Year: with the steady development of the solar power generation business, the Group acquired 6 well-built and grid-connected solar power plants with an aggregate installed capacity of 310 megawatt during the Year. The generation volume of electricity of such solar power plants for the Year amounted to approximately 318,000 megawatt-hour.

3. The gain on revaluation of certain derivative financial instruments: the Group's derivative financial instruments require valuation exercises as at 31 December 2014. The Group recorded a gain of approximately HK$659 million on revaluation of these financial instruments.

4. A bargain purchase on business combinations of approximately HK$45 million was recorded as a result of business combinations.

5. The impairment charge on goodwill of approximately HK$1,205 million arising from the acquisition of China Solar Power Group Limited ("**CSPG**") in 2013 was no longer applicable for the Year.

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2014 (2013: Nil).

FINANCIAL REVIEW

Segment information

Upon completion of the Disposal, the Group retained one single reportable segment which was principally engaged in the development, investment, operation and management of solar power plants.

Revenue

During the Year, the revenue of the Group mainly comprised sales of electricity and tariff adjustment amounting to approximately HK$479 million (2013: HK$37 million) for its continuing operations. The increase was mainly attributable to (i) the increase in the generation volume of electricity of the solar power plants acquired in 2013 by 262% from approximately 34,939 megawatt-hour for the year ended 31 December 2013 to approximately 126,320 megawatt-hour for the Year; and (ii) contribution from electricity generation by 6 solar power plants acquired during the Year with an aggregate installed capacity of 310 megawatt amounted to approximately 318,000 megawatt-hour.

The revenue and tariff adjustment from the sales of electricity recognised during the Year was analysed as below:

Location of solar power plants	**2014** Aggregate installed capacity	**2014** Electricity sales HK$'000	2013 Aggregate installed capacity	2013 Electricity sales HK$'000
Guangdong Province, China	**2.4MW**	**2,475**	2.1MW	1,392
Gansu Province, China	**100MW**	**101,999**	100MW	27,445
Qinghai Province, China	**200MW**	**197,796**	20MW	8,277
Inner Mongolia, China	**130MW**	**176,880**	–	–
	432.4MW	**479,150**	122.1MW	37,114

Bargain purchase on business combinations

During the Year, the Group recorded a bargain purchase as a result of business combinations. As the consideration for the acquisition was based on the capital injected by the vendors, the main reason arising from the bargain purchase was that the estimated discounted cash flow for 25 years for these solar power plants exceeded the total consideration paid.

Fair value gain on contingent consideration payables

During the Year, the Group recognised a fair value gain of approximately HK$362 million as a result of subsequent remeasurement of the fair value on the Group's contingent consideration payables based on a valuation report issued by an independent and professional qualified valuer. The contingent consideration payable represented the fair value of the Series B convertible bonds issued upon the acquisition of CSPG in 2013, in which the conversion period will commence on the expiry of the lock-up period in relation to the profit guarantee arrangement. According to the profit guarantee arrangement, if CSPG's cumulative profit before interest, tax, depreciation, amortisation and share-based payment expenses in relation to the employee incentive scheme is less than HK$495 million during the three years ending 31 December 2015, the principal amount of Series B convertible bonds will be adjusted by a pre-defined formula as specified in the sale and purchase agreement.

Fair value gain on put option issued relating to acquisition of Fengxian Huize Photovoltaics Energy Limited ("Fengxian Huize")

During the Year, the Group recognised a fair value gain of approximately HK$93 million as a result of subsequent remeasurement of the fair value on the Put Option based on a valuation report issued by an independent and professional qualified valuer. The Put Option was granted together with the acquisition of 50% equity interest in Fengxian Huize in December 2013.

Fair value gain on financial assets at fair value through profit or loss

The Group recognised a fair value gain of approximately HK$128 million in respect of the guaranteed electricity income arrangement for two solar power plants in Gansu Province and Qinghai Province for the Year.

Depreciation of property, plant and equipment

The depreciation of property, plant and equipment was provided based on the assessment of their respective useful life. The useful lives of power-generating modules, which are the most significant components within the property, plant and equipment, were assessed to be 25 years. Increase in depreciation was mainly due to acquisition of 6 solar power plants during the Year.

Impairment charge on goodwill

The amount represented the impairment charge on goodwill arising from the acquisition of CSPG in prior year. Such amount was no longer applicable to the Year.

Impairment charge on concession rights

During the Year, there were no significant changes in the government policies on subsidising distributed and centralised photovoltaic solar power plants. No impairment was recognised during the Year.

The key assumptions used for the impairment testing as at 31 December 2014 and 2013 were as follows:

	2014	2013
Capacity (Note (a))	**2.0GW**	2.2GW
Insolation hours (Geographical)	**1,370MWh/MWp – 1,680MWh/MWp**	1,370MWh/MWp – 1,680MWh/MWp
Degradation factor	**0.8% per annum**	0.8% per annum
Electricity tariff	**RMB0.7/KWh – RMB3.7/KWh**	RMB0.7/KWh – RMB3.7/KWh
Discount rates	**8.5% – 10.0%**	8.5% – 10.0%
Construction costs (Note (b))		
– Rooftop projects	**RMB10/W**	RMB10.5/W
– Ground projects	**RMB9/W – RMB10.2/W**	RMB9.5/W – RMB10.9/W

Note:

(a) Drop in capacity was mainly due to the acquisition of certain solar power plants during the year in relation to the concession rights held by the Group as at 31 December 2013.

(b) Except certain projects for which the acquisition price will be based on internal rate of return.

Staff costs

Staff costs in continuing operations amounted to approximately HK$67 million for the Year, representing a decrease of 23% from approximately HK$87 million in corresponding period in 2013. The decrease was mainly due to the decrease in amortisation of share-based payment expenses during the Year. Share-based payment expenses represented approximately 47% to the total staff costs.

Loss on discontinued operation

In October 2014, the Group completed the Disposal at a cash consideration of HK$217 million. The consideration was determined after arm's length negotiations between the Company and the purchaser. The loss was mainly arising from the impairment of property, plant and equipment of approximately HK$214 million. The revenue from the discontinued operation also dropped from approximately HK$300 million in 2013 to approximately HK$143 million in 2014 which was mainly attributable to the slowdown of demand as a result of the economic downturn in the overseas market. Upon the Disposal, the cumulative exchange reserve of approximately HK$47 million was released to the consolidated income statement.

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

The Group adopts a prudent treasury management policy to maintain sufficient working capital. As at 31 December 2014, the Group recorded total assets of approximately HK$9,086 million (31 December 2013: HK$5,991 million), current liabilities of approximately HK$2,875 million (31 December 2013: HK$1,740 million) and non-current liabilities of approximately HK$4,335 million (31 December 2013: HK$3,801 million). The net current liabilities position of the Group was approximately HK$1,795 million as at 31 December 2014 (31 December 2013: HK$1,001 million). In order to finance the working capital of the Group, certain financing measures have been undertaken by the Group as set out in going concern note on pages 94-98 to this report.

The Group has established a treasury policy with the objective of achieving effective control of treasury operations and lowering cost of funds. Therefore, funding for all its operations has been centrally reviewed and monitored at the Group level. To manage the Group's exposure to fluctuations in interest rates on each solar power project, appropriate funding policies will be applied including the use of bank and other borrowings, issue of convertible bonds or new shares. The management will continue to negotiate with banks so as to obtain the most privileged rates.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current bank and other borrowings, amounts due to shareholders, amounts due to associates, construction costs payable and convertible bonds as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the condensed consolidated statement of financial position plus net debt.

The gearing ratio at 31 December 2014 and 2013 were as follows:

	31 December 2014 HK$'000	31 December 2013 HK$'000
Amounts due to associates	**38,281**	18,442
Amounts due to shareholders	**–**	26,200
Bank and other borrowings	**2,700,936**	1,216,176
Construction costs payable	**1,952,561**	467,674
Convertible bonds	**1,047,309**	1,235,912
	5,739,087	2,964,404
Less: cash and cash equivalents	**(269,591)**	(137,413)
Net debts	**5,469,496**	2,826,991
Total equity	**1,875,958**	449,921
Total capital	**7,345,454**	3,276,912
Gearing ratio	**74.46%**	86.27%

The Group's bank and other borrowings were denominated in RMB while the cash and cash equivalents were denominated in HK$, RMB and US$. The convertible bonds were denominated in HK$ and US$.

Except for the US$120 million convertible bonds which were carried at fixed rate of 5%, the remaining borrowings of the Group bore floating interest rates.

As at 31 December 2014, the maturity and currency profile for the Group's bank and other borrowings and convertible bonds is set out as follows:

	2015 HK$'000	2016 HK$'000	2017-2019 HK$'000	2020-2024 HK$'000	2025-2029 HK$'000	Total HK$'000
RMB	638,904	247,911	791,663	915,124	107,334	2,700,936
US$	–	933,240	–	–	–	933,240
HK$	–	–	114,069	–	–	114,069
	638,904	1,181,151	905,732	915,124	107,334	3,748,245

During the Year, the Group did not enter into any financial instruments for hedging purposes nor did the Group have any currency borrowing and other hedging instruments to hedge against foreign exchange risks (2013: Nil).

As at 31 December 2014, the Group had capital commitments in respect of investment in an associate of approximately HK$4.8 million. The capital commitment as at 31 December 2013 represented the purchase of property, plant and equipment of HK$266 million.

MATERIAL RELIANCE ON KEY CUSTOMERS

The major continuing operation of the Group during the Year was the solar power plants business. The key customers were Customer A, B and C for the Year. They are the subsidiaries of State Grid Corporation of China ("**State Grid**") and contributed over 91% of the total revenue and tariff adjustment from sales of electricity during the Year. State Grid is a state-owned enterprise with its core businesses of development and operation of power grids nationwide, whose funding is originated from the Ministry of Finance of the PRC. State Grid's subsidiaries are the sole operators of power grids in the regions in which the solar power plants of the Group are connected to. The Group has entered into business relationship with State Grid's subsidiaries since the commencement of its solar power plants business in June 2013.

The trade receivables from sales of electricity, excluding the government subsidies on renewable energy for ground projects, payable by, among others, Customer A, B and C are usually settled within one month. As at the date of this report, all balances outstanding at 31 December 2014 were subsequently settled.

For the tariff adjustment receivable from Customer A, B and C, it represented the government subsidies on renewable energy for ground projects to be received from the State Grid based on the existing government policies. Customer A, B and C have confirmed the volume of electricity generated during the Year. As at 31 December 2014, the aggregate outstanding balances due from Customer A, B and C were approximately HK$386.5 million, with approximately HK$2.9 million being subsequently settled up to the date of this report. Having considered the unique functions of State Grid and the unwavering support of the Chinese government that introduced several favorable policies during the Year with a view to promote the development of the photovoltaic industry in the PRC, the Directors considered that the risk of concentration of key customers was minimal and the unsettled balances of approximately HK$383.6 million would be recoverable in the foreseeable future and thus no provision for impairment was considered necessary for the Year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 27 March 2014, 28 March 2014 and 4 April 2014, the Group completed the acquisition of 86.79% equity interest in Guodian Chahaeryouyiqianqi Solar Power Company Limited* (國電察哈爾右翼前旗光伏發電有限公司) ("**Guodian Chahaeryouyiqianqi**"), 90.33% equity interest in Guodian Wulatehouqi Solar Power Company Limited* (國電烏拉特後旗光伏發電有限公司) ("**Guodian Wulatehouqi**") and 89.78% equity interest in Guodian Tuoketuo County Solar Power Company Limited* (國電托克托縣光伏發電有限公司) ("**Guodian Tuoketuo**") respectively with a total cash consideration of approximately RMB238 million (equivalent to approximately HK$300 million). They became the subsidiaries of the Group.

On 7 January 2014, the Group completed the acquisition of 45% equity interest in Changzhou Dinghui with a cash consideration of RMB4.5 million (equivalent to approximately HK$5.7 million). Changzhou Dinghui became an associate of the Group. On 13 June 2014, the Group completed the acquisition of the remaining 55% equity interest in Changzhou Dinghui with a cash consideration of RMB5.5 million (equivalent to approximately HK$6.9 million). Changzhou Dinghui then became a wholly-owned subsidiary of the Group.

On 28 October 2014, the Group completed the disposal of 70% equity interest of Fortune Arena at a cash consideration of HK$217 million. Since then, Fortune Arena has ceased to be the subsidiary of the Group and has been accounted for as an associate of the Group.

Except for the aforementioned transactions, there was no other acquisition or disposal of subsidiaries and associated companies completed during the Year.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group operates mainly in Hong Kong and Mainland China. For the operations in Hong Kong, most of the transactions are denominated in HK$ and US$. The exchange rate of US$ against HK$ is relatively stable and related currency exchange risk is considered minimal. For the operations in Mainland China, most of the transactions are denominated in RMB. The conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange controls promulgated by the PRC government. The Group did not resort to any currency hedging facility for the Year. However, management will monitor the Group's foreign currency exposure should the need arises.

CHARGE ON GROUP ASSETS

As at 31 December 2014, bank and other borrowings of approximately HK$2,662 million (31 December 2013: HK$1,089 million) of the Group were secured by the pledge of the fee collection right in relation to the sales of electricity and charge over certain power generators and equipment, pledged guarantee deposits, pledged bank deposits and share mortgage over the share of a subsidiary of the Group. Certain convertible bonds are secured by share mortgages over shares of certain subsidiaries, charge over assets of certain subsidiaries and a charge over a restricted bank account for interest reserve purpose.

CONTINGENT LIABILITIES

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group had 31 (31 December 2013: 31) full-time employees in Hong Kong and 89 (2013: 260) full-time employees in the PRC. The total number of full-time employees of the Group was 120 (2013: 291). The sharp reduction in the number of full-time employees in the PRC was due to the disposal of Fortune Arena. Employees were remunerated according to the nature of their positions and market trends, with merit incorporated in the periodic salary review to reward and motivate individual performance. The Group offers competitive remuneration packages to different levels of staff, including subsidised training programme as well as employee incentive scheme for the benefits of the directors and eligible employees of the members of the Group. Total staff cost (including directors' emoluments) for the Year amounted to approximately HK$67 million (2013: HK$87 million).

BUSINESS REVIEW

SOLAR POWER PLANTS

In 2014, the Company continued the main business model of mergers and acquisitions. The Group acquired 6 solar power plants that were already built and connected to grid with the stable development of solar power business. The 6 plants are located in Qinghai Province and Inner Mongolia, the PRC.

On 7 January 2014, the Group together with Renewable Energy (Hong Kong) Trade Board Limited ("**EBODHK**") acquired the equity interest in Changzhou Dinghui while the Group and EBODHK own 45% and 55% of the equity interest respectively. On 8 January 2014, EBODHK conditionally agreed to sell its 55% equity interest to the Group at a total cash consideration of RMB5,500,000 (equivalent to approximately HK$6,911,000). With the deal completed on 13 June 2014, the Group held 100% of the equity interest in Changzhou Dinghui, which owns three solar power plants with an aggregate installed capacity of 180MW located in Gonghe, Qinghai Province, the PRC. The three plants have been successfully connected to grid.

On 27 March 2014, the Group acquired 86.79% equity interest in Guodian Chahaeryouyiqianqi, which owned a grid-connected solar power plant with an aggregate installed capacity of approximately 50MW in Chahaeryouyiqianqi area, Inner Mongolia, the PRC.

On 28 March 2014, the Group acquired 90.33% equity interest in Guodian Wulatehouqi, which owned a grid-connected solar power plant with an aggregate installed capacity of approximately 40MW in Wulatehouqi, Inner Mongolia, the PRC.

On 4 April 2014, the Group acquired 89.78% equity interest in Guodian Tuoketuo, which owned a grid-connected solar power plant with an aggregate installed capacity of approximately 40MW in Tuoketuo county, Inner Mongolia, the PRC.

On 4 September 2014, the Group together with Huabei Expressway Co., Ltd signed a sale and purchase agreement with Jiangsu Yongneng New Energy Investment Limited* (江蘇永能新能源投資有限公司), in which the Group conditionally agreed to acquire 9.37% equity interest for a total consideration of RMB7,494,260 (equivalent to approximately HK$9,500,000) and Huabei Expressway Co., Ltd conditionally agreed to acquire 84.31% equity interest for a total consideration of RMB67,448,340 (equivalent to approximately HK$85,500,000) of Guodian Kezuohouqi Photovoltaics Company Limited* (國電科左後旗光伏發電有限公司), which owns a solar power plant with a total aggregate capacity of approximately 40MW in Keerqinzuoyihouqi, Inner Mongolia. The acquisition was completed on 5 January 2015.

During the Year, the Group and its associates beneficially owned 15 solar power plants with an aggregate installed capacity of 572MW.

Location	Number of solar power plant	Approximate Aggregate Installed Capacity (MW)(note 4)	On-grid connection status
Guangdong Province, China	2	2.4	Connected
Fujian Province, China(note 1)	1	10.8	Connected
Gansu Province, China	1	100.0	Connected
Qinghai Province, China	4	200.0	Connected
Jiangsu Province, China(note 2)	2	23.8	Connected
Inner Mongolia, China(note 3)	5	235.0	Connected
Total	15	572.0	

Notes:

(1) The company owning such plant is treated as an associate of the Group, the electricity generated by which was mainly used for the production and office purposes by that company in Quanzhou, with residual electricity connected to the State Grid.

(2) The project companies owning such plants are treated as associates of the Group.

(3) Among the five project companies owning solar power plants with the aggregate installed capacity of 235MW, the acquisition of a project company owning a solar power plant with the aggregate installed capacity of 65MW is subject to completion. One of the five project companies owning a 40MW solar power plant is accounted as an associate of the Group.

(4) The figures provided herein are subject to rounding adjustment.

SOLAR CELLS

Due to the continuing strong headwinds in the average selling price and weak market demand for solar cell from the end market overseas for years coupled with low utilisation rate of the solar cells production capacity, the poorly performed manufacturing and sales of solar cells business led to a negative growth in earning, and resulted in falling short of expectation.

The business was disposed of in October 2014 for cash consideration of HK$217 million, the proceeds from which was used for the operation of the Group's solar power plants and general working capital.

The disposal enabled the Group to devote its resources on investment and operation of solar power plants which generate stable electricity income, and brought immediate cash flow to the Group.

PROSPECTS

With the introduction of favorable policies in China, the year of 2014 saw the recovery of photovoltaics industry, which had drawn unprecedented attention. The National Energy Administration ("**NEA**") and other departments launched various policies with the view to promote large-scale solar power bases, innovative photovoltaic-related financial products and services, and to regulate the organization and implementation of anti-poverty solar projects and the positioning of distributed solar power plants, application and management of rooftop resources.

If the year 2014 marks the recovery of the photovoltaics industry, the year 2015 would be the year of prosperity of the industry. On 16 March 2015, NEA issued《國家能源局關於下達2015年光伏發電建設實施方案的通知》(Notice regarding the Implementation Instruction of Photovoltaic Construction in 2015 issued by the National Energy Administration) (the "**Notice**"), which established the 2015 national target scale of newly constructed solar power plants at 17.8 gigawatts. The Notice intends to improve the planning of photovoltaic projects in order to rationalize the distribution of which in each region, and to establish dynamic management mechanism utilising information technology to strengthen the monitoring and data analysis in relation to the construction and operation of photovoltaic projects.

In 2015, the revolutions in energy production and consumption will continue their momentum. With the upgrading of "Five Bases and One Belts" to "Five Bases and Two Belts" of the energy production strategy, the market share of renewable energy would be further increased. Being one of the most promising clean energy sources, solar power has the potential to become a mainstream energy source in world. Driven by these favorable factors, the Company believes that the newly installed capacity in China will continue its growth in 2015, and the scales of investment in the industry will continue to expand.

In the future, the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) to be held in Paris, France, marks the milestone of the beginning the new energy age. The Group expects the rapid development and increasingly fierce competition in the photovoltaic industry in the future. The Group believes the competition in the industry is not only about acquisitions of solar projects, but also about the comprehensive capacity. The series of cooperation with the Group and repeatedly increasing of shareholding in the Company by China Merchants Group Limited ("**China Merchants**") through its subsidiaries represent a strategic increase in its investment in the Company. With its extensive asset management experience, management systems and the strong financial base, the increasing participation of the China Merchants would facilitate the expansion of the new energy business of the Company with the operational and financial support from China Merchants, which includes (i) cooperation on the development of solar power plant projects by leveraging on the existing network and resources of certain associates of China Merchants; (ii) provision of rooftops for construction of distributed solar power plants; and (iii) provision of financing for the Group's expansion of its solar power business, which are cardinal to realising the Group's strategy to identify suitable investment opportunities to acquire solar power plants with good prospects and potential for stable returns.

With our strength in financing and the supports from our partners from various sectors, the Group would step up its effort in the acquisitions in the coming year in order to further its success and to increase its market share and reputation nationwide and worldwide.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. The board of directors (the "Director(s)") of the Company (the "Board") has adopted a number of corporate governance policies and standards to apply the principles of good governance to our everyday activities. In our daily operations, we respect the laws, rules and regulations of each country and region which are applicable to us, we strive to ensure for our people a healthy and safe working environment, and we endeavour to protect the interests of our Shareholders as a whole, with focus on the sustainable development of the Company.

Throughout the year ended 31 December 2014, the Company has applied the principles and complied with all the code provisions of the corporate governance code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), save for the following deviation.

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li Alan, an executive Director, is the chief executive officer of the Company (the "CEO") and the chairman ("Chairman") of the Board. The Board is of the view that the current structure will enable the Company to achieve its overall business goals more effectively and efficiently as the Company is in a rapid development phase for the time being. The Board believes that the balance of power and authority between chairman and chief executive will not be impaired by the present arrangement and the significant weight of the non-executive directors (including the independent ones) will enable the Board as a whole to effectively exercise its non-bias judgement.

The Board believes that good corporate governance practices will contribute to the sustainable growth of the Company. The Board is collectively responsible for performing the corporate governance duties. During the year 2014, the Company had made further progress with its corporate governance practices including:

- Delegated some of its authority from the Board to the executive Directors to increase the efficiency of decision-making;

- Amended and updated the Company's Compliance Manual and Inside Information Policy and Procedures Manual to which every employee, officer and Director of the Company should adhere with high moral, ethical and legal standards, and arranged internal trainings to strengthen their understanding;

- Established the internal audit department of the Company;

- Organised and provided several professional trainings on the Listing Rules for the Directors and employees; and

- Produced memorandums of complicated transactions in order to provide appropriate and sufficient compliance advice before carrying out such transactions.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code for securities transactions by directors on terms no less exacting than the required standard of the model code as set out in Appendix 10 to the Listing Rules (the "Model Code").

Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code and the Company's relevant code throughout the year ended 31 December 2014.

BOARD OF DIRECTORS

Overall responsibility and delegation

The members of the Board are individually and collectively accountable for the success and sustainable development of the Company. The Board is responsible for the leadership and control of the Company, overseeing the Group's businesses and evaluating the performance of the Group. The Board focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group, while the day-to-day operations of the Group are delegated to the executive Directors, chief executive and senior management, who report back to the Board and obtain prior board approval before making decisions or entering into any commitments on the Company's behalf. These arrangements will be reviewed periodically to ensure that they remain appropriate to the Company's needs. All Directors have access to the management and are provided with full and timely information about the conduct of the business and operation of the Company. Upon request by the Board, independent professional advice would be made available to facilitate the decision-making by the Directors. A monthly report is sent to all Directors for updates of the significant progress the Company has made.

The Board has delegated certain functions to the Audit Committee, Remuneration Committee, Nomination Committee and Risk Control Committee, the details of which are set out hereafter.

The Company has arranged directors and officers liability insurance for its Directors and officers.

Composition of the Board

The Board is currently comprised of nine Directors, including two executive Directors, three non-executive Directors, and four independent non-executive Directors. The Directors who served the Board during the year ended 31 December 2014 and up to the date of this annual report are as follows:

Executive Directors

Mr. Li Alan *(Chairman and CEO)*	*Mr. Li was appointed as the Chairman on 7 January 2014*
Mr. Lu Zhenwei	

Non-executive Directors

Academician Yao Jiannian	
Mr. Yang Baiqian	
Ms. Qiu Ping Maggie	
Mr. Wu Zhenmian	*retired on 27 June 2014*

Independent non-executive Directors

Mr. Kwan Kai Cheong	
Mr. Ching Kwok Ho, Samuel	*retired on 27 June 2014*
Mr. Yen Yuen Ho, Tony	
Mr. Shi Dinghuan	
Mr. Ma Kwong Wing	

Each of the Directors' respective biographical details are set out in the "Biographies of directors and senior management" section of this annual report. The Board believes that its composition is well balanced with each Director having sound knowledge, skills, diversity of perspectives, and experience and/or expertise relevant to the business of the Group. To the best knowledge of the Board, there is no financial, business, family or other material/relevant relationship among members of the Board.

The list of Directors has been published on the website of the Company and the website of the Stock Exchange, and is disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

Chairman and Chief Executive Officer

Mr. Li Alan, an executive Director, is the CEO and the chairman of the Board. The Board is of the view that the current structure will enable the Company to achieve its overall business goals more effectively and efficiently as the Company is in a rapid development phase for the time being. The Board believes that the balance of power and authority between chairman and chief executive will not be impaired by the present arrangement and the significant weight of the non-executive Directors (including the independent ones) will enable the Board as a whole to effectively exercise its non-bias judgement.

Independent Non-executive Directors

The Board currently consists of nine members, four of whom are independent non-executive Directors, representing more than one-third of the Board. Two of the independent non-executive Directors possess professional qualifications in accounting and related financial management expertise. The Company is in compliance with Rules 3.10(1) and (2), and 3.10A of the Listing Rules. Throughout the entire year, the number of independent non-executive Directors has been representing more than one-third of the Board in compliance with the Listing Rules. With such a weight of the independent non-executive Directors, there is a strong independent element on the Board, which can effectively exercise independent judgement.

The Company has received from each of its independent non-executive Directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent.

Appointment and Re-election of Directors

The Company follows a formal and considered procedure for the appointment of new directors. The Nomination Committee identifies suitably qualified individuals to the Board and makes recommendations on proposed appointments to complement the Company's corporate strategy. The recommendations of the Nomination Committee are then put to the full Board for decision. Any Director appointed to fill a casual vacancy shall hold office only until the next following general meeting after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re- election.

Code provision A.4.2 of the CG Code provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the bye-laws of the Company (the "Bye-laws"), one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting of the Company and every Director shall be subject to retirement by rotation at least once every three years.

All the non-executive Directors (including the independent non-executive Directors) are appointed for a specific term of one year subject to the retirement and reappointment provisions of the Bye-laws.

In the annual general meeting held on 27 June 2014, Mr. Lu Zhenwei, Mr. Yang Baiqian, Mr. Qiu Ping, Maggie and Mr. Ma Kwong Wing had been re-elected as Directors. Mr. Wu Zhenmian and Mr. Ching Kwok Ho, Samuel, had retired as Directors upon the conclusion of the same meeting.

Directors' Induction and Continuous Professional Development

The Directors acknowledge the importance of keeping abreast of the business activities and development of the Company, updating their professional development, and refreshing their knowledge and skills.

Upon the appointment of Directors, an induction briefing and a Directors' manual are given to each of the newly appointed Directors. Such briefing and manual primarily introduce the laws, rules and regulations applicable to directors of listed companies to observe during their services on the Board, as well as the Company policies, codes, compliance manual, and the business and development of the Group.

In compliance with C.1.2 of the CG Code, all Directors are presented with updates on the Company's major events and business development in the form of a monthly report. In March 2014, the Board visited one of our solar power plants in Shenzhen China.

Directors are continuously updated with the regulatory and governance developments by attending seminars, forums and/or briefings. In addition, a number of reading materials, such as guidelines, newsletters, reports, interpretations issued by regulatory bodies or professional firms, are also provided to all Directors from time to time to refresh their knowledge about amendments to or revision of any applicable laws, rules, regulations, standards and policies of the country and region which the Group operates.

Directors are encouraged to participate in professional development courses and seminars to develop and refresh their knowledge and skills. The Company has devised a training form to assist the Directors to record their participation in the continuous professional development.

A summary of records maintained by the Company indicating the Directors' participation in the continuous professional development during the year ended 31 December 2014 and up to the date of this report is as below:

	Attending briefings/ seminars	Reading materials/ regulatory updates/ monthly reports	Paying site visit
Executive Directors			
Mr. Li Alan	√	√	√
Mr. Lu Zhenwei	√	√	√
Non-executive Directors			
Academician Yao Jiannian	√	√	
Mr. Yang Baiqian	√	√	√
Ms. Qiu Ping Maggie	√	√	√
Mr. Wu Zhenmian *(retired on 27 June 2014)*	√	√	
Independent non-executive Directors			
Mr. Kwan Kai Cheong	√	√	√
Mr. Ching Kwok Ho, Samuel *(retired on 27 June 2014)*	√	√	√
Mr. Yen Yuen Ho, Tony	√	√	√
Mr. Shi Dinghuan		√	√
Mr. Ma Kwong Wing	√	√	√

BOARD MEETINGS AND ATTENDANCE

The Board schedules at least 4 meetings a year and meets when required. During the year ended 31 December 2014, the Board held 15 meetings. At least 14 days' formal notice of regular board meetings is given to all Directors while a notice of reasonable time is generally given for other board meetings, so that all Directors are given the opportunity to include matters for discussion in the agenda. With confirmation and approval by the Chairman, the agenda and board papers for each meeting are circulated to all Directors in advance. In addition, to facilitate the decision-making process, the Directors are free to have access to the management for enquiries and to obtain further information, when required. The Directors also seek independent professional advice in appropriate circumstances, at the Company's expenses, in order to make informed decisions and discharge their duties. The board and committee meeting minutes reflect the matters considered and decisions reached in appropriate details. All minutes are kept by the company secretary and available to all Directors for inspection. Copies of minutes are provided to all Directors. In addition to the board meetings, the Chairman also holds a meeting with the non-executive Directors without the presence of executive Directors on an annual basis.

The attendance record of each Director at board meetings and general meetings in 2014 is set out below:

	Board meetings	General meetings
Number of meetings	15	4
Executive Directors		
Mr. Li Alan	14/15	3/4
Mr. Lu Zhenwei	13/15	0/4
Non-executive Directors		
Academician Yao Jiannian	10/15	0/4
Mr. Yang Baiqian	8/15	0/4
Ms. Qiu Ping Maggie	15/15	4/4
Mr. Wu Zhenmian *(retired on 27 June 2014)*	5/7	0/3
Independent non-executive Directors		
Mr. Kwan Kai Cheong	15/15	3/4
Mr. Ching Kwok Ho, Samuel *(retired on 27 June 2014)*	7/7	2/3
Mr. Yen Yuen Ho, Tony	14/15	4/4
Mr. Shi Dinghuan	2/15	0/4
Mr. Ma Kwong Wing	14/15	4/4

BOARD COMMITTEES

Audit Committee

The Board has established its Audit Committee since 14 March 2000. Currently it consists of three members, including two independent non-executive Directors, namely Mr. Kwan Kai Cheong and Mr. Yen Yuen Ho, Tony, and one non-executive Director, namely Mr. Yang Baiqian. The Audit Committee is chaired by Mr. Kwan Kai Cheong who is an independent non-executive Director having the relevant professional qualification and expertise in financial reporting matters.

The Audit Committee acts as an important link between the Board and the Company's auditors in matters within the scope of the Group's audit. The committee is responsible for making recommendation to the Board on the appointment and re-appointment of external auditor, and to approve the remuneration and terms of engagement of the external auditor. It is empowered to review and monitor the external auditor's independence and objectivity and effectiveness of the audit process in accordance with applicable standards. It reviews, makes recommendations and report to the Board on findings relating to the financial statements, reports and accounts, financial reporting system and internal control procedures and compliance issues.

The details of authority, role and responsibilities of the committee are set out in written terms of reference which are available on the Company's website (http://www.unitedpvgroup.com) and the Stock Exchange's website. The committee reviews its terms of reference at least once a year to ensure they remain in line with the requirements of the Listing Rules. Amendments to the terms of reference are submitted to the Board for approval and adoption.

During the year ended 31 December 2014, the committee held two meetings to discuss with external auditors the nature and scope of the audit and reporting obligations before the audit commences, to review the unaudited interim financial statements and the annual financial statements with the auditors and make recommendations to the Board for approval, and to assess the effectiveness of the internal control scheme of the Group.

The Company Secretary acts as secretary to the committee. An agenda and accompanying committee papers are sent to the committee members at least three days prior to each meeting. Sufficient resources are made available to the committee when required. The secretary prepares full minutes of the Audit Committee meetings with details of the matters considered by the committee members. The draft minutes are sent to all committee members for comment and approval after each meeting and the final version of the minutes is sent to the committee members for their records within a reasonable time after the meeting. The chairman of the committee summarises the activities of the committee and highlights issues arising and reports to the Board after each Audit Committee meeting.

The composition of the Audit Committee during the year ended 31 December 2014 and the meeting attendance are as follows:

Members	Attendance/ Number of Meetings
Independent Non-executive Directors	
Mr. Kwan Kai Cheong *(Chairman)*	2/2
Mr. Ching Kwok Ho, Samuel *(retired on 27 June 2014)*	1/1
Mr. Yen Yuen Ho, Tony	2/2
Non-executive Directors	
Mr. Yang Baiqian	2/2

Remuneration Committee

The Board established a Remuneration Committee on 28 September 2005. Currently it consists of three members, including two independent non-executive Directors, namely Mr. Kwan Kai Cheong and Mr. Yen Yuen Ho, Tony, and one non-executive Director Mr. Yang Baiqian. Mr. Kwan Kai Cheong is the chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration by reference to corporate goals and objectives resolved by the Board from time to time, approving the terms of executive Directors' service contracts and making recommendations to the board on the remuneration packages of individual executive Directors and senior management.

The details of authority, role and responsibilities of the committee are set out in written terms of reference which are available on the Company's website (http://www.unitedpvgroup.com) and the Stock Exchange's website. The committee reviews its terms of reference at least once a year to ensure they remain in line with the requirements of the Listing Rules. Amendments to the terms of reference are submitted to the Board for approval and adoption.

During the year ended 31 December 2014, the Remuneration Committee held one meeting to review the remuneration policy of the year ended 31 December 2013, existing remuneration packages of the Directors and senior management of the Company, and to recommend to the Board the salaries and bonuses of the Directors and senior management and discuss the remuneration package of the newly appointed senior management. During the year, the Remuneration Committee also passed a written resolution to recommend to the Board grant of share options to certain eligible participants share options to subscribe for ordinary shares of the Company under its share option scheme adopted on 19 June 2012 and according to its remuneration policy.

The Company Secretary acts as secretary to the committee. An agenda and accompanying committee papers are sent to the committee members at a reasonable time prior to each meeting. Sufficient resources are made available to the committee when required. The secretary prepares full minutes of the Remuneration Committee meetings with details of the matters considered by the committee members. The draft minutes are sent to all committee members for comment and approval after each meeting and the final version of the minutes is sent to the committee members for their records within a reasonable time after the meeting. The chairman of the committee summarises the activities of the committee and highlights issues arising and reports to the Board after each Remuneration Committee meeting.

The composition of the Remuneration Committee during the year ended 31 December 2014 and the meeting attendance are as follows:

Members	Attendance/ Number of Meetings
Independent Non-executive Directors	
Mr. Kwan Kai Cheong *(Chairman)*	1/1
Mr. Yen Yuen Ho, Tony	1/1
Non-executive Directors	
Mr. Yang Baiqian	1/1

Remuneration payable to senior management other than Directors for the year 2014

Details of the emoluments payable to the members of the senior management other than Directors by band for the year ended 31 December 2014 are set out below:

Emolument bands (in HK dollar)	Number of members	
	2014	2013
HK$1,000,001 to HK$1,500,000	**1**	–

Further particulars regarding Directors' emoluments and the five highest paid individuals as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 7(b) and 7(c) to the financial statements.

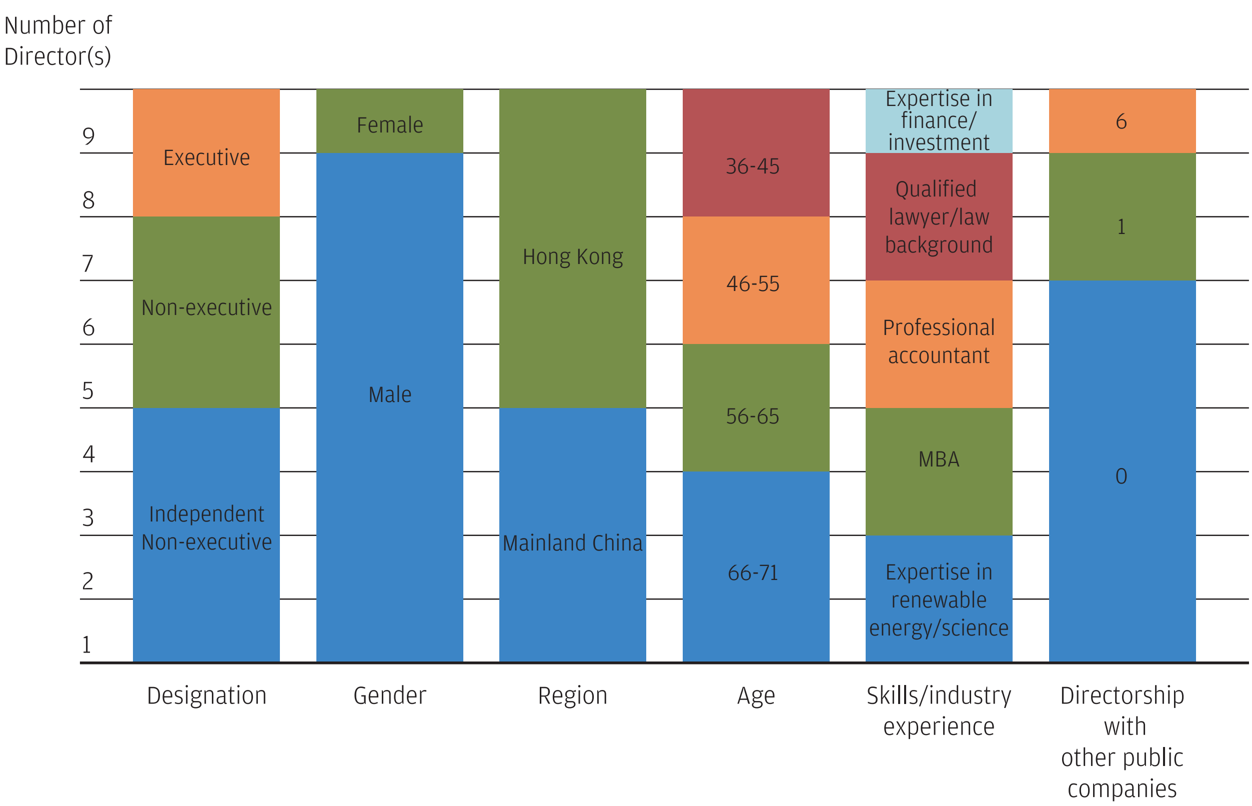
Nomination Committee

The Company's Nomination Committee was established on 23 March 2012 and currently has three members, including two independent non-executive Directors, namely Mr. Kwan Kai Cheong and Mr. Yen Yuen Ho, Tony, and one executive Director, Mr. Li Alan. Mr. Yen Yuen Ho, Tony is the chairman of the committee.

The Nomination Committee is authorised to formulate nomination policy for the Board's consideration and implement the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship and senior management. In reviewing the Board composition, the committee shall give adequate consideration to the Company's policy on board diversity. While selecting candidates for directorship, the committee has taken into account of a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience, skills and knowledge. The committee believes that the current composition of the Board is balanced and diversified with the high-calibre members from different cultural backgrounds and possessing professional expertise of various industries, which indicates that the diversity policy has been well implemented.

The main responsibilities of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least once a year and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, and identify individuals suitably qualified to become Directors and select, or make recommendations to the Board on the selection of individuals nominated for directorships and senior management, the appointment or re-appointment of Directors and succession planning for Directors. The committee is also responsible for assessing the independence of independent non-executive Directors.

An analysis of the current Board composition is set out in the following chart:



The details of authority, role and responsibilities of the committee are set out in written terms of reference which are available on the Company's website (http://www.unitedpvgroup.com) and the Stock Exchange's website. The committee reviews its terms of reference at least once a year to ensure they remain in line with the requirements of the Listing Rules. Amendments to the terms of reference are submitted to the Board for approval and adoption. The latest amendment to the terms of reference of the Nomination Committee was made on 30 August 2013, in order to incorporate the Company's policy with respect to the diversity of the Board.

During the year ended 31 December 2014, the Nomination Committee passed a written resolution to nominate the candidate of chairman of the Board. The Nomination Committee held one meeting to review the diversity and complexity of the Board according to the Board Diversity Policy of the Company by reviewing existing members of the Board, and to recommend on the selection of individuals nominated for member of the Board and senior management. In the same meeting, the Nomination Committee also nominated a candidate to fill the vacancy of CFO.

The Company Secretary acts as secretary to the committee. An agenda and accompanying committee papers are sent to the committee members at least three days prior to each meeting. Sufficient resources are made available to the committee when required. The secretary prepares full minutes of the Nomination Committee meetings with details of the matters considered by the committee members. The draft minutes are sent to all committee members for comment and approval after each meeting and the final version of the minutes is sent to the committee members for their records within a reasonable time after the meeting. The chairman of the committee summarises the activities of the committee and highlights issues arising and reports to the Board after each Nomination Committee meeting.

The composition of the Nomination Committee during the year ended 31 December 2014 and the meeting attendance are as follows:

Members	Attendance/ Number of Meetings
Independent Non-executive Directors	
Mr. Yen Yuen Ho, Tony *(Chairman)*	1/1
Mr. Kwan Kai Cheong	1/1
Executive Directors	
Mr. Li, Alan	1/1

Risk Control Committee

The Risk Control Committee of the Company was set up on 23 July 2013 and currently has four members, including one independent non-executive Director Mr. Kwan Kai Cheong, one non-executive Director Mr. Yang Baiqian and two executive Directors, Mr. Li, Alan and Mr. Lu Zhenwei. The committee is chaired by Mr. Yang Baiqian.

The aim of the Risk Control Committee is to strengthen the risk analysis, judgement and decision making of the Board. The main responsibilities of the Risk Control Committee are to review significant investment projects, to assess the internal control and to conduct risk assessment on the material operation and financial matters of the Company.

The details of authority, role and responsibilities of the committee are set out in written terms of reference which are available on the Company's website (http://www.unitedpvgroup.com) and the Stock Exchange's website.

During the year ended 31 December 2014, the Risk Control Committee held five meetings to conduct risk assessment on the following acquisition/disposal transactions and recommend to the Board for consideration and approval:

i) The transaction to dispose 70% of the entire issued share capital of Fortune Arena Limited, a wholly owned subsidiary of the Company, which was completed on 28 October 2014;

ii) The transaction to acquire a solar power plant located in Keerqinzuoyihouqi, Inner Mongolia, China with total installed capacity of 40MW, which was completed on 5 January 2015; and

iii) The transaction to acquire four solar power plants located in Xinjiang, China with total installed capacity of 80 MW, which was approved by the independent Shareholders on 17 March 2015.

The Risk Control Committee also reviewed some other transactions to acquire certain solar power plants, which are still in negotiation with other relevant parties.

The Company Secretary acts as secretary to the committee. An agenda and accompanying committee papers are sent to the committee members at least three days prior to each meeting. Sufficient resources are made available to the committee when required. The secretary prepares full minutes of the risk control meetings with details of the matters considered by the committee members. The draft minutes are sent to all committee members for comment and approval after each meeting and the final version of the minutes is sent to the committee members for their records within a reasonable time after the meeting. The chairman of the committee summarizes the activities of the committee and highlights issues arising and reports to the Board after each Risk Control Committee meeting. The composition of the Risk Control Committee during the year ended 31 December 2014 and the meeting attendance are as follows:

Members	Attendance/ Number of Meetings
Non-executive Directors	
Mr. Yang Baiqian *(Chairman)*	5/5
Independent Non-executive Directors	
Mr. Kwan Kai Cheong	5/5
Executive Directors	
Mr. Li, Alan	5/5
Mr. Lu Zhenwei	5/5

AUDITORS' REMUNERATION

The external auditors perform independent review or audit of the financial statements prepared by the management. PricewaterhouseCoopers has been re-appointed as the independent auditor of the Company by Shareholders at the annual general meeting held on 27 June 2014.

During the year, the remuneration paid or payable to PricewaterhouseCoopers (including its affiliated firms) for services rendered is summarised as below:

	2014 **HK$'000**	2013 HK$'000
Statutory audit	**2,800**	2,500
Non-audit services	**1,719**	5,530
Total	**4,519**	8,030

The non-audit services mainly comprises of tax compliance, and services in connection with acquisitions of solar power plants by the Group and disposal of 70% issued share capital in Fortune Arena Limited.

The responsibilities of the independent auditor with respect to the consolidated financial statements for the year ended 31 December 2014 are set out in the section "Independent Auditor's Report" on pages 81 to 82.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board is accountable to the Shareholders and responsible for the preparation of the financial statements of the Group. The Board recognises the importance of integrity of financial information. The Directors endeavour to present to Shareholders a balanced, clear and understandable assessment of the performance, position and prospects of the Group.

The Board acknowledges its responsibility for preparing the financial statements that give a true and fair view of the Group's affairs and of its results and cash flows. The management has provided such explanation and information to the Board as necessary to enable the Directors to assess the financial information and position of the Group.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving high degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the note 4 to the financial statements.

As set out in the Note 2.1.1 of the consolidated financial statements, the Group's current liabilities exceeded its current assets by HK$1,795 million as at 31 December 2014. In addition, as described in Note 2.1.1, the Group also made certain contractual and other arrangement which need substantial amount of funds in the foreseeable future to finance capital expenditures. These conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding the conditions described above and in the Independent Auditor's Report, the consolidated financial statements have been prepared on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the Board, the Group, can meet its financial obligations as and when they fall due in the coming year, after taking into consideration those measures and arrangements made subsequent to the reporting date as detailed in Note 2.1.1.

In light of the measures implemented to date, the Board is of the view that the Group has sufficient cash resources to satisfy their working capital and other financial obligations for the next twelve months from the date of approval of these financial statements after having taken into account the Group's projected cash flows, current financial resources and capital expenditure requirements. Accordingly, the Board is of the view that it is appropriate to prepare the consolidated financial statements on a going concern basis. For details, please refer to the Note 2.1.1 of the consolidated financial statements.

The Directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the requirements of the Hong Kong Companies Ordinance and the Listing Rules.

INTERNAL CONTROL

Code provision C.2.1 of the CG Code provides that the Directors should at least annually conduct a review of the effectiveness of the Group's internal control system. Code provision C.2.2 provides that the Board's annual review should, in particular, consider the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function.

The Board recognises that it has the overall responsibility to establish and maintain a sound and effective system of internal control, review its effectiveness, and set appropriate policies to ensure the smooth running of operations, safeguard the Group's assets and the Shareholders' interests as well as to ensure the reliability of financial statements in compliance with applicable laws and regulations. The Board has entrusted the Audit Committee with the responsibility to review the internal control systems of the Group. During the year under review, the Audit Committee has conducted a review of the effectiveness of the system of internal control of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management functions.

Internal audit

During the year under review, the Company established the internal audit department (the "Internal Audit Department") to carry out the internal audit function. The Internal Audit Department acts independently and reports directly to the CEO, and briefs the Audit Committee on the results of all internal audit assignments. The CEO, with the approval of the Audit Committee, may instruct the head of the Internal Audit Department to undertake internal audit activities of an urgent or sensitive nature and report to the Board on the results. The Internal Audit Department is closely involved in the assessment of the quality of risk management of the Group and reviewed the effectiveness of the formal risk management system as well as the effectiveness of the Group's internal controls during the year. The Audit Committee annually reviews the key performance indicators relating to the work of the Internal Audit Department.

Risk control

In meeting its responsibility, the Board seeks to increase risk awareness across the Group's business operations and has put in place policies and procedures. The Board has delegated to the Risk Control Committee and management the implementation of risk control procedures. During the year under review, the Risk Control Committee continuingly access, monitor and control the risks to be incurred in acquisition/disposal activities. The Risk Control Committee is an essential part of corporate governance to help in sustaining the Group's business success. It assists the Board to manage the key risks in discharging its corporate governance responsibilities.

The effectiveness of the system of internal controls and the adequacy of resources, qualifications and experience of staff of the Company's internal audit function, risk control function, and accounting and financial reporting function as well as their training programmes and budget is reviewed annually.

COMPANY SECRETARY

Ms. Qiu, Ping Maggie ("Ms. Qiu"), a non-executive Director, was appointed as the company secretary of the Company on 10 August 2013. Ms. Qiu has day-to-day knowledge of the Company's business. Ms. Qiu reports to the Chairman and CEO. The biographical details of Ms. Qiu are set out under the section headed "Biographies of directors and senior management" section of this annual report. During the year 2014, Ms. Qiu has taken not less than 15 hours of relevant professional trainings according to Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

The Board adopted a shareholders communication policy on 26 March 2013 in order to provide its Shareholders timely and understandable information, and allowing Shareholders to engage actively with the Company. Information would be communicated to Shareholders mainly through the Company's corporate communications including interim and annual reports, announcements and circulars. These publications are sent to the Shareholders in a timely manner and are also available on the website of the Company (http://www.unitedpvgroup.com).

The Board is dedicated to maintain an on-going dialogue with Shareholders of the Company. Shareholders are encouraged to participate in general meetings or appoint proxies to attend and vote at general meetings for and on behalf of them if they are unable to attend in person.

Shareholders may directly enquire about their shareholdings to the Company's share registrar. To the extent the requisite information of the Company is publicly available, Shareholders and the investment community may at any time make enquiry in respect of the Company in writing at our head office in Hong Kong by post, facsimile or email via the numbers and email address provided on the Company's website (http://www.unitedpvgroup.com).

During the year 2014, there are no significant changes in the Company's constitutional documents.

PROCEDURES FOR SHAREHOLDERS TO CONVENE SPECIAL GENERAL MEETING ("SGM") AND/OR TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

The following procedures are subject to the Bye-laws and applicable legislation and regulation:

Pursuant to Section 58 of the Bye-laws, Shareholders holding at the date of deposit of requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. Such written requisition must be duly signed by the shareholders concerned and to be verified by the Company's share registrar. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

To request to convene an SGM, the requisitionists shall deposit their requisition in writing, together with the proposals to be considered at such meeting, at the principal place of business of the Company in Hong Kong as announced by the Company from time to time and for the attention of the Chairman of the Board and the Company Secretary. The requisition will be verified with the Company's share registrars. If it is in order, the Company Secretary will pass the requisition to the Board for consideration and an SGM will be convened by sufficient notice to all the registered Shareholders in accordance with the requirements under the Bye-laws. On the contrary, if the requisition is invalid, no SGM will be convened and the requisitionists will be advised of this outcome.

To put forward proposals at a Shareholders' meeting of the Company, a Shareholder should lodge a written request setting out the proposals duly signed by the Shareholder concerned at the principal place of business of the Company in Hong Kong as announced by the Company from time to time and for the attention of the Chairman of the Board and the Company Secretary. The request will be verified with the Company's share registrars. If it is in order, the Company Secretary will pass the request to the Board for consideration. The Board will decide whether it is valid and appropriate to put such proposals at a Shareholders' meeting.

Pursuant to Section 85 of the Bye-laws, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a written notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office (as defined in the Bye-laws) provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Accordingly, to nominate a person for election as a Director, a Shareholder shall lodge a written notice duly signed by the Shareholder concerned at the principal place of business of the Company in Hong Kong as announced by the Company from time to time and for the attention of the Company Secretary. In order for the Company to inform all Shareholders of that proposal, the written notice must include the following information: (i) the full name of the person proposed for election as a Director; (ii) his/her biographical details as required under Rule 13.51(2) of the Listing Rules; and (iii) the candidate's written confirmation on his/her willingness to be elected as a Director and written consent to the publication of his/her personal data as required by the Listing Rules. The notice will be verified with the Company's share registrars. If it is in order, the Company Secretary will pass the notice to the Company's Nomination Committee for examination. The Nomination Committee will assess the suitability of the candidate proposed by the Shareholder and make recommendations to the Board on the selection of individuals nominated for directorship if it thinks fit and appropriate. If such notice is received by the Company after publication of the notice of the Shareholders' meeting concerned, the Company will publish an announcement or issue a supplementary circular setting out the particulars of the proposed Director and may need to adjourn the Shareholders' meeting as and when required by the Bye-laws.

We have posted on our Company's website (http://www.unitedpvgroup.com) the procedures for Shareholders to convene and put forward proposals at general meetings including proposing a person for election as a Director, and to vote by poll at general meetings.

Shareholders who have enquiries about the above procedures may write to the Company Secretary for clarification at the principal place of business of the Company in Hong Kong as announced by the Company from time to time.

The directors of the Company (the "Directors" or the "Board") present their report together with the audited consolidated financial statements of United Photovoltaics Group Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and operates its businesses through its subsidiaries. The Group used to have two operating segments, namely (i) development, investment, operation and management of solar power plants segment; and (ii) manufacturing and sales of solar cells segment.

In view of the loss making of the manufacturing and sales of solar cells segment during the past years, in October 2014, the Group completed the disposal of 70% issued share capital in Fortune Arena Limited ("Fortune Arena"), which once represented the Group's major segment of solar cells business, to an independent third party. Such disposal enabled the Group to focus its resources in the development, investment, operation and management of solar power plants segment. Subsequent to the disposal of Fortune Arena, the Group is principally engaged in the development, investment, operation and management of the solar power plants. The particulars of its principal subsidiaries are set out in note 18 to the consolidated financial statements.

Saved as disclosed above, there were no significant changes in the nature of the Group's principal activities during the year under review.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2014 and the state of affairs of the Company and the Group as at that date are set out in the consolidated financial statements on pages 83 to 92 of the annual report.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2014 (2013: Nil).

FINANCIAL SUMMARY

A summary of the consolidated results and of the assets and liabilities of the Group for each of the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 179 of this annual report. This summary does not form part of the consolidated financial statements for the year ended 31 December 2014.

SHARE CAPITAL

Details of the share capital of the Company and its movements during the year ended 31 December 2014 are set out in note 25 to the consolidated financial statements.

CONVERTIBLE BONDS

Details of the convertible bonds of the Company during the year are set out in note 27 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

DISTRIBUTABLE RESERVES OF THE COMPANY

As of 31 December 2014, the Company had no reserve (31 December 2013: Nil) available for distribution as computed in accordance with the Companies Act 1981 of Bermuda. However, the Company's share premium account in the amount of approximately HK$5,145,741,000 as at 31 December 2014 (31 December 2013: HK$3,810,276,000) may be distributed in the form of fully paid bonus shares.

RESERVES

Details of the movements in reserves of the Company and of the Group during the year are set out in note 26 to the consolidated financial statements and the consolidated statements of changes in equity respectively.

DONATION

During the year ended 31 December 2014, the Group had made donations of approximately HK$475,000 (2013: HK$19,000).

LAND USE RIGHTS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

As of 31 December 2014, the Group had no investment property subsequent to the disposal of Fortune Arena (31 December 2013: HK$48,485,000).

Details of above and other movements in land use rights, property, plant and equipment and investment properties of the Group are set out in note 14, 15 and 16 to the consolidated financial statements.

INTANGIBLE ASSETS

Details of the movements in the intangible assets of the Group are set out in note 17 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for approximately 37.75% and 99.93% respectively (2013: less than 45% and 93% respectively) of the Group's total revenue for the year under review.

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 94.95% and 100% respectively (2013: less than 38% and 78% respectively), of the Group's total purchases which were non-capital in nature for the year under review.

None of the Directors or any of their associate(s) or any substantial Shareholder of the Company (which to the best knowledge of the Directors) owns more than 5% of the Company's share capital) had any interest in the Group's five largest customers and suppliers.

INTEREST BEARING BANK AND OTHER BORROWINGS

Particulars of interest bearing bank and other borrowings of the Company and the Group as at 31 December 2014 are set out in note 31 to the consolidated financial statements.

DIRECTORS

The Directors during the year and up to the date of this annual report are as follows:

Executive Directors

Mr. Li Alan *(Chairman and CEO)*	*appointed as Chairman on 7 January 2014*
Mr. Lu Zhenwei	

Non-executive Directors

Academician Yao Jiannian	
Mr. Yang Baiqian	
Ms. Qiu Ping Maggie	
Mr. Wu Zhenmian	*retired on 27 June 2014*

Independent non-executive Directors

Mr. Kwan Kai Cheong	
Mr. Ching Kwok Ho, Samuel	*retired on 27 June 2014*
Mr. Yen Yuen Ho, Tony	
Mr. Shi Dinghuan	
Mr. Ma Kwong Wing	

In accordance with Section 84 of the Bye-laws, Mr. Li, Alan, Mr. Yen Yuen Ho, Tony, Academician Yao Jiannian, being one-third of the Directors, shall retire from office by rotation and be eligible for re-election at the forthcoming annual general meeting (the "**AGM**").

None of the Directors proposed for re-election at the AGM has entered into any service contracts with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 10 to 13 of the annual report.

DIRECTORS' INTERESTS IN CONTRACTS

On 8 January 2014, the Group and Renewable Energy (Hong Kong) Trade Board Limited ("**EBODHK**") entered into an agreement in relation to the sale and purchase of the remaining 55% equity interest in Changzhou Dinghui New Energy Limited* (常州鼎暉新能源有限公司) owned by EBODHK for a total cash consideration of RMB5,500,000 (equivalent to approximately HK$6,911,000). The transaction was completed on 13 June 2014. EBODHK is a wholly-owned subsidiary of Renewable Energy Trade Board Corporation ("**EBOD**"). Each of Mr. Li, Alan and Mr. Lu Zhenwei, both executive Directors, also hold the senior positions in EBOD.

On 31 October 2014, the Company, Shenzhen China Merchants Yinke Investment Management Limited* (深圳市招商局銀科投資管理有限公司) ("**CM Yinke**"), China Merchants Wealth Asset Management Limited* (招商財富資產管理有限公司) ("**CM Wealth**") and China Merchants Zhangzhou Development Zone Trenda Solar Limited* (招商局漳州開發區創大太陽能有限公司) ("**CM Trenda**") entered into a cooperation agreement, in relation to among other things, proposed joint acquisition of Changzhou Guangyu New Energy Company Limited* (常州光昱新能源有限公司) by the Company and CM Yinke, which owns two on-grid connected solar power plant projects in Xinjiang, the PRC with an approximate aggregate installed capacity of 80MW; and (ii) the conditional call and put options of the Company and CM Yinke in respect of the equity interest to be owned by CM Yinke. Each of Mr. Lu Zhenwei and Mr. Yang Baiqian, an executive Director and a non-executive Director, also hold the senior positions in CM Yinke.

On 18 December 2014, the Company, China Merchants New Energy Group Limited ("**CMNEG**") and Magicgrand Group Limited ("**Magicgrand**") entered into a subscription agreement, pursuant to which the Company agreed to allot and issue an aggregate of 100,000,000 shares of the Company ("**Shares**") to each of CMNEG and Magicgrand in cash at a subscription price of HK$1.0 per Share. Such issue was completed on 10 February 2015. Each of Mr. Li, Alan and Mr. Lu Zhenwei, both executive Directors and Mr. Yang Baiqian, a non-executive Director, were also directors of CMNEG. Magicgrand is directly and indirectly owned as to 100% by Mr Li, Alan, an executive Director.

Save as disclosed hereinabove, no contracts of significance in relation to the Group's businesses to which the Company, any of its subsidiaries, its holding company, or any subsidiary of its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 31 December 2014, the interests of the Directors, the chief executive and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") in the Listing Rules, were as follows:

Long Positions

(a) Ordinary shares of HK$0.10 each in the Company

Name of directors	Number of underlying shares of the Company				Percentage of issued share capital of the Company as of 31 December 2014
	Personal interests	Notes	Corporate interests	Notes	
Mr. Li, Alan	6,003,000	1	726,942,564	3, 4 & 5	16.81 %
Ms. Qiu Ping, Maggie	2,401,200	2			0.06 %

(b) Convertible debentures of the Company

Name of directors	Convertible debentures of the Company Conversion rights attached to convertible debentures (shares)				Percentage of issued share capital of the Company as of 31 December 2014
	Personal interests	Notes	Corporate interests	Notes	
Mr. Li, Alan	4,002,000	1	440,036,000	6	10.18 %
Ms. Qiu Ping, Maggie	1,600,800	2			0.04 %

Notes:

1. Mr. Li, Alan by undertaking to work for China Solar Power Group Limited ("**CSPG**"), a wholly-owned subsidiary of the Company, for a period of three years until 30 August 2015, is entitled to receive from a trustee company 6,003,000 Shares and convertible bonds in the principle amount of HK$4,002,000 convertible into 4,002,000 Shares.

2. Ms. Qiu Ping, Maggie by undertaking to work for CSPG for a period of three years until 30 August 2015, is entitled to receive from a trustee company 2,401,200 Shares of the Company and convertible bonds the principle amount of HK$1,600,800 convertible into 1,600,800 Shares.

3. The 567,538,250 shares of the Company are beneficially owned by CMNEG, which is incorporated in British Virgin Islands. As at the date of this annual report, the issued share capital of CMNEG is 79.36% owned by Snow Hill Developments Limited ("**Snow Hill**") and 20.64% owned by Magicgrand. Snow Hill is an indirect wholly-owned subsidiary of China Merchants Group Limited and Magicgrand is ultimately wholly owned by Mr. Li, Alan, an executive director of the Company.

4. 141,230,827 Shares are beneficially owned by Magicgrand. The issued share capital of Magicgrand is 38.83% owned by Mr. Li, Alan and 61.17% by Pairing Venture Limited.

5. 18,173,487 Shares are beneficially owned by Pairing Venture Limited, which is incorporated in the British Virgin Islands. The issued share capital of Pairing Venture Limited is wholly owned by Mr. Li, Alan.

6. Convertible bonds of the Company in principal amount of HK$440,036,000 (with conversion price of HK$1.00 per Share) are beneficially owned by CMNEG.

(c) Share options of the Company

Particulars of share options of the Company as at 31 December 2014 are set out in note 25 to the consolidated financial statements.

Other than disclosed above, none of the Directors or the chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code in the Listing Rules as of 31 December 2014.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the heading "Directors' and chief executive's interests in shares, underlying shares and debentures" above and "Share option scheme" below, at no time during the year was the Company, its holding company, any of its subsidiaries or any of subsidiary of its holding company, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the year under review.

SHARE OPTION SCHEME

At the annual general meeting of the Company held on 19 June 2012, the Shareholders approved the adoption of a new share option scheme (the "**New Scheme**") and termination of the old share option scheme which was adopted on 10 September 2002 (the "**Old Scheme**"). Share options granted under the Old Scheme prior to its termination continued to be valid and exercisable pursuant to the terms of the Old Scheme. As of 31 December 2014, no share option of the Company under the Old Scheme remains outstanding.

Details of the share options granted under the Old Scheme to directors of the Company and employees of the Group and movement in such holding during the period under review are as follows:

	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding at 1 January 2014	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31 December 2014
Directors	6.4.2011	1.6.2011 to 31.5.2014	1.4340	500,000	-	-	500,000	-
	6.4.2011	1.6.2012 to 31.5.2014	1.4340	500,000	-	-	500,000	-
Total				1,000,000		-	1,000,000	-

A summary of principal terms of the New Scheme is set out in note 25 to the consolidated financial statements. During the year ended 31 December 2014, no share option of the Company was granted under the New Scheme.

On 8 January 2015, certain share options were granted under the New Scheme to Directors and employees of the Group, details of which are as follows:

Name of directors	Number of share options held	Date of grant	Exercisable period	Exercise price per share (HK$)
Mr. Li, Alan	1,800,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	1,800,000		8 January 2017 to 7 January 2020	1.0
	2,400,000		8 January 2018 to 7 January 2020	1.0
Mr. Lu Zhenwei	600,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	600,000		8 January 2017 to 7 January 2020	1.0
	800,000		8 January 2018 to 7 January 2020	1.0
Academician Yao Jiannian	900,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	900,000		8 January 2017 to 7 January 2020	1.0
	1,200,000		8 January 2018 to 7 January 2020	1.0
Mr. Yang Baiqian	600,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	600,000		8 January 2017 to 7 January 2020	1.0
	800,000		8 January 2018 to 7 January 2020	1.0
Ms. Qiu Ping, Maggie	900,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	900,000		8 January 2017 to 7 January 2020	1.0
	1,200,000		8 January 2018 to 7 January 2020	1.0
Mr. Kwan Kai Cheong	600,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	600,000		8 January 2017 to 7 January 2020	1.0
	800,000		8 January 2018 to 7 January 2020	1.0
Mr. Yen Yuen Ho, Tony	600,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	600,000		8 January 2017 to 7 January 2020	1.0
	800,000		8 January 2018 to 7 January 2020	1.0

Name of directors	Number of share options held	Date of grant	Exercisable period	Exercise price per share (HK$)
Mr. Shi Dinghuan	600,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	600,000		8 January 2017 to 7 January 2020	1.0
	800,000		8 January 2018 to 7 January 2020	1.0
Mr. Ma Kwong Wing	600,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	600,000		8 January 2017 to 7 January 2020	1.0
	800,000		8 January 2018 to 7 January 2020	1.0
Other officers and employees	12,150,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	12,150,000		8 January 2017 to 7 January 2020	1.0
	16,200,000		8 January 2018 to 7 January 2020	1.0

EMPLOYEE INCENTIVE SCHEME

Prior to the acquisition of China Solar Power Group Limited ("**CSPG**") by the Group, an employee incentive scheme (the "**EIS**") was approved by CSPG to the effect that 25,000,000 ordinary shares of the CSPG with a par value of US$0.01 each were issued to Sino Arena Investments Limited ("**Sino Arena**" or the "**Trustee**"), a BVI company. Sino Arena held a 4.35% equity interest of CSPG and it holds the shares for and on behalf of eligible persons who are granted the shares according to the provisions of the EIS.

CSPG shares are granted to directors, employees and consultants of CSPG (collectively the "**Participants**") under the EIS. The exercise price of the granted shares is zero. Shares are vested to the employee upon completing three years' services. The Participants will be entitled to 30%, 30% and 40% of the shares granted after completion of each of the three-year continuous employment.

As part of the acquisition of CSPG, 20,010,000 shares of the Company, Series A convertible notes with a principal amount of HK$40,020,000 and Series B convertible notes with a principal amount of HK$40,020,000 were issued to the Trustee in exchange for the shares of CSPG held by the Trustee.

As of 31 December 2014, none of the shares granted under the EIS was exercisable.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2014, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following Shareholders (other than those disclosed in the section headed "Directors' and Chief Executives' interests in Shares, Underlying Shares and Debentures") had notified the Company/the Stock Exchange of relevant interests and short positions in the shares or underlying shares of the Company.

Name of Shareholder	Capacity	Number of Shares held	Number of underlying Shares held	Percentage of the issued share capital of the Company as of 31 December 2014
China Merchants Group Limited	Interest in controlled corporation	670,649,686	440,036,000	25.47%
Snow Hill (note 1)	Beneficial owner Interest in controlled Corporation	103,111,436 567,538,250	- 440,036,000	25.47%
CMNEG (note 2)	Beneficial owner	567,538,250	440,036,000	23.1%
EBOD	Beneficial owner Interest in controlled corporation	200,850,000 49,747,621	79,948,000 -	7.58%
Magicgrand (note 3)	Beneficial owner Interest in controlled Corporation	141,230,827 567,538,250	- 440,036,000	26.34%
Pairing Venture Limited (note 4)	Beneficial owner Interest in controlled corporation	18,173,487 708,769,077	- 440,036,000	26.76%
Wang Baixing	Interest in controlled corporation	299,922,000	79,948,000	8.71%
Zhongli Science and Technology Group Co., Ltd. (note 5)	Interest in controlled corporation	299,922,000	79,948,000	8.71%

Name of Shareholder	Capacity	Number of Shares held	Number of underlying Shares held	Percentage of the issued share capital of the Company as of 31 December 2014
Zhongli New Energy (Hong Kong) Investment Limited (note 6)	Beneficial owner	299,922,000	79,948,000	8.71%
Fosun International Limited (note 7)	Interest in controlled corporation	70,924,000	169,531,250	5.51%
Fosun International Holdings Limited (note 8)	Interest in controlled corporation	70,924,000	169,531,250	5.51%
Guo Guangchang	Interest in controlled corporation	70,924,000	169,531,250	5.51%
Invesco Hong Kong Limited	Investment manager	264,892,000	-	6.07%
Invesco PRC Equity Fund	Beneficial owner	239,716,000	-	5.50%

Notes:

1. Snow Hill is indirectly and wholly owned by China Merchants Group Limited.

2. As at 31 December 2014, CMNEG was 53.56% owned by Snow Hill and 46.44% owned by Magicgrand respectively. Following the completion of the transfer of the shares in CMNEG on 6 February 2015 (details of which were disclosed in the announcement of the Company dated 10 February 2015), as at the date of this annual report, CMNEG is 79.36% owned by Snow Hill and 20.64% owned by Magicgrand respectively.

3. Magicgrand is directly and indirectly owned as to 100% by Mr Li, Alan, an executive Director.

4. Pairing Venture Limited is directly and wholly owned by Mr Li, Alan, an executive Director.

5. Zhongli Science and Technology Group Co., Ltd. was directly owned as to 46.94% by Mr. Wang Baixing.

6. Zhongli New Energy (Hong Kong) Investment Limited was indirectly owned as to 46.94% by Mr. Wang Baixing.

7. Fosun International Limited was indirectly owned as to 79.03% by Fosun International Holdings Limited.

8. Fosun International Holdings Limited was indirectly owned as to 58% by Mr. Guo Guangchang.

Save as disclosed above, the Directors are not aware of any person (not being a Director) who, as at 31 December 2014, had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was recorded in the register required to be kept under Section 336 of Part XV of the SFO or who (other than a member of the Group) was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

CONNECTED TRANSACTIONS

The following are summaries of connected transactions which were disclosed in the Company's announcements and/or circulars during the year under review:

(1) Acquisition of 55% equity interest in Changzhou Dinghui

Following the completion of the acquisition of a 45% equity interest in Changzhou Dinghui on 7 January 2014, on 8 January 2014, United Photovoltaics (Changzhou) Investment Co., Ltd. (聯合光伏(常州)投資有限公司) ("**UP (Changzhou)**"), an indirect wholly-owned subsidiary of the Company, and EBODHK further entered into the sale and purchase agreement in relation to the acquisition of the remaining 55% equity interest in Changzhou Dinghui owned by EBODHK (the "**55% Acquisition**") for a total cash consideration of RMB5,500,000 (equivalent to approximately HK$6,911,000).

Changzhou Dinghui and its subsidiaries are principally engaged in investment, construction, operation, maintenance and management of solar power plants located in Gonghe, Qinghai Province, China with an aggregate installed capacity of approximately 180MW. The 55% Acquisition will enable the Group to consolidate control over the Changzhou Dinghui and its subsidiaries and further expand its scale of business in the solar energy sector and enhance the return to Shareholders.

EBODHK, being an associate of CMNEG, a substantial Shareholder of the Company, is a connected person of the Company and the 55% Acquisition constitutes a connected transaction under the Listing Rules.

Details of the 55% Acquisition were disclosed in the Company's announcement dated 8 January 2014 and the circular dated 16 May 2014. The transaction was approved by the independent Shareholders on the special general meeting held on 6 June 2014. The completion of the 55% Acquisition was announced by the Company on 13 June 2014.

(2) Subscription of Shares

On 18 December 2014, the Company entered into the subscription agreement with CMNEG and Magicgrand in relation to the allotment and issue of and subscription of 100,000,000 Shares by each CMNEG and Magicgrand in cash, respectively, at the subscription price of HK$1.0 per Share (the "**CM Subscription**"). The net proceeds derived from the CM Subscription will be used in connection with the solar power business of the Group as well as the Group's general operating and administrative expenses.

CMNEG is a substantial shareholder of the Company, and is therefore a connected person of the Company. Magicgrand is directly and indirectly owned as to 100% by Mr Li, Alan, an executive director of the Company. Accordingly, Magicgrand is an associate of Mr. Li, Alan, hence, a connected person of the Company. The CM Subscription constitutes a connected transaction of the Company under the Listing Rules.

Details of the CM Subscription were disclosed in the Company's announcement dated 18 December 2014 and the circular dated 12 January 2015. The transaction was approved by the independent Shareholders on the special general meeting held on 28 January 2015. The completion of the CM Subscription was announced by the Company on 10 February 2015.

CONTINUING CONNECTED TRANSACTIONS

A summary of continuing connected transactions which took place during the year under review is as below:

A. Provision of solar electricity and energy saving service to members of CMNEG group

(A1) Provision of solar electricity by CTNE to CSOSA and its affiliates

On 29 December 2011, China Technology New Energy Limited ("**CTNE**") and China (Shenzhen) Ocean Shipping Agency Co., Limited (中國深圳外輪代理有限公司) ("**CSOSA**") entered into a framework agreement, whereby the parties agreed, among others, the provision of solar electricity by CTNE to CSOSA and its affiliates. Details of the terms and conditions for the provision of solar electricity as contemplated will be determined by solar electricity supply and energy saving service agreement(s) to be entered into by CTNE or its subsidiaries with CSOSA or its affiliates. As of 31 December 2014, the grid-connected solar power plants in connection with the framework agreement reached an aggregate installed capacity of 300KW.

Term – The term of the framework agreement is a period of 25 years commencing from the date of the framework agreement.

Pricing – Transactions will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms and if there are no sufficient comparable transactions to assess whether they are on normal commercial terms, on terms no less favourable available to independent third parties on the basis that they will be fair and reasonable so far as the independent Shareholders are concerned and in accordance with relevant rules and regulations of the government (including the standard price for electricity supply promulgated by the local Price Control Administration (物價局), which will be adjusted in accordance with the applicable rules and regulations from time to time. Separate written agreement(s) will be entered into between the relevant parties setting out the detailed terms or subsequent adjustment, if required. The pricing for provision of solar electricity and energy saving service will be based on the government guided pricing, the standard of which is set by the pricing department, plus an agreed fee arrived at arm's length negotiations taking into the generation, transmission and maintenance costs.

CSOSA is a subsidiary of China Merchants Group Limited, and a fellow subsidiary of CMNEG, a substantial shareholder of the Company. Therefore, CSOSA is an associate of CMNEG, hence, a connected person of the Company. Accordingly, the above transaction constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Transactions during the year – RMB185,000

(A2) Provision of solar electricity by UP (Shenzhen) to CMBL and its affiliates

On 25 May 2012, United Photovoltaics (Shenzhen) Limited (formerly known as China Merchants New Energy (Shenzhen) Ltd.) ("**UP (Shenzhen)**") and China Merchants Bonded Logistics Co., Limited (招商局保稅物流有限公司) ("**CMBL**") entered into a solar electricity supply and energy saving service agreement for the supply of solar electricity and provision of related energy saving services by UP (Shenzhen) to CMBL. As of 31 December 2014, the grid-connected solar power plants in connection with the framework agreement reached an aggregate installed capacity of 2.1MW.

Term – The agreement sets out for a term of 20 years commencing from 3 May 2012 and expiring on 2 May 2032.

Pricing – Pursuant to the relevant framework agreement and the solar electricity supply and energy service agreement, the price payable for the provision of solar electricity shall be the standard price for electricity supply promulgated by the local Price Control Administration (物價局) and to be adjusted in accordance with the applicable rules and regulations from time to time and the initial price is RMB0.715/kWh. If the parties fail to agree on the adjustment on the price, either party may terminate the solar electricity supply and energy saving service agreement.

CMBL is a subsidiary of China Merchants Group Limited, and a fellow subsidiary of CMNEG, a substantial shareholder of the Company. Therefore, CMBL is an associate of CMNEG, hence, a connected person of the Company. Accordingly, the above transaction constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Transactions during the year – RMB1,775,000

(A3) **Provision of solar electricity by CTNE to CMLH and its affiliates**

On 28 November 2011, CTNE and China Merchants Logistics Holdings Limited (招商局物流集團有限公司) ("**CMLH**"), entered into a framework agreement, whereby the parties agreed, among others, the provision of solar electricity from CTNE to CMLH and its affiliates. Details of the terms and conditions for the provision of solar electricity as contemplated will be determined by solar electricity supply and energy saving service agreement(s) to be entered into by CTNE or its subsidiaries with CMLH or its affiliates.

Term – The term of the framework agreement is a period of 25 years commencing from the date of the framework agreement.

Pricing – Transactions will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms and if there are no sufficient comparable transactions to assess whether they are on normal commercial terms, on terms no less favourable available to independent third parties on the basis that they will be fair and reasonable so far as the independent Shareholders are concerned and in accordance with relevant rules and regulations of the government (including the standard price for electricity supply promulgated by the local Price Control Administration (物價局), which will be adjusted in accordance with the applicable rules and regulations from time to time. Separate written agreement(s) will be entered into between the relevant parties setting out the detailed terms or subsequent adjustment, if required. The pricing for provision of solar electricity and energy saving service will be based on the government guided pricing, the standard of which is set by the pricing department, plus an agreed fee arrived at arm's length negotiations taking into the generation, transmission and maintenance costs.

CMLH is a subsidiary of China Merchants Group Limited, and a fellow subsidiary of CMNEG, a substantial shareholder of the Company. Therefore, CMLH is an associate of CMNEG, hence, a connected person of the Company. Accordingly, the above transaction constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Transactions during the year – Nil

B. Supply of polysilicon by GCLPT to GPQST

On 3 December 2010, Goldpoly (Quanzhou) Science & Technology Industry Company Limited (金保利(泉州)科技實業有限公司) ("**GPQST**"), a member of the Group, and Suzhou GCL Photovoltaic Technology Co., Ltd. (蘇州協鑫光伏科技有限公司) ("**GCLPT**"), a member of the GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司) ("**GCL-Poly Group**"), entered into a supply agreement for the supply of polysilicon from GCLPT to members of the Group. The supply agreement sets out the overriding and principal terms for the transactions to be carried out by the relevant parties. Details of the terms and conditions for the supply of polysilicon as contemplated will be determined on an individual purchase order basis, which will be in line with the Group's policies and may vary according to the prevailing market conditions.

Term – The supply agreement sets out the terms for the supply between 2011 and 2015. In the fourth quarter of 2015, the parties will negotiate for a renewed agreement with such terms and conditions as may be agreed.

Pricing – Transactions will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms and if there are no sufficient comparable transactions to assess whether they are on normal commercial terms, on terms no less favourable than the terms available from independent third parties on the basis that they will be fair and reasonable so far as the independent Shareholders are concerned. The market price of polysilicon is volatile and may have great variation every month. The price will be agreed upon by the parties for transactions each month by reference to market price listed on the website of PV Insights (pvinsights.com), an international solar PV research firm which provides reports, advisory service and price reports and has its solar PV analysts, contacts and methodologies in information analyses, market forecasts and consulting services. Payments for the transactions will be at such credit terms as may be agreed between the parties on normal commercial terms and no less favourable to the Company than terms available from independent third parties.

GCLPT is an indirect wholly-owned subsidiary of GCL-Poly Group, and GCL-Poly Group was a substantial shareholder of the Company, hence, a connected person of the Company. Transactions between the Group and GCL-Poly Group constitute continuing connected transactions under Chapter 14A of the Listing Rules. However, GCL-Poly Group ceased to be a substantial shareholder of the Company in July 2014. Furthermore, GPQST was a subsidiary of Fortune Arena and following the disposal of 70% issued share capital in Fortune Arena on 28 October 2014 by the Group, GPQST is no longer accounted for as a subsidiary, but as an associate of the Company. Therefore, the transactions between GCLPT and GPQST have no longer been connected transactions of the Company thereafter.

Transactions during the year – Nil

C. Supply of materials from GPQST to LPTQ

On 20 November 2012, GPQST and Linsun Power Technology (Quanzhou) Corp. Ltd. (凌陽能源科技(泉州)有限公司) ("**LPTQ**"), a former subsidiary of EBOD, entered into a supply agreement for the supply of solar cells from GPQST to LPTQ. The supply agreement sets out the overriding and principal terms for the transactions to be carried out by the relevant parties. Details of the terms and conditions for the supply of solar cells as contemplated will be determined on an individual purchase order basis, which will be in line with the Group's policies and may vary according to the prevailing market conditions.

Term – The term of the supply agreement is a period of 3 years commencing from 1 January 2013 and expiring on 30 December 2015.

Pricing – Transactions will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms and if there are no sufficient comparable transactions to assess whether they are on normal commercial terms, on terms no less favourable available from independent third parties. The market price of solar cells is volatile and may have great variation every month. The price will be agreed upon by the parties for transactions each month by reference to the market price listed on the website of PV Insights (pvinsights.com), an international solar PV research firm.

LPTQ was a subsidiary of EBOD, and EBOD is a party acting in concert with and an associate of CMNEG, a substantial Shareholder of the Company. LPTQ is therefore a connected person of the Company under Rule 14A of the Listing Rules. Following the disposal of 70% equity interest in Fortune Arena on 28 October 2014 by the Group, GPQST is no longer accounted for as a subsidiary, but as an associate of the Company. During the year under review, LPTQ ceased to be a subsidiary of EBOD in October 2014, therefore, the above transactions have no longer been connected transactions of the Company thereafter.

Transactions during the year – Nil

D. Provision of processing services from CMTST to LPTQ

On 16 November 2012, China Merchants Zhangzhou Development Zone Trendar Solar Tech Limited (招商局漳州開發區創達太陽能科技有限公司) ("**CMTST**"), a member of the Group and LPTQ, a former subsidiary of EBOD entered into an agreement for provision of processing service from CMTST to LPTQ, whereby CMTST will process the solar cells provided by LPTQ into solar modules.

Term – The term of the processing service agreement is a period of 3 years commencing from 1 January 2013 and expiring on 30 December 2015.

Pricing – The provision of processing services will be provided on normal commercial terms, in the absence of specific official price for similar services and sufficient comparable transactions to assess whether they are on normal commercial terms, which terms will be no less favourable than the terms available to independent third parties. Pursuant to the processing service agreement, the unit price is RMB2.4 per watt for the processing services, which is determined by reference to price offered by the Group to independent third parties.

LPTQ was a subsidiary of EBOD, and EBOD is a party acting in concert with and an associate of CMNEG, a substantial Shareholder of the Company. LPTQ is therefore a connected person of the Company under Rule 14A of the Listing Rules. However, LPTQ ceased to be a subsidiary of EBOD in October 2014, therefore, the above transactions have no longer been connected transactions of the Company thereafter.

Transactions during the year – Nil

The following table sets out the actual transaction amount for the year ended 31 December 2014, the proposed annual caps for the year ended 31 December 2014 and the year ending 31 December 2015 in respect of the above continuing connected transactions:

Continuing Connected Transactions	Major type of products/ services	Transaction amount for the year ended 31 December 2014 (RMB'000)	Annual cap for the year ended 31 December 2014 (RMB'000)	Annual cap for the year ending 31 December 2015 (RMB'000)
A. Provision of solar electricity and energy saving service to members of CMNEG group				
(A1) Provision of solar electricity by CTNE to CSOSA and its affiliates	Solar Electricity	185	2,018	2,078
(A2) Provision of solar electricity by UP (Shenzhen) to CMBL and its affiliates	Solar Electricity	1,775	20,178	20,784
(A3) Provision of solar electricity CTNE to CMLH and its affiliates	Solar Electricity	Nil	100,894	103,920
B. Supply of polysilicon by GCLPT to GPQST	Polysilicon	Nil	320,000	320,000
C. Supply of materials from by GPQST to LPTQ	Solar Cells	Nil	184,000	184,000
D. Provision of processing services by CMTST to LPTQ	Processing Service	Nil	160,000	160,000

The independent non-executive Directors have reviewed the connected transactions and continuing connected transactions and confirmed that the connected transactions and continuing connected transactions for the year ended 31 December 2014 were entered into: (i) in the ordinary and usual course of the business of the Group; (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant written agreements governing them on terms that are fair and reasonable and are in the interests of the Shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions for the year ended 31 December 2014 in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in pages 68-73 of the annual report in accordance with paragraph 14A.56 of the Rules Governing the Listing of Securities on the Stock Exchange. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year under review and up to the date of this report, each of Mr. Li, Alan and Mr. Lu Zhenwei, both executive Directors, also hold senior positions in EBOD, which was engaged in the manufacturing and sales of solar power modules for electricity generation and the related application products, such as off-grid solar systems, solar lighting and solar power chargers through its subsidiaries. By working in EBOD, these Directors have gained solid experience and in-depth knowledge of solar energy industry. The extensive industry experience of these two Directors provides the Board with perspectives appropriate for development of the Group's solar power plants business and fostering the competitive edge of the Group over its competitors.

Following the disposal of its relevant subsidiaries by EBOD in October 2014, EBOD is no longer interested in any business in competition with the Group.

Save as disclosed above, during the year and up to date of this report, no Director is considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, pursuant to the Listing Rules, other than those business of which the Directors were appointed as Directors to represent the interest of the Company and/or the Group.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2014, the Company has applied the principles and complied with all the code provisions of the corporate governance code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules, save for the following deviation.

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li, Alan, an executive Director, is the CEO and the chairman of the Board. The Board is of the view that the current structure will enable the Company to achieve its overall business goals more effectively and efficiently as the Company is in a rapid development phase for the time being. The Board believes that the balance of power and authority between chairman and chief executive will not be impaired by the present arrangement and the significant weight of the non-executive directors (including the independent ones) will enable the Board as a whole to effectively exercise its non-bias judgement.

More Information on the Company's corporate governance practice is set out in the Report of the Corporate Governance accompanying this annual report.

EMOLUMENT POLICY

The Group remunerates its employees, including the Directors, based on their performance, experience, qualifications, competence and prevailing market comparables. Remuneration package generally comprises salary, contribution to pension schemes and bonuses relating to the individual's performance and his/her contribution to the Group's business. The remuneration policy of the Directors is reviewed by the Company's remuneration committee.

The Company has adopted the Old Scheme and the New Scheme respectively as an incentive to directors, consultants and eligible employees. CSPG, a wholly-owned subsidiary of the Company, has the EIS in place to reward the directors, employees and consultants of CSPG and its subsidiaries with shares and convertible bonds of the Company. Details of these schemes are set out under the section headed "Share Option Scheme" and "Employee Incentive Scheme" in this report and in note 25 to the consolidated financial statements.

The determination of emolument of the Directors had taken into consideration of their expertise and job specifications.

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and to the best knowledge of the Directors, the Company has maintained a sufficient amount of public float of its issued share capital in the Hong Kong stock market throughout the financial year ended 31 December 2014 and has continued to maintain a sufficient amount of public float as required under the Listing Rules as at the date of this annual report.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year under review.

PROGRESS OF THE ACQUISITION/DEVELOPMENT OF THE SOLAR POWER PLANTS UNDER THE FRAMEWORK AGREEMENTS OF THE GROUP AS AT THE DATE OF THIS REPORT

As at the dated of this report, the Group has entered into certain strategic framework agreements with various business partners in the solar power industry. By entering into such framework agreements, it enables the Group to maintain a sizeable portfolio of long-term project reserve and gives the Group flexibility and options to develop and invest in solar power plants at a comfortable pace and scale.

The status of the solar power projects as contemplated under the framework agreements, in respect of which the definitive agreements have been entered into by the Group as at the date of this report and a summary of the framework agreements entered into by the Group are set out below:

Date of agreement/disclosure	Counterparties	Subject matter	Maximum contracted/ projected installed capacity	Aggregated installation capacity for which the definitive agreements had been entered into	Aggregated installed capacity, the acquisition/ development of which had been completed	Aggregated installed capacity acquired/ developed which had been on-grid connected
1. 29 December 2011 Details disclosed in the circular dated 10 May 2013	CSOSA	Grant of exclusive right to lease rooftops of certain properties owned by CSOSA for development of rooftop solar power systems on such area in the PRC with a total area of not less than 20,000 square meters for a term of 25 years	2MW	300KW	300KW	300KW
2. 30 December 2011 Details disclosed in the circular dated 10 May 2013	CMBL	Grant of exclusive right to lease rooftops of certain properties owned by CMBL for development of rooftop solar power systems on such area in the PRC with a total area of not less than 200,000 square meters for a term of 25 years	20MW	2.1MW	2.1MW	2.1MW
3. 19 June 2012, as supplemented on 19 June 2012 and 29 August 2012 Details disclosed in the circular dated 10 May 2013	Zhongli Photovoltaic Science and Technology Group Co., Ltd.* (中利騰暉光伏科技有限公司) ("Zhongli Talesun")	Acquisition of the equity interest in the project companies which own certain completed solar power plants located in Gansu, Qinghai, Xinjiang, and Jiangsu provinces in the PRC (Note 1)	2,000MW	323.8MW	323.8MW	323.8MW
4. 22 August 2013 Details disclosed in the announcement dated 22 August 2013	GD Solar, NARI, GD Mongolia, Poly New Energy and & Forty-eighth Research Institute of	Acquisition of the equity interest in the project companies for certain completed solar power plants, which satisfy the technical standards and financial requirements of the Group (Note 2)	400MW	235MW	170MW	235MW

Note:

1. In connection with the projects identified in the framework agreement dated 19 June 2012, the parties further made a series of agreements to materialize the transaction contemplated thereunder, including:

   (i) definitive sale and purchase agreement dated 22 December 2012 (as supplemented by a supplemental agreement dated the same date and a supplemental agreement dated 14 March 2013) regarding acquisition of two solar power plants with aggregate installed capacity of 120MW, the acquisition was completed on 24 December 2012, details of which were disclosed in the circular of the Company dated 10 May 2013;

   (ii) conditional acquisition agreement dated 2 August 2013 in relation to the acquisition of the entire equity interest of project companies which own certain completed solar power plants with an aggregate electricity generation capacity of approximately 300MW by the Group from Zhongli Talesun, subject to the fulfillment of certain conditions. The agreement sets out the conditions precedent to entering into definitive sale and purchase agreements in relation to the acquisition of such project companies, details of which were disclosed in the announcement on the same date;

   (iii) definitive sale and purchase agreements dated 13 December 2013 and 8 January 2014 regarding acquisition of 45% and 55% equity interest in a company which holds three solar power plants with aggregate installed capacity of 180MW, details of which were disclosed in the announcements dated 13 December 2013 and 8 January 2014 respectively. The acquisitions of 45% and 55% equity interest in the company were completed on 7 January 2014 and 13 June 2014, respectively, details of which were disclosed in the announcements on the same dates; and

   (iv) definitive sale and purchase agreement with Suzhou Gong Ye Yuan Qu Zhong Fu Investment Management Company Limited* (蘇州工業園區中伏投資管理有限公司) dated 6 September 2013 in relation to acquisition of 50% equity interest in Fengxian Huize which beneficially owns two roof-top solar power plants with aggregate installed capacity of 23.8MW. Details were disclosed in the circular dated 22 November 2013. The acquisition was completed on 20 December 2013, details of which were disclosed in the announcement on the same date.

2. In connection with the projects identified in the agreement dated 22 August 2013, the parties further made a series of agreements to materialize the transaction contemplated thereunder, including:

   (i) framework agreement dated 28 November 2013 regarding the proposed acquisition of certain equity interest in four project companies which own the four solar power plants with aggregate installed capacity of 195MW, details of which were disclosed in the announcement on the same date;

   (ii) definitive sale and purchase agreements dated 19 December 2013 regarding acquisition of certain equity interest in the above four project companies with aggregate installed capacity of 195MW, details of which were disclosed in the announcement on 20 December 2013. The acquisition of three of the four project companies which own solar power plants with an aggregate installed capacity of 130MW is completed on 27 March 2014, 28 March 2014 and 4 April 2014 respectively, details of which were disclosed in the announcements on the same dates; and

   (iii) definitive sale and purchase agreements dated 4 September 2014 regarding acquisition of 9.37% of the equity interest in the project company by the Group with aggregate installed capacity of 40MW, details of which were disclosed in the announcement on 5 September 2014.

EQUITY FUND RAISING ACTIVITY

The Company has conducted equity fund raising activity by allotting and issue of its ordinary shares of HK$0.10 each in the Company (the "Share(s)"). A summary of the equity fund raising activity conducted during the year ended 31 December 2014 is set out below:

Date of issue	Name of allottees	Issue price per Share	Market price per Share as at the date the terms of issue were fixed	Net proceeds	Net price per Share	Actual use of proceeds as at 31 December 2014
24 January 2014	Placing of 480,000,000 Shares to more than six allottees who are either a professional or institutional investor and are independent of and not connected with the Company	HK$1.72	HK$1.88	HK$808.7 million	HK$1.68	approximately HK$695.5 million (equivalent to approximately 86% of net proceeds) used to finance the solar power business in connection with solar power plants in Qinghai and Inner Mongolia approximately HK$113.2 million (equivalent to approximately 14% of net proceeds) used as general operating and administrative expenses incurred in 2014

Save as disclosed above, the Company has not conducted any other equity fund raising activity during the year ended 31 December 2014.

AUDIT COMMITTEE

The Board has established its audit committee since 14 March 2000. Currently it consists of three members, including two independent non-executive Directors, namely Mr. Kwan Kai Cheong and Mr. Yen Yuen Ho, Tony, and one non-executive Director, namely Mr. Yang Baiqian. The audit committee is chaired by Mr. Kwan Kai Cheong who is an independent non-executive Director having the relevant professional qualification and expertise in financial reporting matters.

The consolidated financial statements for the year ended 31 December 2014 have been reviewed by the Company's audit committee.

AUDITORS

The consolidated financial statements for the year ended 31 December 2014 have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for re-appointment of PricewaterhouseCoopers as auditor of the Company will be proposed at such meeting.

EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

Details of the events of the Group occurring after the date of statement of financial position are set out in the note 37 to the consolidated financial statements.

The directors' report was approved by the Board on 23 March 2015 and signed by the chairman of the meeting at which the directors' report was approved.

On behalf of the Board

Li, Alan
Chairman and CEO

Hong Kong, 23 March 2015

羅兵咸永道

TO THE SHAREHOLDERS OF UNITED PHOTOVOLTAICS GROUP LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of United Photovoltaics Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 83 to 178, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY (Continued)

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

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

OPINION

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

EMPHASIS OF MATTER

We draw your attention to Note 2.1.1 of the consolidated financial statements, which states that the Group's current liabilities exceeded its current assets by HK$1,795 million as at 31 December 2014, and that the Group has contractual and other arrangements to settle various capital expenditures. These matters, along with other matters as described in Note 2.1.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 March 2015

For the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000 (Restated) (Note 2.1)
Continuing operations			
Revenue	5	**202,523**	13,844
Tariff adjustment	5	**321,465**	23,879
		523,988	37,723
Cost of materials used		**(44,452)**	(276)
Depreciation of property, plant and equipment	15	**(182,236)**	(33,318)
Employee benefits expenses	7	**(67,215)**	(87,224)
Legal and professional fees		**(7,474)**	(10,616)
Maintenance costs		**(47,896)**	(6,898)
Reversal of impairment charge/(impairment charge) on other receivables	21	**10,587**	(23,311)
Other expenses	8	**(21,691)**	(22,235)
Bargain purchase on business combinations	35	**44,788**	-
Fair value gain on contingent consideration payables	27	**361,507**	43,278
Fair value gain/(loss) on the put option ("Put Option") issued in relation to acquisition of Fengxian Huize Photovoltaics Energy Limited* ("Fengxian Huize")	19	**93,044**	(163,782)
Fair value gain/(loss) on financial assets at fair value through profit or loss	23	**127,698**	(100,589)
Fair value gain on previously held interest in Changzhou Dinghui New Energy Limited* ("Changzhou Dinghui") as a result of business combination	35	**2,031**	-
Fair value gain on previously held interest in China Solar Power Group Limited ("CSPG") as a result of business combination		**-**	197,896
Impairment charge on concession rights	17	**-**	(819,145)
Impairment charge on goodwill	17	**-**	(1,205,018)
Operating profit/(loss)		**792,679**	(2,193,515)
Finance income		**205,201**	181,275
Finance costs		**(387,457)**	(349,239)
Finance costs, net	9	**(182,256)**	(167,964)
Share of profits of associates	19	**19,122**	-
Profit/(loss) before income tax		**629,545**	(2,361,479)
Income tax credit	10	**38**	168,000
Profit/(loss) for the year from continuing operations		**629,583**	(2,193,479)
Discontinued operation			
Loss from discontinued operation	11	**(252,489)**	(111,981)
Profit/(loss) for the year		**377,094**	(2,305,460)

	Note	2014 HK$'000	2013 HK$'000 (Restated) (Note 2.1)
Profit/(loss) attributable to			
- Owners of the Company		**366,616**	(2,304,986)
- Non-controlling interests		**10,478**	(474)
		377,094	(2,305,460)
Profit/(loss) attributable to owners of the Company arising from:			
- Continuing operations		**619,105**	(2,193,005)
- Discontinued operation		**(252,489)**	(111,981)
		366,616	(2,304,986)
Earnings/(loss) per share from continuing and discontinued operations attributable to owners of the Company			
Basic earnings/(loss) per share (HK cents)	13		
- From continuing operations		**15.15**	(131.24)
- From discontinued operation		**(6.18)**	(6.70)
		8.97	(137.94)
Diluted earnings/(loss) per share (HK cents)	13		
- From continuing operations		**3.66**	(131.24)
- From discontinued operation		**(4.90)**	(6.70)
		(1.24)	(137.94)

The notes on pages 93 to 178 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000 (Restated) (Note 2.1)
Profit/(loss) for the year	**377,094**	(2,305,460)
Other comprehensive income:		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of financial statements of subsidiaries and associates	**(6,802)**	32,736
Reclassification of exchange reserve upon step acquisition of Changzhou Dinghui (Note 35)	**(1,735)**	-
Reclassification of exchange reserve upon disposal of Fortune Arena Limited ("Fortune Arena") (Note 11)	**(47,347)**	-
Change in value of available-for-sale financial asset	**-**	(500)
Reclassification of available-for-sale financial asset revaluation reserve in relation to acquisition of CSPG	**-**	(197,896)
Items that will not be reclassified to profit or loss		
Revaluation surplus prior to transfer of property, plant and equipment to investment properties, net of tax	**-**	2,409
Total other comprehensive loss for the year, net of tax	**(55,884)**	(163,251)
Total comprehensive income/(loss) for the year	**321,210**	(2,468,711)
Total comprehensive income/(loss) for the year attributable to		
- Owners of the Company	**310,466**	(2,468,258)
- Non-controlling interests	**10,744**	(453)
	321,210	(2,468,711)
Total comprehensive income/(loss) for the year attributable to owners of the Company arising from:		
- Continuing operations	**610,302**	(2,370,485)
- Discontinued operation	**(299,836)**	(97,773)
	310,466	(2,468,258)

The notes on pages 93 to 178 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Land use rights	14	**571**	141,457
Property, plant and equipment	15	**5,807,766**	2,561,563
Investment properties	16	**–**	48,485
Intangible assets	17	**1,253,948**	1,647,995
Investments in associates	19	**367,959**	289,819
Other receivables, deposits and prepayments	21	**575,480**	562,518
		8,005,724	5,251,837
Current assets			
Inventories	22	**1,665**	8,771
Trade and other receivables, deposits and prepayments	21	**588,532**	324,850
Amount due from an associate	19	**23,250**	-
Financial assets at fair value through profit or loss	23	**96,792**	94,005
Pledged bank deposits	24	**77,326**	150,737
Restricted cash	24	**23,250**	23,250
Cash and cash equivalents	24	**269,591**	137,413
		1,080,406	739,026
Total assets		**9,086,130**	5,990,863
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	25	**436,126**	346,878
Reserves		**1,383,741**	101,231
		1,819,867	448,109
Non-controlling interests		**56,091**	1,812
Total equity		**1,875,958**	449,921

	Note	2014 HK$'000	2013 HK$'000
LIABILITIES			
Non-current liabilities			
Convertible bonds	27	**1,047,309**	1,235,912
Contingent consideration payables	27	**882,954**	1,244,461
Cash-settled share-based payment	25(d)	**20,375**	35,445
Deferred government grant	32	**5,273**	111,455
Deferred tax liabilities	28	**317,016**	334,334
Bank and other borrowings	31	**2,062,032**	839,449
		4,334,959	3,801,056
Current liabilities			
Trade and bills payable, other payables and accruals	29	**2,127,290**	1,154,697
Amounts due to shareholders	30	**–**	26,200
Amounts due to associates	19	**38,281**	18,442
Bank and other borrowings	31	**638,904**	376,727
Financial liability at fair value through profit or loss	19	**70,738**	163,782
Current income tax liabilities		**–**	38
		2,875,213	1,739,886
Total liabilities		**7,210,172**	5,540,942
Total equity and liabilities		**9,086,130**	5,990,863
Net current liabilities		**(1,794,807)**	(1,000,860)
Total assets less current liabilities		**6,210,917**	4,250,977

The notes on pages 93 to 178 are an integral part of these consolidated financial statements.

Mr. Li, Alan
Director

Mr. Lu Zhenwei
Director

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	18	**1,428,276**	1,962,697
Investment in an associate	19	**65,400**	-
		1,493,676	1,962,697
Current assets			
Deposits and prepayments	21	**911**	491
Amounts due from subsidiaries	18(b)	**2,081,171**	1,183,690
Restricted cash	24	**23,250**	23,250
Cash and cash equivalents	24	**2,875**	3,606
		2,108,207	1,211,037
Total assets		**3,601,883**	3,173,734
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	25	**436,126**	346,878
Reserves	26	**1,138,640**	93,125
Total equity		**1,574,766**	440,003
Liabilities			
Non-current liabilities			
Convertible bonds	27	**1,047,309**	1,235,912
Contingent consideration payables	27	**882,954**	1,244,461
Cash-settled share-based payment	25(d)	**20,375**	35,445
		1,950,638	2,515,818
Current liabilities			
Other payables and accruals	29	**5,741**	7,321
Amount due to a subsidiary	18(b)	**–**	25,810
Amounts due to shareholders	30	**–**	21,000
Financial liability at fair value through profit or loss	19	**70,738**	163,782
		76,479	217,913
Total liabilities		**2,027,117**	2,733,731
Total equity and liabilities		**3,601,883**	3,173,734
Net current assets		**2,031,728**	993,124
Total assets less current liabilities		**3,525,404**	2,955,821

The notes on pages 93 to 178 are an integral part of these consolidated financial statements.

Mr. Li, Alan
Director

Mr. Lu Zhenwei
Director

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Share-based payment reserve HK$'000	Shares held under employee incentive scheme ("EIS") HK$'000	Convertible bonds equity reserve HK$'000	Property revaluation reserve HK$'000	Translation reserve HK$'000	Available-for-sale financial asset revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Balance at 1 January 2013	88,191	528,682	1,840	-	1,406,847	-	37,881	198,396	(2,037,865)	223,972	-	223,972
Comprehensive income												
Loss for the year	-	-	-	-	-	-	-	-	(2,304,986)	(2,304,986)	(474)	(2,305,460)
Other comprehensive income	-	-	-	-	-	2,409	32,715	(198,396)	-	(163,272)	21	(163,251)
Total comprehensive income	-	-	-	-	-	2,409	32,715	(198,396)	(2,304,986)	(2,468,258)	(453)	(2,468,711)
Issue of shares and convertible bonds in relation to the acquisition of CSPG	93,945	1,334,023	50,865	-	288,661	-	-	-	-	1,767,494	2,265	1,769,759
Issue of shares to a trustee in relation to EIS	2,001	28,414	-	(30,415)	-	-	-	-	-	-	-	-
Issue of shares upon exercise of share options	222	2,023	-	-	-	-	-	-	-	2,245	-	2,245
Issue of shares upon conversion of convertible bonds	157,019	1,830,337	-	-	(1,322,933)	-	-	-	-	664,423	-	664,423
Issue of HK$233 million convertible bonds	-	-	-	-	137,762	-	-	-	-	137,762	-	137,762
Issue of shares through placement	5,500	86,797	-	-	-	-	-	-	-	92,297	-	92,297
Share option lapsed	-	-	(408)	-	-	-	-	-	408	-	-	-
Share-based payment	-	-	28,174	-	-	-	-	-	-	28,174	-	28,174
Total transactions with owners, recognised directly in equity	258,687	3,281,594	78,631	(30,415)	(896,510)	-	-	-	408	2,692,395	2,265	2,694,660
Balance at 31 December 2013	346,878	3,810,276	80,471	(30,415)	510,337	2,409	70,596	-	(4,342,443)	448,109	1,812	449,921

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Share-based payment reserve HK$'000	Shares held under EIS HK$'000	Convertible bonds equity reserve HK$'000	Property revaluation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2014	346,878	3,810,276	80,471	(30,415)	510,337	2,409	70,596	(4,342,443)	448,109	1,812	449,921
Comprehensive income											
Profit for the year	-	-	-	-	-	-	-	366,616	366,616	10,478	377,094
Other comprehensive income	-	-	-	-	-	-	(56,150)	-	(56,150)	266	(55,884)
Total comprehensive income	-	-	-	-	-	-	(56,150)	366,616	310,466	10,744	321,210
Release of property revaluation reserve upon disposal of Fortune Arena	-	-	-	-	-	(2,409)	-	2,409	-	-	-
Issue of shares through placement (Note 25(a))	48,000	760,688	-	-	-	-	-	-	808,688	-	808,688
Issue of shares upon conversion of convertible bonds (Notes 25 (b))	37,246	541,160	-	-	(372,575)	-	-	-	205,831	-	205,831
Share-based payment (Note 25(d))	-	-	30,128	-	-	-	-	-	30,128	-	30,128
Share option lapsed (Note 25(c))	-	-	(1,431)	-	-	-	-	1,431	-	-	-
Issue of shares on conversion of convertible bonds held by a trustee in relation to EIS (Note 25(d))	4,002	33,617	16,645	(37,619)	-	-	-	-	16,645	-	16,645
Acquisition of subsidiaries (Note 35)	-	-	-	-	-	-	-	-	-	43,535	43,535
Total transactions with owners, recognised directly in equity	89,248	1,335,465	45,342	(37,619)	(372,575)	(2,409)	-	3,840	1,061,292	43,535	1,104,827
Balance at 31 December 2014	436,126	5,145,741	125,813	(68,034)	137,762	-	14,446	(3,971,987)	1,819,867	56,091	1,875,958

The notes on pages 93 to 178 are an integral part of these consolidated financial statements.

	Note	2014 HK$'000	2013 HK$'000 (Restated) (Note 2.1)
Cash flows from operating activities			
Net cash generated from continuing operations	33(a)	**184,653**	414,884
Net cash generated from operating activities from continuing operations		**184,653**	414,884
Net cash generated from operating activities from discontinued operation		**96,296**	55,519
		280,949	470,403
Cash flow from investing activities			
Acquisition of associates		**(5,670)**	(286,264)
Acquisitions of subsidiaries, net of cash acquired	35	**(187,221)**	112,099
Deposits paid for investments		**(11,048)**	(100,000)
Interests received		**890**	1
Net proceeds from disposal of Fortune Arena	11(c)	**210,981**	-
Prepayment for the purchase of plant and equipment		**(50,000)**	(275,387)
Proceeds from government grant		**3,107**	2,123
Purchase of property, plant and equipment		**(5,863)**	(7,978)
Repayment of construction costs payable		**(1,110,822)**	-
Net cash used in investing activities from continuing operations		**(1,155,646)**	(555,406)
Net cash used in investing activities from discontinued operation		**(20,698)**	(102,741)
		(1,176,344)	(658,147)

	Note	2014 HK$'000	2013 HK$'000 (Restated) (Note 2.1)
Cash flow from financing activities			
Interests paid		**(165,203)**	(67,969)
Increase in pledged bank deposits		**(13,671)**	(63,700)
Increase in pledged guarantee deposits		**(32,207)**	-
Net proceeds from bank borrowings		**1,151,285**	180,516
Repayment of bank borrowings		**(870,863)**	(1,003,899)
Net proceeds from loan from a leasing company		**256,897**	-
Net proceeds from placing of new shares	25(a)	**808,688**	92,297
Proceeds from amounts due to associates		**37,260**	-
Proceeds from loan from a third party		**6,947**	12,719
Repayment of loan from a third party		**(50,521)**	-
Repayment of amounts due to shareholders		**(21,200)**	-
Proceeds from amounts due to shareholders		**-**	200
Increase in restricted cash		**-**	(23,250)
Net proceeds from issue of new shares upon exercise of share options		**-**	2,245
Net proceeds from issue of convertible bonds		**-**	1,123,606
Net cash generated from financing activities from continuing operations		**1,107,412**	252,765
Net cash (used in)/generated from financing activities from discontinued operation		**(79,980)**	38,875
		1,027,432	291,640
Net increase in cash and cash equivalents		**132,037**	103,896
Cash and cash equivalents at beginning of year		**137,413**	32,297
Effect of foreign exchange rate changes		**141**	1,220
Cash and cash equivalents at end of year	24	**269,591**	137,413

The notes on pages 93 to 178 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

United Photovoltaics Group Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the development, investment, operation and management of solar power plants.

The Company is an exempted limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. The principal place of business in Hong Kong is Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The ordinary shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 23 March 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, contingent consideration payables, financial liabilities at fair value through profit or loss and cash-settled share-based payment, which were carried at fair values.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap.32) for this financial year and the comparative period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

On 28 October 2014, the Company completed the disposal of 70% equity interest in Fortune Arena and its subsidiaries (the "Disposal Group") at a cash consideration of HK$217,000,000 (the "Disposal"). The Disposal Group represented a separate major line of business of the Group. For the presentation of the consolidated financial statements for the years ended 31 December 2014 and 2013, the Disposal Group was regarded as discontinued operation.

In addition, the Group previously presented the analysis of expenses recognised in the consolidated income statement and the consolidated statement of comprehensive income based on their function. With effect from 1 January 2014, the Group revised its accounting policy to present the analysis of expenses based on their nature. This change aligns the Group's accounting policy with industry practice and hence provide more relevant information to the users of the financial statements by enhancing the comparability of the Group's financial statements with those of its peers.

The changes in presentation have been adopted retrospectively, and certain comparative figures have been restated.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 Going concern

As at 31 December 2014, the Group's current liabilities exceeded its current assets by HK$1,795 million.

Furthermore, on 16 January 2015, the Group entered into a conditional sale and purchase agreement with ZNSHINE PV-Tech Co. Ltd* in relation to the proposed acquisition of a 90.9% equity interest in Minfeng County Angli Photovoltaic Technology Company Limited* ("Minfeng") for a cash consideration of RMB136 million (equivalent to HK$172 million) (the "Minfeng Acquisition"). In February 2015, the Group has already paid RMB136 million (equivalent to HK$172 million) to the vendor as a deposit for the proposed acquisition (Note 37). Should the Minfeng Acquisition be completed, the Group would have to contribute additional capital of RMB42.6 million (equivalent to HK$54 million) to Minfeng to finance the settlement of its Engineering, Procurement and Construction ("EPC") payable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern (Continued)

In addition, on 23 January 2015, the Group and Shenzhen China Merchants Yinke Investment Management Limited* (深圳市招商局銀科投資管理有限公司) ("CM Yinke", a fellow subsidiary of a substantial shareholder of the Company) had entered into a conditional sale and purchase agreement to acquire 51% and 49% equity interest in Changzhou Guangyu New Energy Company Limited ("Changzhou Guangyu") for a cash consideration of RMB21.7 million (equivalent to HK$27.5 million) and RMB20.9 million (equivalent to HK$26.4 million) (the "Changzhou Guangyu Acquisition"), respectively. Should the Changzhou Guangyu Acquisition be completed, the Group and CM Yinke agree to contribute RMB364 million (equivalent to HK$462 million) and RMB350 million (equivalent to HK$444 million) to Changzhou Guangyu, respectively, as additional registered capital and to finance the settlement of Changzhou Guangyu's EPC payable and other payables. To finance the Changzhou Guangyu Acquisition, the Company and China Merchants Fund Management Limited ("CM Fund"), an associate of one of the Group's substantial shareholders, entered into a subscription agreement on 23 January 2015, pursuant to which the Company proposed to issue a 3-year convertible bond with a principal amount of HK$529 million (the "Convertible Bond") to CM Fund. The net proceeds from the issuance of the Convertible Bond is estimated to be HK$527 million and it will be used to finance the Group's capital and other contributions to Changzhou Guangyu as mentioned above. The Changzhou Guangyu Acquisition and issuance of the Convertible Bond were approved at the special general meeting of the Company on 17 March 2015. As at the date of approval of the consolidated financial statements, the Changzhou Guangyu Acquisition and issuance of the Convertible Bond have not yet been completed, and are subject to the completion of certain administrative procedures (Note 37).

In June 2013, the Group acquired certain concession rights to develop and operate various solar power plant projects, of which concession rights amounting to HK$275 million will expire in 2015 and the remaining will expire in 2017 (Note 17). The Group intends to exercise these concession rights and acquire the relevant solar power plant projects before the expiry of these rights. The Group would require additional financing for these acquisitions and the required amount is yet to be determined, as it is subject to the negotiation of final consideration with the relevant vendor, as well as negotiation of the amount of liabilities of the acquirees to be assumed by the Group upon completion of the acquisitions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern (Continued)

In October 2014, the Company and Power Solar Investments Limited, an independent third party, agreed to provide financial support to Fortune Arena, an associate of the Company, based on their respective shareholding in Fortune Arena of 30% and 70%, respectively, so as to enable Fortune Arena to meet its liabilities as and when they fall due and to carry on its business without significant curtailment of operations through to October 2015. As at 31 December 2014, the current liabilities of Fortune Arena exceeded its current assets by HK$257 million and it incurred a net loss of HK$383 million for the year then ended. Fortune Arena may require financing from the Company if it does not have sufficient working capital to meet its financial obligations through to October 2015.

On 27 December 2013, the Group completed the acquisition of a 50% equity interest in Fengxian Huize for a consideration of RMB225 million (equivalent to HK$286 million). As part of the acquisition, the Group granted a put option to Huabei Expressway Co. Ltd ("Huabei Expressway"), the shareholder of the remaining 50% equity interest in Fengxian Huize, under which Huabei Expressway has a right to request the Group to acquire the remaining 50% equity interest in Fengxian Huize for RMB225 million (equivalent to HK$286 million), to be settled by way of cash or issuance of the Company's shares at the discretion of Huabei Expressway, for a three-year period up to December 2016 (the "Put Option"). In March 2014, Huabei Expressway had confirmed in writing to the Company that it would not request the Group to acquire the remaining 50% equity interest in Fengxian Huize by way of cash before 31 May 2015 (Note 19).

The above matters indicated that the Group needs to secure a substantial amount of funds in the foreseeable future to finance these capital expenditures under various contractual and other arrangements. These conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 31 December 2014. The directors are of the opinion that, taking into account the following, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2014:

(i) On 10 February 2015, the Company completed the placing of 380,000,000 shares of the Company at a price of HK$1.00 per share (the "Placement"). The net proceeds from the Placement amounted to HK$379 million.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern (Continued)

(ii) During the year, the Group had obtained long-term loans totalling RMB1,260 million (equivalent to HK$1,597 million) from China Development Bank for its solar power plants in Qinghai Gonghe, the People's Republic of China (the "PRC"). As at 31 December 2014, the Group had already drawn down RMB875 million (equivalent to HK$1,109 million) from these loans. Subsequent to the year end, the remaining loan principal amount of RMB385 million (equivalent to HK$488 million) has been drawn down (Note 31).

(iii) With regard to the Put Option, in March 2015, Huabei Expressway had confirmed in writing to further extend its intention of not requesting the Group to acquire the 50% equity interest in Fengxian Huize by way of cash before 31 May 2016.

(iv) In August 2014, CM Yinke renewed its letter of conditional financial support to the Group to enable the Group to meet its liabilities and obligations (including capital expenditures and operating expenses) in connection with its existing and future solar energy business up to 31 December 2016. Such financial support is intended to be provided to the Group for its solar energy projects undertaken if these projects could generate an internal rate of return of not less than 8% per annum; and if they are in compliance with the relevant laws and regulations in the PRC. Such assessment has to be made on a project by project basis. The directors are confident that the Group could obtain financial support from CM Yinke as all solar energy projects to be undertaken by the Group are expected to generate an internal rate of return of not less than 8% per annum.

(v) On 4 March 2015, the Company and Golden Express Capital Limited ("Golden Express"), a wholly-owned subsidiary of China Orient Asset Management (International) Holding Limited, entered into a conditional subscription agreement, pursuant to which the Company proposed to issue a 3-year convertible bond with a principal amount of US$30 million (equivalent to HK$232.5 million) to Golden Express (the "Golden Express CB"). The issuance of the Golden Express CB is subject to regulatory approval and the net proceeds is estimated to be HK$232.0 million.

(vi) The Group is in the process of negotiating long-term financing from China Development Bank and other financial institutions to finance the settlement of the outstanding EPC payables amounting to RMB820 million (equivalent to HK$1,039 million) as at 31 December 2014. Based on the past experience of the Group, the directors are confident that they could obtain such long-term bank borrowings. In addition, the Group is actively seeking various forms of financing including bank borrowings, finance leases, placement of shares or issue of convertible bonds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern (Continued)

(vii) The solar power plants currently held by the Group have already achieved on-grid connection. These solar power plants are expected to bring in operating cash inflows to the Group.

In the opinion of the directors, in light of the above, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from the date of the consolidated financial statements. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Group can achieve the plans and measures described in (iv) to (vii) above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to obtain the project financing from CM Yinke as needed, secure the long-term borrowings from China Development Bank or other financial institutions, obtain other types of short-term or long-term financing, successfully issue the Golden Express CB, generate adequate operating cash inflows from its existing solar power plants and other plants to be acquired, and to provide financial support to Fortune Arena, if required. Should the Group be unable to operate as a going concern, adjustment would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise; and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

2.1.2 Changes in accounting policy and disclosures

(a) *New and amended standards adopted by the Group*

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014.

Amendment to HKAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

Other standards, amendments and interpretations which were effective for the financial year beginning on 1 January 2014 do not have a material effect on the Group's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.2 Changes in accounting policy and disclosures (Continued)

(b) *New standards, amendments to standards and interpretation that have been issued but were not yet effective*

The following new/revised standards, amendments and interpretations have been issued but were not yet effective for the financial year beginning on 1 January 2014 and have not been adopted early by the Group:

Effective for accounting periods beginning on or after 1 July 2014

HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements 2010-2012 Cycle
Annual Improvements Project	Annual Improvements 2011-2013 Cycle

Effective for accounting periods beginning on or after 1 January 2016

Annual Improvements Project	Annual Improvements 2012-2014 Cycle
HKFRS 14	Regulatory Deferral Accounts
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 27 Amendment	Equity Method in Separate Financial Statements

Effective for accounting periods beginning on or after 1 January 2017

HKFRS 15	Revenue from Contracts with Customers

Effective for accounting periods beginning on or after 1 January 2018

HKFRS 9	Financial Instruments

The Group has already commenced an assessment of the impact of adopting the above new standards and interpretations, amendments and revision to existing standards and interpretation to the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the consolidated financial statements will be resulted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.2 Changes in accounting policy and disclosures (Continued)

(b) *New standards, amendments to standards and interpretation that have been issued but were not yet effective (Continued)*

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Company is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the financial statements will be affected.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) *Business combination*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any assets or liabilities resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) *Business combination (Continued)*

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in the consolidated income statement or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement (Note 2.9).

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.2 Separate financial statements

Investments in subsidiaries and associates are accounted for at cost less impairment. Cost includes direct attributable costs of investment. Cost also includes capital contribution relating to EIS for investments in subsidiaries. The results of subsidiaries and associates are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries and associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting in the consolidated financial statements. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profits of associates' in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Associates (Continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within "finance costs – net". All other foreign exchange gains and losses are presented in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expense for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the consolidated income statement.

2.6 Land use rights

Land use rights are located in the PRC and they are classified as operating leases. All land use rights are carried at cost less accumulated amortisation. Amortisation is provided to write off cost of land use rights on a straight-line basis over the respective lease period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment property. Land held under operating lease is accounted for as investment property when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement.

2.8 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Leasehold improvements	Over the unexpired periods of the leases or their expected useful lives of 3 years, whichever is shorter
Power generating modules and equipment	25 years
Plant and machinery	5 – 8 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	4 – 5 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Property, plant and equipment (Continued)

Construction in-progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings and the costs of plant and machinery. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

If an item of property, plant and equipment becomes an investment property because its use has changed, any surplus resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated income statement. On the other hand, if the fair value of the property, plant and equipment decreased, the decrease is recognised in the consolidated income statement.

2.9 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets (Continued)

(a) Goodwill (Continued)

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Concession rights

Concession rights represent rights to develop, acquire and operate certain solar power plants. Concession rights acquired in a business combination are initially recognised at fair value. The concession rights are redesignated to property, plant and equipment when the relevant solar power plants are developed, acquired or operated by the Group. Concession rights are subsequently carried at cost less accumulated impairment losses, if any.

2.10 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the consolidated income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs of disposal, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial assets and liabilities

2.12.1 Classification

The Group classifies its financial assets in the following categories: fair value through profit or loss, available-for-sale financial assets and loans and receivables. The Group's financial liabilities are classified as financial liability at fair value through profit or loss or financial liabilities at amortised cost. The classification depends on the purpose for which the financial assets and financial liabilities are acquired. Management determines the classification of its financial assets and financial liabilities at initial recognition.

(a) *Financial assets and liabilities at fair value through profit or loss*

Financial assets and liabilities at fair value through profit or loss are financial assets and financial liabilities held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Balances in this category are classified as current if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(c) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to settled more than 12 months after the end of the reporting period. These are classified as non-current assets.

(d) *Financial liabilities at amortised cost*

Financial liabilities at amortised cost are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial assets and liabilities (Continued)

2.12.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement when the Group's right to receive payments is established.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.14 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Impairment of financial assets (Continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 Trade and other receivables

Trade and other receivables are amounts due from customers for electricity sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

2.19 Trade payables

Trade payables are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.21 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time (generally over 6 months) to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component, which is included in shareholders' equity in convertible bonds equity reserves. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Compound financial instruments issued by the Group also comprise convertible bonds that can be converted to share capital at the option of the holder, and the number of shares to be issued may vary.

The liability component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of all derivatives. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. Derivatives are carried at fair value subsequently, with changes in fair value presented to the consolidated income statement in the period in which they arise.

Liability component of a convertible instrument is classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the date of statement of financial position in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Current and deferred income tax (Continued)

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.24 Employee benefits

(a) Pension obligations

Employees of the Group in Hong Kong are required to participate in a defined contribution scheme as defined in mandatory provident fund scheme ("MPF Scheme"). The assets of the MPF Scheme are held separately from those of the Group under independently administered funds. Contributions to the schemes by the employers and employees are calculated as a percentage of employees' basic salaries. Under the MPF Scheme, each of the company (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employees are subject to a cap of HK$1,500 and thereafter contributions are voluntary. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

Employees of the Group in the PRC are required to participate in defined contribution retirement schemes administered and operated by municipal governments. The Group's subsidiaries in the PRC contribute funds to the retirement scheme to fund the retirement benefits of the employees which are calculated on certain percentage of the average employee salary as agreed by the municipal government. Such retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

(b) Employee leaves entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of statement of financial position. Employee entitlements to sick and maternity leave are not recognised until the time of leave.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Employee benefits (Continued)

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; or (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.25 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates certain of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options, shares and convertible bonds) of the Company. The fair value of the employee services received in exchange for the grant of the options, shares and convertible bonds is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Share-based payments (Continued)

(b) Cash-settled share-based payment transactions

For cash-settled share-based payment transactions, the Group measures the services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

(c) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2.26 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.27 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (Continued)

(a) Sales of electricity

Revenue arising from the sale of electricity is recognised in the accounting period when electricity is generated and transmitted.

(b) Tariff adjustment

Tariff adjustment represents subsidy received and receivable from the government authorities in respect of the Group's solar power plant business. Tariff adjustment is recognised at its fair value where there is a reasonable assurance that the additional tariff will be received and the Group will comply with all attached conditions, if any.

(c) Sales of goods – solar energy related goods

Revenue from sale of solar energy related goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(d) Rental income

Operating lease rental income is recognised on a straight-line basis over the period of the lease.

(e) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.28 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Leases (Continued)

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.29 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight- line basis over the expected lives of the related assets.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Company under policies approved by the Board of Directors of the Company.

(a) Market risk

(i) Foreign exchange risk

The Group operates in Hong Kong and Mainland China and most of their transactions are denominated in HK$, Renminbi ("RMB") and United States dollar ("US$"). The Group is exposed to foreign exchange risk primarily through sales, purchases, capital expenditure and expenses transactions that are denominated in a currency other than HK$ or RMB, which are the functional currencies of the major subsidiaries of the Group.

The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group is presently not using any forward exchange contract to hedge against foreign exchange risk as management considers its exposure is not significant.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

At 31 December 2014, if RMB had strengthened/weakened by 5% (2013: 5%) with all other variables held constant, profit for the year would have been approximately HK$6,706,000 lower/higher (2013: loss for the year would have been approximately HK$5,570,000 higher/lower) mainly as a result of net foreign exchange impact on translation of RMB denominated deposits in banks, trade and other receivables and bank and other borrowings.

At 31 December 2014, if US$ had strengthened/weakened by 5% (2013: 5%) with all other variables held constant, profit for the year would have been approximately HK$1,163,000 lower/higher (2013: loss for the year would have been approximately HK$9,118,000 higher/lower) mainly as a result of net foreign exchange impact on translation of US$ denominated deposits in banks, trade and other receivables and bank borrowings.

In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

(ii) Cash flow and interest rate risk

The Group's interest rate risk mainly arises from interest-bearing borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group adopts a policy of maintaining an appropriate mix of fixed and floating rate borrowings which is achieved primarily through the contractual terms of borrowings. The position is regularly monitored and evaluated by reference of anticipated changes in market interest rate. The Group did not use any interest rate swap to hedge its interest rate risk during the year.

Except for the cash held at bank, the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate any significant impact resulting from changes in interest-bearing assets.

At 31 December 2014, if interest rates on bank and other borrowings had been 50 basis points (2013: 50 basis points) higher/lower with all other variables held constant, profit for the year would have been approximately HK$11,377,000 lower/higher (2013: loss for the year would have been approximately HK$4,973,000 higher/lower) mainly as a result of higher/lower interest expense on floating rate borrowings.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk arises if a customer or other counterparty fails to meet its contractual obligations. The credit risk of the Group mainly arises from trade and other receivable and deposits with banks and financial institutions.

The Group has concentration of credit risk as over 99% of its trade and tariff adjustment receivables as at 31 December 2014 were due from three largest customers which were all state-owned enterprises. Considering the track record of regular repayment of trade receivables and based on the Group's experience with respect to the collection of tariff adjustment receivables, which is well supported by the government policy, the directors are of the opinion that the risk of default by these customers is not significant.

The Group believes that adequate provision for doubtful debts has been made in the consolidated financial statements. To the extent that information is available, management has properly reflected revised estimates of expected future cash flows in their impairment assessments.

The Group has policies that limit the amount of credit exposure to any financial institutions. Substantially all the deposits in banks are held in reputable financial institutions located in Hong Kong and the PRC, which management believes are of high credit quality and management does not expect any losses arising from non-performance by these counterparties.

(c) Liquidity risk

Cash flow forecasts are prepared by management. Management monitors rolling forecasts on the Group's liquidity requirements to ensure the Group maintains sufficient liquidity reserve to support sustainability and growth of the Group's business. Currently, the Group finances its working capital requirements through funds generated from operations, issue of new shares, bank borrowings and convertible bonds.

Management monitors rolling forecasts of the Group's liquidity reserve which comprises undrawn borrowing facilities and cash and bank balances (Note 24) on the basis of expected cash flows. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Group

	Less than 1 year HK$'000	Between 1 year to 2 years HK$'000	Between 2 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
At 31 December 2014					
Trade and bills payable, other payables and accrual	**2,127,290**	**-**	**-**	**-**	**2,127,290**
Amounts due to associates	**38,281**	**-**	**-**	**-**	**38,281**
Bank and other borrowings and corresponding interests	**713,264**	**384,743**	**1,096,630**	**1,204,957**	**3,399,594**
Convertible bonds and corresponding interests	**46,500**	**1,302,000**	**232,959**	**-**	**1,581,459**
	2,925,335	**1,686,743**	**1,329,589**	**1,204,957**	**7,146,624**
At 31 December 2013					
Trade and bills payable, other payables and accrual	1,154,697	-	-	-	1,154,697
Amounts due to shareholders	26,200	-	-	-	26,200
Amounts due to associates	18,442	-	-	-	18,442
Bank and other borrowings and corresponding interests	454,258	130,843	400,199	687,524	1,672,824
Convertible bonds and corresponding interests	46,500	97,200	1,847,443	-	1,991,143
	1,700,097	228,043	2,247,642	687,524	4,863,306

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Company

	Less than 1 year HK$'000	Between 1 year to 2 years HK$'000	Between 2 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
At 31 December 2014					
Other payables and accrual	**5,741**	**-**	**-**	**-**	**5,741**
Convertible bonds and corresponding interests	**46,500**	**1,302,000**	**232,959**	**-**	**1,581,459**
	52, 241	**1,302,000**	**232,959**	**-**	**1,587,200**
At 31 December 2013					
Other payables and accrual	7,321	-	-	-	7,321
Amounts due to shareholders	21,000	-	-	-	21,000
Amount due to a subsidiary	25,810	-	-	-	25,810
Convertible bonds and corresponding interests	46,500	97,200	1,847,443	-	1,991,143
	100,631	97,200	1,847,443	-	2,045,274

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic condition. In order to maintain or adjust the capital structure, the Group may issue new shares or convertible bonds, sell assets or obtain bank and other borrowings.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total assets. Net debt is calculated as total borrowings (including current and non-current bank and other borrowings, amounts due to shareholders, amounts due to associates, construction costs payable and convertible bonds as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debts.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management (Continued)

The gearing ratios at 31 December 2014 and 2013 were as follows:

	2014 HK$'000	2013 HK$'000
Amounts due to associates	**38,281**	18,442
Amounts due to shareholders	**–**	26,200
Bank and other borrowings	**2,700,936**	1,216,176
Construction costs payable	**1,952,561**	467,674
Convertible bonds	**1,047,309**	1,235,912
	5,739,087	2,964,404
Less: cash and cash equivalents	**(269,591)**	(137,413)
Net debts	**5,469,496**	2,826,991
Total equity	**1,875,958**	449,921
Total capital	**7,345,454**	3,276,912
Gearing ratio	**74.46%**	86.27%

The decrease in gearing ratio as at 31 December 2014 was mainly due to increase in total equity as a result of issue of shares through placement (Note 25(a)) and issue of shares upon conversion of convertible bonds (Note 25(b)).

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the fair value hierarchy of the Group's financial assets and liabilities that were measured at fair value at 31 December 2014.

	Level 3 HK$'000
Assets	
Financial assets at fair value through profit and loss	
– Guaranteed electricity income	**96,792**
Liabilities	
Contingent consideration payables	**882,954**
Derivatives	
– Put Option issued in relation to acquisition of Fengxian Huize (Note 19)	**70,738**
– US$120 million convertible bonds (Note 27)	**54,220**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2013.

	Level 3 HK$'000
Assets	
Financial assets at fair value through profit and loss	
– Guaranteed electricity income	94,005
Liabilities	
Contingent consideration payables	1,244,461
Derivatives	
– Put Option issued in relation to acquisition of Fengxian Huize	163,782
– US$120 million convertible bonds	258,501

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Guaranteed electricity income was estimated based on arm's length negotiation with relevant parties based on shortfall of electricity pursuant to sales and purchase agreement.

- See relevant disclosures of fair valuation of contingent consideration payables (Note 27), Put Option (Note 19) and derivatives of the US$120 million convertible bonds (Note 27).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

There were no significant transfers of financial assets between level 1, level 2 and level 3 fair value hierarchy classifications.

The following table presents the changes in level 3 instruments for the year ended 31 December 2014.

	Financial asset at fair value through profit or loss HK$'000	Contingent consideration payables HK$'000	Financial liabilities at fair value through profit or loss- Put Option HK$'000	Derivatives in respect of US$120 million convertible bonds HK$'000
Opening balance	**94,005**	**1,244,461**	**163,782**	**258,501**
Fair value gain recognised in the consolidated income statement	**127,698**	**(361,507)**	**(93,044)**	**(204,281)**
Settlements	**(124,608)**	**–**	**–**	**–**
Exchange difference	**(303)**	**–**	**–**	**–**
Closing balance	**96,792**	**882,954**	**70,738**	**54,220**
Total gains for the year included in the consolidated income statement for assets held/liabilities assumed at the end of the year	**127,698**	**361,507**	**93,044**	**204,281**
Change in unrealised gain for the year included in the consolidated income statement at the end of the year	**127,698**	**361,507**	**93,044**	**204,281**

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the changes in level 3 instruments for the year ended 31 December 2013.

	Financial asset at fair value through profit or loss HK$'000	Available-for-sale financial assets HK$'000	Contingent consideration payables HK$'000	Financial liabilities at fair value through profit or loss-Put option HK$'000	Derivatives in respect of US$120 million convertible bonds HK$'000
Opening balance	-	219,240	-	-	-
Fair value loss recognised in equity	-	(500)	-	-	-
Acquisition of subsidiaries	188,312	(218,740)	1,287,739	-	-
Acquisition of an associate	-	-	-	163,782	-
Issue of US$120 million convertible bonds	-	-	-	-	413,408
Fair value change recognised in the consolidated income statement	(100,589)	-	(43,278)	-	(154,907)
Exchange difference	6,282	-	-	-	-
Closing balance	94,005	-	1,244,461	163,782	258,501
Total (losses)/gains for the year included in the consolidated income statement for assets held/liabilities assumed at the end of the year	(100,589)	-	43,278	-	154,907
Change in unrealised (losses)/gain for the year included in the consolidated income statement at the end of the year	(100,589)	-	43,278	-	154,907

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Sensitivity analysis of observable and unobservable inputs

As described, the fair values of financial assets and liabilities that are classified in level 3 of the fair value hierarchy are determined using valuation techniques that make use of significant inputs that are not based on observable market data. These fair values could be sensitive to changes in the assumptions used to derive the inputs. Volatility is the main significant unobservable input. The table below illustrates the sensitivity of the significant inputs when they are changed to reasonably possible alternative inputs:

As at 31 December 2014

Description	Fair value HK$'000	Valuation techniques	Significant inputs	Range of inputs	Favourable changes in profit or loss HK$'000	Unfavourable changes in profit or loss HK$'000
Assets						
Financial assets at fair value through profit or loss	96,792	Arm's length negotiation with relevant parties based on shortfall of electricity pursuant to sales and purchases agreement	Not applicable	-	-	-
Liabilities						
Contingent consideration payables	(882,954)	Binomial model	Volatility	+5%	-	(10,962)
				-5%	11,073	
			Share price	+HK$0.10	-	(71,431)
				-HK$0.10	67,893	-
Financial liability at fair value through profit or loss	(70,738)	Binomial lattice model	Volatility	+5%	-	(5,845)
				-5%	5,969	-
			Share price	+HK$0.10	-	(9,493)
				-HK$0.10	8,056	-
Derivative in respect of US$120 million convertible bonds	(54,220)	Binomial model	Volatility	+5%	-	(12,740)
				-5%	10,006	-
			Share price	+HK$0.10	-	(18,002)
				-HK$0.10	15,230	-

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Except for the liability component of the convertible bonds which are carried at amortised cost, the carrying amounts of all financial assets and financial liabilities of the Group approximated their fair values as at 31 December 2014 (2013: same).

	2014		2013	
	Carrying value HK$'000	Fair value HK$'000	Carrying value HK$'000	Fair value HK$'000
Financial Liabilities				
Convertible bonds carried at amortised cost	**993,089**	**1,163,968**	977,411	1,141,396

The fair values of the liability portion of the convertible bonds carried at amortised cost were within level 3 of the fair value hierarchy and were determined by discounted cash flow using the inputs including contractual cash flows over the remaining contractual terms of the convertible bonds and discount rate that reflected the credit risk of the Company.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Purchase accounting

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

(b) Impairment of intangible asset

The Group conducts reviews for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs of disposal. These calculations require the use of judgements and estimates. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

(c) Impairment of property, plant and equipment

The Group conducts impairment reviews on property, plant and equipment when events of changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognised when the carrying amount of an asset is lower than the greater of its fair value less cost of disposal or the value in use. In determining the value in use, management assess the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate.

(d) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(e) Fair value of contingent consideration payables and other financial instruments

The fair value of contingent consideration payables, financial assets at fair value through profit or loss, financial liability at fair value through profit or loss and derivatives in relation to US$120 million convertible bonds was determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions, including the discount rates and fair value of the Company's shares, which are mainly based on market conditions existing at the end of each reporting period. Changes in assumption used could materially affect the fair value of these balances and as a result affect the Group's financial condition and results of operation.

(f) Provision for income taxes

The Group is subject to income taxes in the PRC. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to temporary differences and tax losses are recognised when management expects it is probable that future taxable profits will be available to utilise against the temporary difference or tax losses. Where the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets in the period in which such estimates have been changed.

5 REVENUE AND TARIFF ADJUSTMENT

	2014 HK$'000	2013 HK$'000 (Restated) (Note 2.1)
Sales of electricity	**157,685**	13,235
Sales of solar energy related products	**44,838**	609
Revenue	**202,523**	13,844
Tariff adjustment	**321,465**	23,879
	523,988	37,723

6 SEGMENT INFORMATION

The Chief Operation Decision-Maker ("CODM") has been identified as the Board of Directors of the Company. CODM reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

During the year, the Group completed the disposal of 70% equity interests in Fortune Arena (Note 11), which was mainly engaged in manufacturing and sale of solar cells ("Solar Cells"). Subsequent to the Disposal, the Group retains one single reportable segment, which is principally engaged in the development, investment, operation and management of solar power plants ("Solar Power Plants"). Prior to the Disposal, the Group has two reportable segment: (a) Solar Power Plants and (b) Solar Cells.

For the year ended 31 December 2014, the major operating entities of the Group are domiciled in the PRC and accordingly, all of the Group's revenue was derived in the PRC (2013: same).

The geographical analysis of the Group's non-current assets (excluding other receivables, deposits and prepayments) is as follows:

	2014 HK$'000	2013 HK$'000
The PRC	**7,429,557**	4,688,366
Hong Kong	**687**	953
	7,430,244	4,689,319

For the year ended 31 December 2014, there were three customers (2013: two) which individually contributed over 10% of the Group's total revenue and tariff adjustment. During the year, the revenue and tariff adjustment contributed from each of these customers was as follows:

	2014 HK$'000	2013 HK$'000
- Customer A	**197,796**	8,277
- Customer B	**176,880**	-
- Customer C	**101,999**	27,445
	476,675	35,722

7 EMPLOYEE BENEFITS EXPENSES

(a) Employee benefits expenses (including Directors' emoluments)

	2014 HK$'000	2013 HK$'000 (Restated) (Note 2.1)
Salaries, wages and bonuses (including Directors' emoluments)	**34,160**	23,034
Contributions to retirement contribution plan	**1,352**	571
Share-based payment expenses (Note 25)	**31,703**	63,619
	67,215	87,224

(b) Directors' emoluments

The emoluments paid or payable to each of directors were as follows:

	Fees HK$'000	Salaries, allowance and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payment expenses HK$'000	Total HK$'000
Year ended 31 December 2014					
Executive director:					
Mr. Li, Alan (ii)	200	2,400	17	2,885	5,502
Mr. Lu Zhenwei (ii)(viii)	-	-	-	-	-
	200	2,400	17	2,885	5,502
Non-executive director:					
Academician Yao Jiannian	200	-	-	-	200
Mr. Yang Baiqian (ii)(viii)	-	-	-	-	-
Ms. Qiu Ping, Maggie (ii)	200	1,230	17	1,154	2,601
Mr. Wu Zhenmian (iii)(ix)	98	-	-	-	98
	498	1,230	17	1,154	2,899
Independent non-executive director:					
Mr. Kwan Kai Cheong	200	-	-	-	200
Mr. Ching Kwok Ho, Samuel (ix)	59	-	-	-	59
Mr. Yen Yuen Ho, Tony	200	-	-	-	200
Mr. Shi Dinghuan (ii)	200	-	-	-	200
Mr. Ma Kwong Wing (v)	200	-	-	-	200
	859	-	-	-	859
Total	1,557	3,630	34	4,039	9,260

7 EMPLOYEE BENEFITS EXPENSES (Continued)

(b) Directors' emoluments (Continued)

The emoluments paid or payable to each of directors were as follows: (Continued)

	Fees HK$'000	Salaries, allowance and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payment expenses HK$'000	Total HK$'000
Year ended 31 December 2013					
Executive director:					
Mr. Li, Alan (ii)	112	1,333	9	6,362	7,816
Mr. Lu Zhenwei (ii)(viii)	-	-	-	-	-
Ms. Lin Xia Yang (vi)	-	185	-	-	185
Mr. Lam Ho Fai (vii)	-	1,409	15	-	1,424
Mr. Yiu Ka So (vii)	243	884	15	-	1,142
	355	3,811	39	6,362	10,567
Non-executive director:					
Academician Yao Jiannian	200	-	-	-	200
Mr. Yang Baiqian (ii)(viii)	-	-	-	-	-
Ms. Qiu Ping, Maggie (ii)	112	471	6	2,545	3,134
Mr. Wu Zhenmian (iii)(ix)	83	-	-	-	83
Mr. Chiang Chao-Juei (iv)	117	-	-	-	117
	512	471	6	2,545	3,534
Independent non-executive director:					
Mr. Kwan Kai Cheong	200	-	-	-	200
Mr. Ching Kwok Ho, Samuel (ix)	120	-	-	-	120
Mr. Yen Yuen Ho, Tony	200	-	-	-	200
Mr. Shi Dinghuan (ii)	112	-	-	-	112
Mr. Ma Kwong Wing (v)	67	-	-	-	67
Mr. Ip Shu Kwan, Stephen (i)	41	-	-	-	41
	740	-	-	-	740
Total	1,607	4,282	45	8,907	14,841

7 EMPLOYEE BENEFITS EXPENSES (Continued)

(b) Directors' emoluments (Continued)

Note:

(i) Resigned on 15 March 2013

(ii) Appointed on 10 June 2013

(iii) Appointed on 1 August 2013

(iv) Resigned on 1 August 2013

(v) Appointed on 1 September 2013

(vi) Resigned on 3 December 2013

(vii) Resigned on 20 December 2013

(viii) Mr. Lu Zhenwei and Mr. Yang Baiqian agreed to waive their entitlement to director's fee for the year ended 31 December 2014 (2013: same)

(ix) Retired on 27 June 2014

(c) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, two (2013: two) were directors of the Company, whose emoluments are included in the disclosure set out in Note 7(b) above. The emolument of the remaining three (2013: three) highest paid individual is as follows:

	2014 HK$'000	2013 HK$'000
Salaries and other benefits	**5,334**	8,258
Retirement benefit scheme contributions	**26**	8
	5,360	8,266

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
HK$1,500,001 – HK$2,000,000	**3**	–
HK$2,000,001 – HK$2,500,000	**–**	1
HK$2,500,001 – HK$3,000,000	**–**	1
HK$3,000,001 – HK$3,500,000	**–**	1

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. Save as disclosed in Note (b)(viii), none of the directors have waived any emoluments for the years ended 31 December 2014 and 2013.

8 OTHER EXPENSES

Other expenses comprise the following items:

	2014 HK$'000	2013 HK$'000 (Restated) (Note 2.1)
Amortisation of land use rights	**13**	85
Auditor's remuneration		
- Audit services	**2,800**	2,500
- Non-audit services	**1,719**	5,530
Foreign exchange differences	**(1,802)**	2,478
Operating lease rentals	**2,426**	1,625
Travelling	**7,127**	1,974
Others	**9,408**	8,043
	21,691	22,235

9 FINANCE COSTS, NET

	2014 HK$'000	2013 HK$'000 (Restated) (Note 2.1)
Finance income:		
Imputed interest income on pledged guarantee deposit	**30**	-
Interest income on bank balances and deposits	**890**	1
Interest income on loan to a shareholder	**-**	26,367
Subsequent fair value gain on derivatives in relation to the US$120 million convertible bonds (Note 27)	**204,281**	154,907
	205,201	181,275
Finance costs:		
In relation to bank and other borrowings:		
- Amortisation of loan facilities fees	**(745)**	-
- Interest expenses:		
- wholly repayable within five years	**(78,173)**	(44,693)
- not wholly repayable within five years	**(40,530)**	(23,276)
In relation to convertible bonds (Note 27):		
- Day 1 fair value loss on issue of the US$120 million convertible bonds	**-**	(164,688)
- Amortisation of unrealised fair value loss of issue of the US$120 million convertible bonds	**(80,188)**	(13,595)
- Imputed interest expense on convertible bonds	**(187,821)**	(102,987)
	(387,457)	(349,239)
Finance costs, net	**(182,256)**	(167,964)

10 INCOME TAX CREDIT

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group has no assessable profit derived from Hong Kong for the year (2013: Nil).

The Group's operations in the PRC are subject to the corporate income tax law of the PRC (the "PRC corporate income tax"). The standard PRC corporate income tax rate is 25%. During the year, seven subsidiaries of the Group which are engaging in the development, investment, operation and management of solar power plants have obtained the relevant preferential tax concession. They are fully exempted from the PRC corporate income tax for the first three years, followed by a 50% tax exemption for the next three years. The applicable tax rate for all these subsidiaries during the year was 0%.

The amount of tax credited to the consolidated income statement from continuing operations represents:

	2014 HK$'000	2013 HK$'000 (Restated) (Note 2.1)
Current income tax		
– Over-provision in prior years	**38**	–
Deferred income tax	**–**	168,000
	38	168,000

The tax on the Group's profit/(loss) before income tax less share of profits of associates differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2014 HK$'000	2013 HK$'000 (Restated) (Note 2.1)
Profit/(loss) before income tax	**629,545**	(2,361,479)
Less: Share of profits of associates	**(19,122)**	–
	610,423	(2,361,479)
Calculated at a tax rate of 16.5% (2013: 16.5%)	**100,720**	(389,644)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**22,826**	39,519
PRC tax concession	**(83,582)**	(8,700)
Expenses not deductible for tax purposes	**48,785**	263,532
Income not subject to tax	**(112,631)**	(77,732)
Temporary differences not recognised	**19,648**	351
Tax loss for which no deferred income tax amount was recognised	**4,234**	4,674
Over-provision in prior years	**(38)**	–
Income tax credit	**(38)**	(168,000)

11 DISCONTINUED OPERATION

On 28 October 2014, the Company completed the disposal of 70% equity interest in Fortune Arena at a cash consideration of HK$217,000,000. The Disposal Group represented a separate major line of business of the Group and Fortune Arena was presented as a discontinued operation. Fortune Arena was mainly engaged in the manufacturing, sale and provision of subcontracting services of solar energy related products. Upon completion, the equity interest of Fortune Arena held by the Group has been reduced from 100% to 30%. This has resulted in the Group losing control over Fortune Arena and Fortune Arena is accounted for by the Group as an associate since 28 October 2014. For the presentation of the consolidated income statement for the years ended 31 December 2014 and 2013, Fortune Arena was recognised as discontinued operation.

	2014 HK$'000	2013 HK$'000
Loss after tax from discontinued operation (Note (a))	**(319,914)**	(111,981)
Gain on Disposal (Note (b))	**67,425**	-
	(252,489)	(111,981)

(a) Analysis of the results of the discontinued operation is set out below:

	2014 HK$'000	2013 HK$'000
Revenue	**142,800**	299,855
Expenses		
- Depreciation of property, plant and equipment	**(47,092)**	(49,668)
- Employee benefits expenses	**(6,612)**	(11,727)
- Fair value (loss)/gain on investment properties	**(404)**	37
- Impairment charge on property, plant and equipment (Notes (i) and 15)	**(214,122)**	-
- Impairment charge on trade receivables	**–**	(12,803)
- Cost of materials used	**(169,366)**	(295,368)
- Share of loss of an associate	**(3,530)**	(1,019)
- Other expenses, net	**(15,840)**	(39,460)
Operating loss from discontinued operation	**(314,166)**	(110,153)
Finance costs, net	**(6,351)**	(5,543)
Loss before income tax from discontinued operation	**(320,517)**	(115,696)
Income tax credit	**603**	3,715
Loss after tax from discontinued operation attributable to the owners of the Company	**(319,914)**	(111,981)

During the year, an impairment charge on property, plant and equipment of Fortune Arena of approximately HK$214,122,000 was recognised in the consolidated income statement as a result of the poor market conditions in the solar products market. In particular, due to the continued loss suffered by Fortune Arena, the Group has decided not to carry out the expansion plan as originally anticipated. Moreover, based on this arm's length indicative price of the Disposal, the carrying value of the property, plant and equipment of Fortune Arena was not considered to be recoverable and an impairment charge on the property, plant and equipment has been recognised.

11 DISCONTINUED OPERATIONS (Continued)

(b) Analysis of gain on Disposal is as follows:

	HK$'000
Total consideration satisfied by:	
Cash consideration	217,000
Fair value of the 30% equity interest retained by the Group as an associate	65,400
Direct expenses	(1,851)
	280,549
Net assets disposed of:	
Land use rights	(137,050)
Property, plant and equipment	(679,736)
Investment properties	(47,696)
Prepayments for the purchase of plant and equipment	(29,841)
Inventories	(12,154)
Trade and bills receivable	(5,227)
Other receivables, deposits and prepayments	(148,281)
Pledged bank deposits	(129,318)
Cash and cash equivalents	(4,168)
Deferred tax liabilities	28,479
Deferred government grant	105,321
Trade and bills payable	371,188
Other payables and accruals	299,940
Amount due to an associate	18,296
Bank borrowings	90,849
Loan from a third party	18,927
Share of net assets disposed of	(260,471)
Reclassification of exchange reserve upon the Disposal	47,347
Gain on Disposal	67,425

(c) Analysis of net cash inflow arising from the Disposal:

	HK$'000
Cash consideration	217,000
Less: Direct expenses	(1,851)
Cash and cash equivalents disposed	(4,168)
	210,981

12 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Profit attributable to owners of the Company was dealt with in the financial statements of the Company to the extent of approximately HK$73,471,000 (2013: loss of HK$2,435,229,000).

No dividend has been paid or declared by the Company during the year ended 31 December 2014 (2013: Nil).

13 EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2014	2013 Restated (Note 2.1)
Profit/(loss) attributable to owners of the Company (HK$'000)		
- From continuing operations	**619,105**	(2,193,005)
- From discontinued operation	**(252,489)**	(111,981)
	366,616	(2,304,986)
Weighted average number of ordinary shares in issue (thousand shares)	**4,084,966**	1,671,027
Basic earnings/(loss) per share (HK cents)		
- From continuing operations	**15.15**	(131.24)
- From discontinued operation	**(6.18)**	(6.70)
	8.97	(137.94)

(b) Diluted

Diluted earnings/(loss) per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all dilutive potential ordinary shares. For the year ended 31 December 2014, the Group has four (2013: four) categories of dilutive potential ordinary shares: convertible bonds (Note 27), EIS (Note 25(d)), share option (Note 25 (c)) and Put Option (2013: same). The convertible bonds were assumed to have been converted into ordinary shares, and the net profit/(loss) has been adjusted to eliminate the interest expense, amortisation of unrealised fair value loss at issue date and fair value change less the tax effect. For the share option and EIS, a calculation has been done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share option and EIS. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share option and EIS.

The Put Option was assumed to have been exercised by the holder and to be settled by way of issue of the Company's shares. The net profit has been adjusted to eliminate the fair value change less the tax effect and to additionally share the results of Fengxian Huize.

13 PROFIT/(LOSS) PER SHARE (Continued)

(b) Diluted (Continued)

Earnings	2014 (HK$'000)
Profit from continuing operations attributable to owners of the Company	**619,105**
Assumed exercise of contingent consideration payable. Put Option and EIS	
Adjustments for:	
Contingent consideration payables	
– Fair value gain	**(361,507)**
Put Option	
– Fair value gain	**(93,044)**
– Additional share of results of Fengxian Huize	**23,986**
Adjusted profit attributable to owners of the Company used to determine the diluted profit per share	**188,540**
Loss from discontinued operation attributable to owners of the Company	**(252,489)**
	(63,949)
Weighted average number of ordinary shares in issue	**4,084,966**
Adjustments for:	
– Assumed exercise of contingent consideration payables	**807,944**
– Assumed exercise of Put Option	**178,457**
– Assumed exercise of EIS	**84,223**
	5,155,590
Diluted earnings/(loss) per share attributable to the owners of the Company (HK cents)	
– From continuing operations	**3.66**
– From discontinued operation	**(4.90)**
	(1.24)

The convertible bonds issued on 25 October 2010, US$120 million convertible bonds, Series A convertible bonds, HK$233 million convertible bonds and share option were not assumed to be converted as they would have an anti-dilutive impact to the profit from continuing operations attributable to the owners of the Company per share, for the year ended 31 December 2014. For the year ended 31 December 2013, the diluted loss per share was the same as the basic loss per share as the conversion of potential ordinary shares in relation to the outstanding convertible bonds, EIS, share option and Put Option would have an anti-dilutive effect to the basic loss per share.

14 LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book value is analysed as follows:

	2014 HK$'000	2013 HK$'000
Outside Hong Kong, held on:		
– Leases of between 10 to 50 years	**571**	141,457

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improve-ments HK$'000	Power generating modules and equipment HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in-progress HK$'000	Total HK$'000
At 1 January 2013								
Cost	72,964	11,547	-	337,238	13,647	6,422	526,892	968,710
Accumulated depreciation	(8,408)	(11,547)	-	(74,471)	(11,858)	(5,261)	-	(111,545)
Net book amount	64,556	-	-	262,767	1,789	1,161	526,892	857,165
Year ended 31 December 2013								
Opening net book amount	64,556	-	-	262,767	1,789	1,161	526,892	857,165
Acquisition of subsidiaries	26,981	-	1,628,264	3,749	1,855	1,243	3,699	1,665,791
Additions	445	-	8,814	2,100	837	13	72,157	84,366
Depreciation charge	(5,674)	-	(35,514)	(40,333)	(1,026)	(439)	-	(82,986)
Disposals	-	-	-	-	(33)	(84)	(71)	(188)
Transfer	119,156	-	225,464	-	166	-	(344,786)	-
Transfer to investment properties	(41,702)	-	-	-	-	-	-	(41,702)
Revaluation surplus upon transfer to investment properties	3,211	-	-	-	-	-	-	3,211
Revaluation loss prior to transfer to investment properties	(7,194)	-	-	-	-	-	-	(7,194)
Exchange difference	2,928	-	61,258	7,314	18	21	11,561	83,100
Closing net book amount	162,707	-	1,888,286	235,597	3,606	1,915	269,452	2,561,563
At 31 December 2013								
Cost	190,604	11,547	1,924,963	382,798	9,723	3,775	269,452	2,792,862
Accumulated depreciation and impairment	(27,897)	(11,547)	(36,677)	(147,201)	(6,117)	(1,860)	-	(231,299)
Net book amount	162,707	-	1,888,286	235,597	3,606	1,915	269,452	2,561,563

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings HK$'000	Leasehold improve-ments HK$'000	Power generating modules and equipment HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in-progress HK$'000	Total HK$'000
Year ended 31 December 2014								
Opening net book amount	162,707	-	1,888,286	235,597	3,606	1,915	269,452	2,561,563
Acquisition of subsidiaries (Note 35)	-	-	4,257,806	-	666	2,067	-	4,260,539
Additions	-	-	43,089	-	4,301	138	42,478	90,006
Depreciation charge	(8,023)	-	(185,566)	(33,049)	(1,731)	(959)	-	(229,328)
Disposal of subsidiaries (Note 11(b))	(128,699)	-	(321,376)	(14,215)	(922)	(559)	(213,965)	(679,736)
Disposals	-	-	-	-	(2)	-	-	(2)
Transfer	-	-	61,787	30,417	-	-	(92,204)	-
Transfer from intangible assets (Note 17)	-	-	247	-	-	-	-	247
Impairment charge (Note 11(a))	-	-	-	(214,122)	-	-	-	(214,122)
Exchange difference	(1,170)	-	23,540	(1,687)	(3)	2	(2,083)	18,599
Closing net book amount	24,815	-	5,767,813	2,941	5,915	2,604	3,678	5,807,766
At 31 December 2014								
Cost	34,216	-	5,979,106	5,347	8,260	3,603	3,678	6,034,210
Accumulated depreciation and impairment	(9,401)	-	(211,293)	(2,406)	(2,345)	(999)	-	(226,444)
Net book amount	24,815	-	5,767,813	2,941	5,915	2,604	3,678	5,807,766

Note:

As at 31 December 2014, power generating modules and equipment with carrying values of approximately HK$4,184,138,000 were pledged as security for the Group's bank borrowings. As at 31 December 2013, buildings and power generating modules and equipment with carrying values of approximately HK$136,270,000 and HK$1,389,202,000 respectively, were pledged as security for the Group's bank borrowings (Note 31).

16 INVESTMENT PROPERTIES

	2014 HK$'000	2013 HK$'000
Fair value at 1 January	**48,485**	5,901
Fair value (loss)/gain (Note 11(a))	**(404)**	37
Transfer from property, plant and equipment	**–**	41,702
Disposal of subsidiaries (Note 11(b))	**(47,696)**	-
Exchange difference	**(385)**	845
Fair value at 31 December	**–**	48,485

17 INTANGIBLE ASSETS

	Goodwill HK$'000	Concession rights HK$'000	Unfinished sales contracts HK$'000	Total HK$'000
At 1 January 2013				
Cost	-	-	10,227	10,227
Accumulated amortisation and impairment	-	-	(10,227)	(10,227)
Net book amount	-	-	-	-
Year ended 31 December 2013				
Opening net book amount	-	-	-	-
Acquisition of subsidiaries	1,205,018	2,447,995	-	3,653,013
Impairment charge (Note (i) and (ii))	(1,205,018)	(819,145)	-	(2,024,163)
Exchange difference	-	19,145	-	19,145
Closing net book amount	-	1,647,995	-	1,647,995
At 31 December 2013				
Cost	-	2,467,140	10,227	2,477,367
Accumulated impairment	-	(819,145)	(10,227)	(829,372)
Net book amount	-	1,647,995	-	1,647,995
Year ended 31 December 2014				
Opening net book amount	**–**	**1,647,995**	**–**	**1,647,995**
Redesignation in relation to the acquisition of Changzhou Dinghui				
– As an associate (Note 19)	**–**	**(174,172)**	**–**	**(174,172)**
– Step acquisition as a subsidiary (Note 35)	**–**	**(215,013)**	**–**	**(215,013)**
Redesignation to property, plant and equipment (Note 15)	**–**	**(247)**	**–**	**(247)**
Exchange difference	**–**	**(4,615)**	**–**	**(4,615)**
Closing net book amount	**–**	**1,253,948**	**–**	**1,253,948**

17 INTANGIBLE ASSETS (Continued)

	Goodwill HK$'000	Concession rights HK$'000	Unfinished sales contracts HK$'000	Total HK$'000
At 31 December 2014				
Cost	–	**2,071,168**	–	**2,071,168**
Accumulated impairment	–	**(817,220)**	–	**(817,220)**
Net book amount	–	**1,253,948**	–	**1,253,948**

Notes:

(i) Goodwill was allocated to the Group's CGU identified according to operating segment. During the year ended 31 December 2013, full impairment on goodwill of approximately HK$1,205,018,000 arising from acquisition of CSPG was recognised.

(ii) During the year ended 31 December 2013, there had been policy changes as to the subsidy and on-grid price for the solar power plants in China. On 30 August 2013, the National Development and Reform Commission of China released the "Notice on Leveraging the Price for the Development of the Solar Energy Industry" (the "New Tariff Notice") to launch a new subsidising policy for distributed solar photovoltaics power plants and adjust benchmark on-grid price for electricity generated by centralised solar photovoltaics power plants. As at 31 December 2013, the Group revised its cash flow forecasts of the cash-generating unit, based on the revision of government policy and the progress on the financing and acquisition status, an impairment charge on concession rights of approximately HK$819,145,000 was recognised during the year ended 31 December 2013.

(iii) In relation to the concession rights acquired in June 2013 to develop and operate various solar power plant projects, concession rights with carrying value of approximately HK$275 million will expire in 2015. The Group intends to exercise these concession rights and will acquire more solar power plant projects before their expiry.

During the year, there were no significant changes in the government policies on subsidising distributed and centralised solar photovoltaics plants. For the purpose of annual impairment test for concession rights, management prepared its pre-tax cash flow projection covering a twenty-five-year period to determine the recoverable amount, which has been determined based on fair value less costs of disposal, as at 31 December 2014. The fair value measurement was categorised under level 3 fair value hierarchy. The recoverable amount was higher than its carrying value as at 31 December 2014, and therefore no impairment was considered necessary.

The key assumptions used for the pre-tax cash flow projections, which are based on past experience of the Group and external sources of market information, are as follows:

	2014	2013
Capacity (Note (a))	2.0GW	2.2GW
Insolation hours (Geographical)	1,370MWh/MWp – 1,680MWh/MWp	1,370MWh/MWp – 1,680MWh/MWp
Degradation factor	0.8% per annum	0.8% per annum
Electricity tariff	RMB0.7/KWh – RMB3.7/KWh	RMB0.7/KWh – RMB3.7/KWh
Discount rate	8.5% – 10.0%	8.5% – 10.0%
Construction costs (Note (b))		
– Rooftop projects	RMB10/W	RMB10.5/W
– Ground projects	RMB9/W – RMB10.2/W	RMB9.5/W – RMB10.9/W

Note:

(a) Drop in capacity was mainly due to the acquisition of certain solar power plants during the year in relation to the concession rights held by the Group as at 31 December 2013.

(b) Except certain projects for which the acquisition price will be based on internal rate of return calculation.

18 INTERESTS IN SUBSIDIARIES

	The Company	
	2014 **HK$'000**	2013 HK$'000
Unlisted shares, at cost	**3,409,444**	5,604,224
Amounts due from subsidiaries – quasi-equity nature	**–**	229,983
Capital contribution relating to share-based payment (Note 25(d))	**90,528**	49,810
	3,499,972	5,884,017
Less: Impairment losses	**(2,071,696)**	(3,921,320)
	1,428,276	1,962,697

The capital contribution relates to EIS granted by the Company to employees of subsidiary undertakings in the Group. Refer to Note 25(d) for further details on the Group's EIS.

As at 31 December 2014, interests in subsidiaries with carrying value of HK$2,071,696,000 was considered impaired (2013: HK$3,921,320,000). The drop was mainly due to the disposal of Fortune Arena during the year.

(a) Particulars of the principal subsidiaries as at 31 December 2014 are as follows:

Name of company	Place of incorporation/ registration and operation	Particulars of issued share capital/ registered capital	Proportion of issued share capital/registered capital held by the Company		Principal activities
			Directly	Indirectly	
China Solar Power Group Limited	British Virgin Islands ("BVI")	US$5,750,000	-	100%	Investment holding
China Technology New Energy Limited	BVI	US$1	-	100%	Possession of exclusive rights in developing rooftop solar plants
New Light Technology Limited	Hong Kong	HK$10,000	-	100%	Investment holding
United Photovoltaics (Changzhou) Investment Limited	The PRC	Registered: HK$1,012,281,090 Paid up: HK$662,770,623	-	100%	Investment holding
United Photovoltaics (Shenzhen) Limited	The PRC	Registered: HK$150,000,000 Paid up: HK$131,282,000	-	100%	Design and installation of solar power systems, research and development of solar power products and solar technology

18 INTERESTS IN SUBSIDIARIES (Continued)

(a) Particulars of the principal subsidiaries as at 31 December 2014 are as follows: (Continued)

Name of company	Place of incorporation/ registration and operation	Particulars of issued share capital/ registered capital	Proportion of issued share capital/registered capital held by the Company		Principal activities
			Directly	Indirectly	
Changzhou Dinghui New Energy Limited	The PRC	RMB10,000,000	-	100%	Investment holding
Zhongli (Jiayuguan) Photovoltaic Power Co., Limited	The PRC	RMB271,785,558	-	100%	Development, investment, operation and management of solar power plants
Zhongli Gonghe Photovoltaic Power Co., Limited	The PRC	RMB86,000,000	-	100%	Development, investment, operation and management of solar power plants
Hainanzhou Yahui New Energy Power Company Limited	The PRC	RMB151,000,000	-	100%	Development, investment, operation and management of solar power plants
Zhongli Talesun Gonghe New Energy Limited	The PRC	RMB342,000,000	-	100%	Development, investment, operation and management of solar power plants
Guodian Tuoketuo County Solar Power Company Limited ("Tuoketuo")	The PRC	RMB80,000,000	-	89.78%	Development, investment, operation and management of solar power plants
Guodian Chahaeryouyiqianqi Solar Power Company Limited ("Chahaeryouyiqianqi")	The PRC	RMB100,000,000	-	86.79%	Development, investment, operation and management of solar power plants

18 INTERESTS IN SUBSIDIARIES (Continued)

(a) Particulars of the principal subsidiaries as at 31 December 2014 are as follows: (Continued)

Name of company	Place of incorporation/ registration and operation	Particulars of issued share capital/ registered capital	Proportion of issued share capital/registered capital held by the Company		Principal activities
			Directly	Indirectly	
Guodian Wulatehouqi Solar Power Company Limited ("Wulatehouqi")	The PRC	RMB80,000,000	-	90.33%	Development, investment, operation and management of solar power plants
China Merchants Zhangzhou Development Zone Trendar Solar Tech Limited ("CM Trendar")	The PRC	RMB32,750,000	-	91.6%	Research and development of new energy technology

Notes:

(a) The English names of certain subsidiaries represent the best effort by the Group's management to translate their Chinese names, as these subsidiaries do not have official English names.

(b) The amounts due from/(to) subsidiaries were unsecured, interest-free and repayable on demand.

(c) The cash and cash equivalents of approximately HK$221,015,000 (2013: HK$226,004,000) held by PRC subsidiaries were subject to local exchange control regulations. These local exchange control regulations provided for restrictions on exporting capital from the country other than through normal dividends.

(d) Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are considered material to the Group. As at 31 December 2014, the Group had four subsidiaries that had non-controlling interests. The total non-controlling interest for the year was approximately HK$56,091,000, of which approximately HK$25,194,000 was for Chahaeryouyiqianqi, approximately HK$15,757,000 was for Tuoketuo and approximately HK$14,813,000 was for Wulatehouqi. The non-controlling interest in respect of CM Trendar was not material.

Summarised statement of financial position

	Chahaeryouyiqianqi 2014 HK$'000	Tuoketuo 2014 HK$'000	Wulatehouqi 2014 HK$'000
Current			
Assets	**118,749**	**90,373**	**89,878**
Liabilities	**(586,050)**	**(444,745)**	**(471,058)**
Total current net liabilities	**(467,301)**	**(354,372)**	**(381,180)**
Non-current			
Assets	**662,298**	**511,659**	**536,291**
Liabilities	**(4,278)**	**(3,052)**	**(1,924)**
Total non-current net assets	**658,020**	**508,607**	**534,367**
Net assets	**190,719**	**154,235**	**153,187**

18 INTERESTS IN SUBSIDIARIES (Continued)

(a) Particulars of the principal subsidiaries as at 31 December 2014 are as follows: (Continued)

Notes (Continued):

Summarised income statement

	Chahaeryouyiqianqi 2014 HK$'000	Tuoketuo 2014 HK$'000	Wulatehouqi 2014 HK$'000
Revenue	67,649	53,812	55,419
Profit before income tax	39,860	32,381	34,931
Income tax expense	–	–	–
Profit for the year	39,860	32,381	34,931
Other comprehensive income	949	767	757
Total comprehensive income	40,809	33,148	35,688
Total comprehensive income allocated to non-controlling interests	5,391	3,386	3,451

Summarised statement of cash flows

	Chahaeryouyiqianqi 2014 HK$'000	Tuoketuo 2014 HK$'000	Wulatehouqi 2014 HK$'000
Net cash generated from operations	4,269	5,957	5,238
Net cash used in investing activities	(4,235)	(3,747)	(13,994)
Net cash generated from financing activities	–	–	–
Net increase/(decrease) in cash and cash equivalents	34	2,210	(8,756)
Cash and cash equivalents upon acquisition by the Group	7,525	966	11,122
Effect of foreign exchange rate changes	40	13	30
Cash and cash equivalents at end of year	7,599	3,189	2,396

The summarised financial information for Chahaeryouyiqianqi, Tuoketuo and Wulatehouqi for the year ended 31 December 2013 was not presented as they were acquired by the Group during the year (Note 35). The information above was for the period since acquisition by the Group till 31 December 2014 before inter-company eliminations.

19 INVESTMENTS IN ASSOCIATES

	The Group	
	2014	2013
	HK$'000	HK$'000
Using equity method		
As 1 January	**289,819**	4,456
Acquisitions:		
– Fengxian Huize	**–**	286,264
– Changzhou Dinghui as an associate (Note 35)		
– cash consideration	**5,670**	–
– intangible assets (Note 17)	**174,172**	–
– deferred tax liabilities (Note 28)	**(35,705)**	–
– Fortune Arena (Note 11)	**65,400**	–
Disposals:		
– Step acquisition of Changzhou Dinghui as a subsidiary (Note 35)	**(145,215)**	–
Share of profits/(losses):		
– Continuing operations	**19,122**	–
– Discontinued operation (Note 11)	**(3,530)**	(1,019)
Share of other comprehensive income on exchange difference	**(1,774)**	118
As 31 December	**367,959**	289,819

	The Company	
	2014	2013
	HK$'000	HK$'000
Using cost model		
As 1 January	**–**	–
Acquisition of Fortune Arena (Note 11)	**65,400**	–
As 31 December	**65,400**	–

Pursuant to the acquisition of 50% equity interest in Fengxian Huize on 27 December 2013, the Group granted a Put Option to Huabei Expressway Co., Ltd. ("Huabei Expressway"), the shareholder of the remaining 50% equity interest in Fengxian Huize ("Huabei Sales Interest"), to request the Group to acquire the Huabei Sales Interest at RMB225,000,000 (equivalent to approximately HK$286,176,000) with an internal rate of return of 8% per annum, to be settled by way of cash or issue of the Company's shares at the discretion of Huabei Expressway during a three-year period till December 2016. The Put Option was recognised as a financial liability at fair value through profit or loss. The fair value of the Put Option was estimated to be approximately HK$70,738,000 (2013: HK$163,782,000).

19 INVESTMENTS IN ASSOCIATES (Continued)

The fair value of the Put Option was determined by using the binomial lattice model with the following key assumptions.

	2014	2013
Risk free rate	**3.40%**	4.42%
Dividend yield of Fengxian Huize	**8%**	8%
Dividend yield of the shares of the Company	**0%**	0%
Life of the option	**1.99 years**	3 years
Volatility	**50%**	50%

In March 2014, Huabei Expressway had confirmed in writing to the Company that it would not request the Group to acquire the remaining 50% equity interest in Fengxian Huize by way of cash before 31 May 2015. Subsequently in March 2015, Huabei Expressway had confirmed in writing to further extend its intention of not requesting the Group to acquire Huabei sales interest by way of cash up to 31 May 2016.

Set out below are the particular of the principal associates of the Group as at 31 December 2014.

Name of entity	Place of establishment/ incorporation	% of ownership interest	Nature of business
Fengxian Huize	The PRC	50%	Development, investment, operation and management of solar power plants
Fortune Arena (Note 11)	BVI	30%	Investment holding and manufacturing of electronic components, solar silicon cell and related products

* The English names of associates represent the best effort by the Group's management to translate their Chinese names, as these associates do not have official English names.

Fengxian Huize and Fortune Arena were private companies and there were no quoted market prices available for their shares.

In October 2014, the Company and Power Solar Investments Limited, the acquirer of the 70% equity interest in Fortune Arena, agreed to provide financial support to Fortune Arena, based on their respective shareholding in Fortune Arena as to 30% and 70%, respectively, through to October 2015.

There were no contingent liabilities relating to the Group's interest in associates.

19 INVESTMENTS IN ASSOCIATES (Continued)

Summarised financial information for associates

Set out below are the summarised financial information for the principal associates which were accounted for using the equity method.

Summarised statement of financial position

	Fortune Arena	Fengxian Huize	
	2014 HK$'000 (unaudited)	2014 HK$'000 (unaudited)	2013 HK$'000 (unaudited)
Current			
Cash and cash equivalents	**50,356**	**36,340**	5,904
Other current assets (excluding cash and cash equivalents)	**238,639**	**109,407**	119,041
Total current assets	**288,995**	**145,747**	124,945
Trade and bills payable	**(328,065)**	**–**	–
Financial liabilities (excluding trade and bills payable)	**(218,173)**	**(25,762)**	(64,149)
Total current liabilities	**(546,238)**	**(25,762)**	(64,149)
Non-current			
Assets	**850,705**	**521,836**	535,246
Liabilities	**(395,275)**	**(23,064)**	(23,514)
Net assets	**198,187**	**618,757**	572,528

19 INVESTMENTS IN ASSOCIATES (Continued)

Summarised income statement

	Fortune Arena	Fengxian Huize
	2014 HK$'000 (unaudited)	2014 HK$'000 (unaudited)
Revenue	30,527	76,893
Cost of materials used	(36,071)	–
Depreciation of property, plant and equipment	(11,390)	(21,100)
Maintenance costs	(5,378)	(4,227)
Other net income/(expenses)	1,809	(3,662)
Operating (loss)/profit	(20,503)	47,904
Finance (expense)/income, net	(598)	75
(Loss)/profit before income tax	(21,101)	47,979
Income tax expense	–	(8)
(Loss)/profit for the year	(21,101)	47,971
Exchange differences arising from translation of financial statements	1,288	(1,577)
Total comprehensive (loss)/income for the year	(19,813)	46,394

As at 31 December 2014, the cash and cash equivalents of approximately HK$86,688,000 (2013: HK$8,080,000) that were held by PRC entities of the associates were subject to local exchange control regulations. These local exchange control regulations provided for restrictions on exporting capital from the country other than through normal dividends.

Except for the amount due to associates of RMB15,000,000 (equivalent to approximately HK$19,014,000) and RMB14,500,000 (equivalent to approximately HK$18,381,000) which were unsecured, interest-free and repayable by 12 June 2015 and 19 August 2015 respectively, the remaining amounts due from/(to) associates were unsecured, interest-free and repayable on demand.

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates for the period since acquisition by the Group till 31 December 2014.

20 AVAILABLE-FOR-SALE FINANCIAL ASSET

	2014 HK$'000	2013 HK$'000
At 1 January	–	219,240
Fair value loss recognised in other comprehensive income	–	(500)
Disposals	–	(218,740)
At 31 December	–	–

21 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Current				
Trade receivables	74,203	32,864	–	–
Less: Provision for impairment of trade receivables	(188)	(21,831)	–	–
Trade receivables – net	74,015	11,033	–	–
Tariff adjustment receivables	386,497	23,879	–	–
Trade and tariff adjustment receivables	460,512	34,912	–	–
Amounts due from related companies	7,679	48,958	–	–
Prepayments for raw materials	–	165,490	–	–
Value-added tax recoverable	93,066	63,902	–	–
Other deposits and prepayments	27,275	11,588	911	491
	588,532	324,850	911	491
Non-current				
Prepayments for purchase of plant and equipment	72,214	368,610	–	–
Deposits for acquisitions	11,088	100,000	–	–
Pledged guarantee deposits relating to borrowings	23,073	–	–	–
Value-added tax recoverable	469,105	93,908	–	–
	575,480	562,518	–	–
Total	1,164,012	887,368	911	491

The amounts due from related companies were unsecured, interest-free and repayable on demand.

21 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

As at 31 December 2014, trade receivables represented receivables from sales of electricity excluding the government subsidies on renewable energy. These customers usually settle the payment of electricity consumed within one month. Tariff adjustment receivables represented the government subsidies on renewable energy for ground projects to be received from the State Grid based on the existing government policies.

During the year ended 31 December 2014, other receivable balance of HK$12,724,000 (2013: HK$23,311,000) was written off, after taking into account the debtor's financial position, its repayment history and other factors. In addition, HK$23,311,000 was written back during the year ended 31 December 2014 as a result of receipt of an outstanding balance previously written off.

The ageing analysis of trade and tariff adjustment receivables was as follows:

	2014 **HK$'000**	2013 HK$'000
Not yet due	**460,512**	33,434
1 – 30 days	**–**	1,291
31 – 60 days	**–**	–
Over 60 days	**–**	187
	460,512	34,912

As at 31 December 2014, no trade and tariff adjustment receivables were past due but not impaired. As at 31 December 2013, trade and tariff receivables of HK$187,000 were past due but not impaired. These related to a number of independent customers for whom there was no recent history of default. The ageing of these trade receivables was over 60 days.

As of 31 December 2014, trade receivables of approximately HK$188,000 (2013: HK$21,831,000) were impaired. The individually impaired receivables mainly related to customers, which were in unexpectedly difficult economic situations. The ageing of these receivables was as follows:

	2014 **HK$'000**	2013 HK$'000
Over 6 months	**–**	12,803
Over 1 year	**188**	9,028
	188	21,831

21 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Movements on the Group's provision for impairment of trade receivables were as follows:

	2014 HK$'000	2013 HK$'000
At 1 January	**21,831**	9,028
Provision for impairment of receivables	**188**	12,803
Disposal of subsidiaries	**(21,831)**	–
At 31 December	**188**	21,831

The maximum exposure to credit risk at the reporting date was the carrying value of each of the receivable mentioned above. The Group did not hold any collateral as security.

22 INVENTORIES

	2014 HK$'000	2013 HK$'000
Merchandise/raw materials	**1,263**	3,394
Work in progress	**–**	1,545
Finished goods	**402**	3,832
	1,665	8,771

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

According to certain sales and purchase agreements entered into between the Group and the vendors in respect of acquisition of subsidiaries, the vendors undertook to guarantee certain level of electricity output generated by the underlying solar power plants for a period of time. The shortfall would be payable by the vendor. This was accounted for as financial assets at fair value through profit or loss. The amount represented the maximum exposure to credit risk.

24 CASH AND CASH EQUIVALENTS, PLEDGED BANK DEPOSITS AND RESTRICTED CASH

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Pledged bank deposits (Note 31(a))	**77,326**	150,737	**–**	–
Restricted cash (Note 27(d))	**23,250**	23,250	**23,250**	23,250
Cash and cash equivalents	**269,591**	137,413	**2,875**	3,606
	370,167	311,400	**26,125**	26,856

Pledged bank deposits have been pledged for trade finance facilities made available to the Group by the banks (Note 31).

As at 31 December 2014, the Group's bank balances of approximately HK$221,015,000 (2013: HK$226,004,000) were deposited with banks in the PRC. The remittance of these funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

25 SHARE CAPITAL

	The Company			
	Number of shares		Share capital	
	2014	2013	**2014**	2013
			HK$'000	HK$'000
Ordinary shares of HK$0.1 each				
Authorised:				
At 1 January	**10,000,000,000**	5,000,000,000	**1,000,000**	500,000
Increase in authorised share capital	**-**	5,000,000,000	**-**	500,000
At 31 December	**10,000,000,000**	10,000,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
At 1 January	**3,468,782,575**	881,908,389	**346,878**	88,191
Issue of shares through placement (Note (a))	**480,000,000**	55,000,000	**48,000**	5,500
Issue of shares on conversion of convertible bonds (Note (b))	**372,463,750**	1,570,186,745	**37,246**	157,019
Issue of shares on conversion of convertible bonds held by a trustee in relation to EIS (Note (d))	**40,020,000**	-	**4,002**	-
Issue of shares to a trustee in relation to EIS (Note (d))	**-**	20,010,000	**-**	2,001
Issue of shares upon exercise of share options	**-**	2,225,191	**-**	222
Issue of shares in relation to a business combination	**-**	939,452,250	**-**	93,945
At 31 December	**4,361,266,325**	3,468,782,575	**436,126**	346,878

25 SHARE CAPITAL (Continued)

Notes:

(a) On 29 January 2014, the Company issued 480,000,000 shares through placement with a price of HK$1.72 each. The related transaction costs amounting to approximately HK$16,912,000 have been netted off with the proceeds. The net proceeds from the placement were approximately HK$808,688,000.

(b) Details of conversion of convertible bonds during the year are as follows:

(i) On 13 June 2014, the Company issued and allotted 100,000,000 shares of HK$0.1 each upon exercise of conversion rights associated with convertible bonds issued on 25 October 2010. The conversion price was HK$0.507 per share.

(ii) On 20 June 2014, the Company issued and allotted 242,463,750 shares of HK$0.1 each upon exercise of conversion rights associated with Series A convertible bonds issued on 10 June 2013. The conversion price was HK$1.00 per share.

(iii) On 24 September 2014, the Company issued and allotted 30,000,000 shares of HK$0.1 each upon exercise of conversion rights associated with Series A convertible bonds issued on 10 June 2013. The conversion price was HK$1.00 per share.

(c) Share option

On 19 June 2012, at the annual general meeting, the Company adopted a share option scheme (the "Option Scheme"), which replaced the old share option scheme adopted on 10 September 2002, under which the board of directors may, at their discretion, invite any full time employees, directors of the Group or advisors or consultant to the Group, any provider or customer, shareholders of any member of the Group or any other person who as determined by the board of directors, has contribution to the Group, to subscribe for ordinary shares of the Company at any time during ten years from the date of adoption. By reason of voluntary resignation or by termination of employment in accordance with the provisions of employment contract, other than on redundancy, or because the relevant employing company ceases to be a member of the Group, all options granted to the relevant person, to the extent of those not already exercised, shall lapse and the date of lapse shall be determined by the directors' discretion.

Details of the share options granted under the Option Scheme to directors of the Company under the Option Scheme during the year and movement in such holding during the year are as follows:

	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding at 1 January 2013	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2013 and 1 January 2014	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2014
Directors	24.11.2009	24.11.2009 to 23.11.2019	0.6624	1,225,191	(1,225,191)	-	-	-	-	-
	6.4.2011	1.6.2011 to 31.5.2014	1.4340	1,400,000	(500,000)	(400,000)	500,000	-	(500,000)	-
	6.4.2011	1.6.2012 to 31.5.2014	1.4340	1,400,000	(500,000)	(400,000)	500,000	-	(500,000)	-
				4,025,191	(2,225,191)	(800,000)	1,000,000	-	(1,000,000)	-

25 SHARE CAPITAL (Continued)

Notes: (Continued)

(d) EIS of CSPG

Prior to the acquisition of CSPG by the Group in 2013, the EIS was approved by CSPG to the effect that 25,000,000 ordinary shares of the CSPG with a par value of US$0.01 each were issued to Sino Arena Investments Limited ("Sino Arena" or the "Trustee"), a BVI company. Sino Arena holds a 4.35% equity interest of CSPG and it will hold the shares for and on behalf of eligible persons who are granted the shares according to the provisions of the EIS.

CSPG shares are granted to directors, employees and consultants of CSPG (collectively the "Participants") under the EIS. The exercise price of the granted shares is zero. Shares are vested to the Participants upon completing three years' services. The Participants will be entitled to 30%, 30% and 40% of the shares granted after completion of each of the three-year continuous employment, subject to the terms and conditions of the scheme.

As part of the acquisition of CSPG, 20,010,000 shares of the Company, Series A convertible bonds with a principal amount of HK$40,020,000 and Series B convertible bonds with a principal amount of HK$40,020,000 was issued to the Trustee in exchange for the CSPG shares held by the Trustee. Since the Trustee will be accounted for as a structured entity of CSPG under HKFRS, its financial results and financial position will be consolidated into the Group. Other than the portion issued for the pre-combination services rendered under EIS, these shares and convertible bonds transferred will not be considered as part of the consideration transferred as part of the acquisition. The 20,010,000 shares issued to the Trustee would be consolidated as own shares held by the Company, and those shares were still held by the Trustee on trust as at 31 December 2014.

During the year, Series A convertible bonds held by the Trustee with a principal amount of HK$40,020,000 were converted into the ordinary shares of the Company at a conversion price of HK$1.00 per share. The corresponding cash-settled share-based payment liability of approximately HK$16,645,000 has also been transferred to share-based payment reserve.

During the year ended 31 December 2014, share-based payment expense of approximately HK$31,703,000 (2013: HK$63,619,000) was recognised in the consolidated income statement in relation to the EIS.

26 RESERVES OF THE COMPANY

	Share premium HK$'000	Shares held under EIS HK$'000	Share-based payment reserve HK$'000	Convertible bonds equity reserve HK$'000	Contributed surplus (Note) HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2013	528,682	-	1,840	1,406,847	32,051	(1,874,774)	94,646
Loss for the year	-	-	-	-	-	(2,435,229)	(2,435,229)
Issue of shares upon exercise of share options	2,023	-	-	-	-	-	2,023
Share option lapsed	-	-	(408)	-	-	408	-
Issue of shares upon conversion of convertible bonds	1,830,337	-	-	(1,322,933)	-	-	507,404
Issue of HK$233 million convertible bonds	-	-	-	137,762	-	-	137,762
Issue of shares and convertible bonds in relation to acquisition of CSPG	1,334,023	-	50,865	288,661	-	-	1,673,549
Issue of shares to a trustee in relation to EIS	28,414	(30,415)	-	-	-	-	(2,001)
Issue of shares through placement	86,797	-	-	-	-	-	86,797
Share-based payment	-	-	28,174	-	-	-	28,174
	3,281,594	(30,415)	78,631	(896,510)	-	408	2,433,708
Balance at 31 December 2013 and 1 January 2014	**3,810,276**	**(30,415)**	**80,471**	**510,337**	**32,051**	**(4,309,595)**	**93,125**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**73,471**	**73,471**
Issue of shares through placement (Note 25(a))	**760,688**	**-**	**-**	**-**	**-**	**-**	**760,688**
Issue of shares upon conversion of convertible bonds (Note 25(b))	**541,160**	**-**	**-**	**(372,575)**	**-**	**-**	**168,585**
Share-based payment (Note 25(d))	**-**	**-**	**30,128**	**-**	**-**	**-**	**30,128**
Share option lapsed (Note 25(c))	**-**	**-**	**(1,431)**	**-**	**-**	**1,431**	**-**
Issue of shares on conversion of convertible bonds held by a trustee in relation to EIS (Note 25(d))	**33,617**	**(37,619)**	**16,645**	**-**	**-**	**-**	**12,643**
	1,335,465	**(37,619)**	**45,342**	**(372,575)**	**-**	**1,431**	**972,044**
Balance at 31 December 2014	**5,145,741**	**(68,034)**	**125,813**	**137,762**	**32,051**	**(4,234,693)**	**1,138,640**

26 RESERVES OF THE COMPANY (Continued)

Note:

The contributed surplus of the Company represents the difference between the nominal value of the share capital issued by the Company and the underlying net assets of subsidiaries which were acquired by the Company pursuant to a group reorganisation during the year ended 31 March 2000.

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is available for distribution to shareholders of the Company. However, a company cannot declare or pay dividends, or make a distribution out of contributed surplus, if: (1) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (2) the realisable value of the Company's assets would thereby be less than the aggregate of its issued share capital and share premium accounts.

27 CONVERTIBLE BONDS AND CONTINGENT CONSIDERATION PAYABLES

Summarised below is the movement of each component during the year:

	Convertible bonds issued on 25 October 2010 (Note (a)) HK$'000	Series A convertible bonds (Note (b)) HK$'000	Series B convertible bonds (Note (c)) HK$'000	US$50 million convertible bonds (Note (d)) HK$'000	US$70 million convertible bonds (Note (d)) HK$'000	US$120 million convertible bonds (Note (d)) HK$'000	HK$233 million Convertible bonds (Note (e)) HK$'000	Total HK$'000
Convertible bonds - financial liabilities at amortised cost								
At 1 January 2013	652,665	-	-	-	-	-	-	652,665
Acquisition of subsidiaries	-	135,463	-	-	-	-	-	135,463
Issue of convertible bonds	-	-	-	262,324	379,603	641,927	95,197	737,124
Interests accretion	58,450	11,001	-	14,198	19,150	33,348	188	102,987
Amortisation of unrealised fair value loss	-	-	-	7,423	6,172	13,595	-	13,595
Conversion of convertible bonds	(664,423)	-	-	-	-	-	-	(664,423)
At 31 December 2013 and 1 January 2014	**46,692**	**146,464**	**-**	**283,945**	**404,925**	**688,870**	**95,385**	**977,411**
Interest accretion	**2,123**	**10,552**	**-**	**66,852**	**89,610**	**156,462**	**18,684**	**187,821**
Amortisation of unrealised fair value loss	**-**		**-**	**32,257**	**47,931**	**80,188**	**-**	**80,188**
Interests repayment	**-**	**-**	**-**	**(19,375)**	**(27,125)**	**(46,500)**	**-**	**(46,500)**
Conversion of convertible bonds (Notes 25 (b))	**(48,815)**	**(157,016)**	**-**	**-**	**-**	**-**	**-**	**(205,831)**
At 31 December 2014	**-**	**-**	**-**	**363,679**	**515,341**	**879,020**	**114,069**	**993,089**

27 CONVERTIBLE BONDS AND CONTINGENT CONSIDERATION PAYABLES (Continued)

Summarised below is the movement of each component during the year: (Continued)

	Convertible bonds issued on 25 October 2010 (Note (a)) HK$'000	Series A convertible bonds (Note (b)) HK$'000	Series B convertible bonds (Note (c)) HK$'000	US$50 million convertible bonds (Note (d)) HK$'000	US$70 million convertible bonds (Note (d)) HK$'000	US$120 million convertible bonds (Note (d)) HK$'000	HK$233 million Convertible bonds (Note (e)) HK$'000	Total HK$'000
Liability component - financial liabilities at fair value through profit or loss								
At 1 January 2013	-	-	-	-	-	-	-	-
Acquisition of CSPG	-	-	-	171,748	241,660	413,408	-	413,408
Fair value gain recognised in the consolidated income statement	-	-	-	(63,983)	(90,924)	(154,907)	-	(154,907)
At 31 December 2013 and 1 January 2014	**-**	**-**	**-**	**107,765**	**150,736**	**258,501**	**-**	**258,501**
Fair value gain recognised in the consolidated income statement	**-**	**-**	**-**	**(85,173)**	**(119,108)**	**(204,281)**	**-**	**(204,281)**
At 31 December 2014	**-**	**-**	**-**	**22,592**	**31,628**	**54,220**	**-**	**54,220**
Total - liabilities component								
At 1 January 2014	**46,692**	**146,464**	**-**	**391,710**	**555,661**	**947,371**	**95,385**	**1,235,912**
At 31 December 2014	**-**	**-**	**-**	**386,271**	**546,969**	**933,240**	**114,069**	**1,047,309**

27 CONVERTIBLE BONDS AND CONTINGENT CONSIDERATION PAYABLES (Continued)

Summarised below is the movement of each component during the year: (Continued)

	Convertible bonds issued on 25 October 2010 (Note (a)) HK$'000	Series A convertible bonds (Note (b)) HK$'000	Series B convertible bonds (Note (c)) HK$'000	US$50 million convertible bonds (Note (d)) HK$'000	US$70 million convertible bonds (Note (d)) HK$'000	US$120 million convertible bonds (Note (d)) HK$'000	HK$233 million Convertible bonds (Note (e)) HK$'000	Total HK$'000
Equity component								
At 1 January 2013	1,406,847	-	-	-	-	-	-	1,406,847
At issuance	-	-	-	-	-	-	137,762	137,762
Acquisition of subsidiaries	-	288,661	-	-	-	-	-	288,661
Conversion of convertible bonds	(1,322,933)	-	-	-	-	-	-	(1,322,933)
At 31 December 2013 and 1 January 2014	83,914	288,661	-	-	-	-	137,762	510,337
Conversion of convertible bonds (Notes 25(b))	(83,914)	(288,661)	-	-	-	-	-	(372,575)
At 31 December 2014	-	-	-	-	-	-	137,762	137,762
Contingent consideration payables								
At 1 January 2013	-	-	-	-	-	-	-	-
Acquisition of CSPG	-	-	1,287,739	-	-	-	-	1,287,739
Fair value gain on contingent consideration payables	-	-	(43,278)	-	-	-	-	(43,278)
At 31 December 2013 and 1 January 2014	**-**	**-**	**1,244,461**	**-**	**-**	**-**	**-**	**1,244,461**
Fair value gain on contingent consideration payables	**-**	**-**	**(361,507)**	**-**	**-**	**-**	**-**	**(361,507)**
At 31 December 2014	**-**	**-**	**882,954**	**-**	**-**	**-**	**-**	**882,954**

27 CONVERTIBLE BONDS AND CONTINGENT CONSIDERATION PAYABLES (Continued)

Notes:

(a) All remaining convertible bonds issued on 25 October 2010 were converted into the ordinary shares of the Company during the year (Note 25(b)) at a conversion price of HK$0.507 per share.

(b) All the Series A convertible bonds issued upon the acquisition of CSPG were converted into the ordinary shares of the Company during the year (Note 25 (b)) at a conversion price of HK$1.00 per share.

(c) The Series B convertible bonds were issued as consideration for the acquisition of CSPG in 2013. The conversion period for Series B convertible bonds would commence upon the expiry of the profit guarantee arrangement in relation to the acquisition of CSPG.

The potential undiscounted amount of all principal repayments of Series B convertible bonds that the Group could be required to make under this arrangement range from zero to HK$847,964,000.

With the assumption that the profit guarantee could be met, the fair valuation of Series B convertible bonds, using the binomial model, has applied the following assumptions.

	2014	2013
Discount rate	**17.3%**	19.9%
Fair value of shares of the Company	**HK$1.03 each**	HK$1.52 each
Conversion price	**$1.00 per share**	$1.00 per share
Risk free interest rate	**1.1471%**	1.1961%
Time to maturity	**3.44 years**	4.44 years
Expected volatility	**50%**	50%
Expected dividend yield	**0%**	0%
Conversion period	After the expiry of the Lock-up period up to maturity date	

27 CONVERTIBLE BONDS AND CONTINGENT CONSIDERATION PAYABLES (Continued)

Notes: (Continued)

(d) The USD120 million convertible bonds were issued in 2013 in the principal amount of US$120,000,000 (approximately HK$930,000,000). The convertible bonds bear coupon rate of 5% and are convertible into shares of the Company at a conversion price of HK$1.60 per share at any time up to the maturity date on 8 October 2016. On or at any time after 18 months from the date of issue of the convertible bonds but not less than 14 business days prior to the maturity date, the Company may require all of the bondholders to surrender their convertible bonds for conversion into shares at the conversion price then in effect if the volume weighted average price of the shares of the Company for the 60 trading day period immediately preceding the date upon which mandatory conversion notice is given is not less than HK$2.60.

The convertible bonds were secured by a share mortgage over shares of certain subsidiaries and charge over a restricted bank account for interest reserve purpose (Note 24).

The fair value of the US$120 million convertible bonds was determined by using the binomial model, with the following key assumptions:

	2014	2013
Fair value of shares of the Company	**HK$1.03 each**	HK$1.52 each
Conversion price	**$1.60 per share**	$1.60 per share
Coupon rate	**5%**	5%
Redemption price	**135%**	135%
Risk free interest rate	**0.6303%**	0.6998%
Time to maturity	**1.77 years**	2.77 years
Expected volatility	**50%**	50%
Expected dividend yield	**0%**	0%

The fair value of the liability component carried at amortised cost of US$120 million convertible bonds was determined by using the discounted cash flow method, with the following key assumptions.

	2014	2013
Time to maturity	**1.77 years**	2.77 years
Redemption price	**135%**	135%
Discount rate	**15.1%**	19.3%

(e) The HK$233 million convertible bonds were issued in 2013 in the principal amount of approximately HK$233,000,000. The convertible bonds is of zero coupon and is convertible into shares of the Company at a conversion price of HK$1.60 per share at any time up to the maturity date of five years from the date of issuance. At any time during a period of five years from the date of issuance of the convertible bonds, the Company is entitled to redeem in whole or in part of the convertible bonds then outstanding at par value. The bond holder owns the conversion right, and at the same time, the Group owns the redemption right. Both conversion and redemption rights could be exercisable from the issue date until maturity. None of the rights has priority over the other.

28 DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using taxation rates enacted or substantively enacted by the end of the reporting period in the respective jurisdictions. The net movement in the deferred tax assets and liabilities is as follows:

	2014 HK$'000	2013 HK$'000
At 1 January	**334,334**	31,339
Acquisition of subsidiaries (Note 35)	**91,061**	469,487
Redesignation of concession rights in relation to Changzhou Dinghui		
- as an associate (Note 19)	**(35,705)**	-
- as a subsidiary (Note 35)	**(44,078)**	-
Credited to the consolidated income statement	**-**	(171,715)
Charged to other comprehensive income	**-**	802
Disposal of subsidiaries (Note 11 (b))	**(28,479)**	-
Exchange difference	**(117)**	4,421
At 31 December	**317,016**	334,334

	2014 HK$'000	2013 HK$'000
Deferred tax liabilities to be settled after more than 12 months	**317,016**	333,606
Deferred tax liabilities to be settled within 12 months	**-**	728
	317,016	334,334

28 DEFERRED TAXATION (Continued)

The movement in deferred tax liabilities during the year is as follows:

	Accelerated tax depreciation HK$'000	Fair value gains HK$'000	Total HK$'000
At 1 January 2013	91	31,339	31,430
Acquisition of subsidiaries	–	469,487	469,487
Reversal of deferred tax liability on impairment of concession rights	–	(168,000)	(168,000)
Credited to the consolidated income statement	–	(3,715)	(3,715)
Charged to other comprehensive income	–	802	802
Exchange difference	–	4,421	4,421
At 31 December 2013 and 1 January 2014	91	334,334	334,425
Acquisition of subsidiaries (Note 35)	–	91,061	91,061
Redesignation of concession rights in relation to Changzhou Dinghui			
– as an associate (Note 19)	–	(35,705)	(35,705)
– as a subsidiary (Note 35)	–	(44,078)	(44,078)
Disposal of subsidiaries (Note 11 (b))	(91)	(28,479)	(28,570)
Credited to the consolidated income statement	–	(603)	(603)
Exchange difference	–	486	486
At 31 December 2014	–	317,016	317,016

Deferred income tax liabilities of HK$22,593,000 as at 31 December 2014 (2013: Nil) have not been recognised for the withholding tax that would be payable on the remittance of earnings of PRC subsidiaries. The related unremitted earnings totalling HK$225,925,000 at 31 December 2014 (2013: Nil), and the Group does not intend to remit these unremitted earnings from the relevant subsidiaries to the Company in the foreseeable future.

The movement in the deferred tax assets in relation to tax losses during the year is as follows:

	HK$'000
At 1 January 2013, 31 December 2013 and 1 January 2014	91
Disposal of subsidiaries (Note 11)	(91)
At 31 December 2014	–

28 DEFERRED TAXATION (Continued)

Deferred income tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised deferred tax assets of approximately HK$12,877,000 (2013: HK$60,673,000) in respect of tax losses of approximately HK$53,118,000 (2013: HK$248,847,000), that can be carried forward against future taxable income. Total unrecognised tax losses of approximately HK$4,728,000 (2013: HK$18,106,000) can be carried forward indefinitely; while cumulative tax losses of approximately HK$130,000 (2013: HK$137,000), HK$6,930,000 (2013: HK$112,270,000), HK$21,102,000 (2013: HK$118,334,000) and HK$20,228,000 (2013: Nil) will be expired in 2016, 2017, 2018 and 2019 respectively.

29 TRADE AND BILLS PAYABLE, OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Trade and bills payable	**236**	335,591	**–**	–
Customers' deposits	**–**	162,099	**–**	–
Amounts due to related companies	**14**	58,871	**–**	–
Construction costs payable	**1,952,561**	467,674	**–**	–
Other payables and accruals	**174,479**	130,462	**5,741**	7,321
	2,127,290	1,154,697	**5,741**	7,321

Amounts due to related companies were unsecured, interest-free and repayable on demand.

Pursuant to the sale and purchase agreements in relation to acquisition of certain solar power plants in 2013, a EPC contractor agreed that the payment of the related EPC payables, which approximated RMB820 million (equivalent to approximately HK$1,128 million) as at 31 December 2014, could be deferred until the Group has obtained long-term financing for the purpose of making repayment of these EPC payables.

The average credit period from the Group's trade creditors was of 30 to 90 days (2013: 30 to 90 days). The ageing analysis of trade payable is as follows:

	The Group	
	2014 HK$'000	2013 HK$'000
Not yet due	**–**	278,599
1 – 30 days	**–**	5,824
31 – 60 days	**23**	2,382
61 – 90 days	**213**	48,786
	236	335,591

30 AMOUNTS DUE TO SHAREHOLDERS

As at 31 December 2013, the amounts were unsecured, interest-free and repayable on demand.

31 BANK AND OTHER BORROWINGS

	2014			2013		
	Current portion HK$'000	Non-current Portion HK$'000	Total HK$'000	Current portion HK$'000	Non-current portion HK$'000	Total HK$'000
Bank borrowings	537,478	1,845,678	2,383,156	249,538	839,449	1,088,987
Loan from a leasing company	26,613	252,267	278,880	-	-	-
Loan from a third party	83,030	-	83,030	127,189	-	127,189
	647,121	2,097,945	2,745,066	376,727	839,449	1,216,176
Unamortised loan facilities fees	(8,217)	(35,913)	(44,130)	-	-	-
	638,904	2,062,032	2,700,936	376,727	839,449	1,216,176

	2014				2013		
	Bank borrowings HK$'000	Loan from a leasing company HK$'000	Loan from a third party HK$'000	Total HK$'000	Bank borrowings HK$'000	Loan from a third party HK$'000	Total HK$'000
Wholly repayable within 5 years							
- Within 1 year	537,478	26,613	83,030	647,121	249,538	127,189	376,727
- Between 1 and 2 years	223,738	28,632	-	252,370	63,595	-	63,595
- Between 2 and 5 years	705,439	99,601	-	805,040	235,300	-	235,300
	1,466,655	154,846	83,030	1,704,531	548,433	127,189	675,622
Wholly repayable after 5 years	916,501	124,034	-	1,040,535	540,554	-	540,554
	2,383,156	278,880	83,030	2,745,066	1,088,987	127,189	1,216,176

31 BANK AND OTHER BORROWINGS (Continued)

Notes:

(a) As at 31 December 2014, bank borrowings and loan from a leasing company are secured by the following:

- (i) pledged guarantee deposits (Note 21);
- (ii) power generating modules and equipment (Note 15);
- (iii) pledged bank deposits (Note 24);
- (iv) pledge of the fee collection right in relation to the sales of electricity; and
- (v) share mortgage over the share of a subsidiary.

(b) In December 2014, the Group entered into a sales and leaseback agreement with a leasing company for certain assets, which included power generating modules and equipment ("Secured Assets"), amounted to RMB220,000,000 (equivalent to approximately HK$278,880,000). The arrangement is for a period of 8 years. Upon maturity, the Group will be entitled to purchase the Secured Assets on an "as-is" basis at a consideration of RMB100 (equivalent to approximately HK$126). The Group considered that it was almost certain they would exercise the repurchase option. As substantial risks and rewards of the Secured Assets were retained by the Group before and after this arrangement, the transaction was regarded as a secured borrowing, rather than a finance lease arrangement.

(c) The loan from a third party was unsecured, interest-free and repayable on demand.

(d) Bank borrowings amounted to RMB1,575 million (equivalent to approximately HK$1,997 million) bear floating interesting rates and such rates would be subject to annual adjustment with reference to the benchmark lending rate issued by the People's Bank of China ("PBC"); loan from a leasing company of RMB220 million (equivalent to approximately HK$279 million) also bear floating interest rate and such rate would be adjusted with reference to the benchmark lending rate issued by the PBC.

(e) During the year, the Group had obtained long-term loans totalling RMB1,260 million (equivalent to approximately HK$1,597 million) from China Development Bank for its solar power plants in Gonghe, Qinghai Province, the PRC. As at 31 December 2014, the Group had already drawn down RMB875 million (equivalent to approximately HK$1,109 million) from these loans. Subsequent to the year end, the remaining loan principal amount of RMB385 million (equivalent to approximately HK$488 million) has been drawn down.

32 DEFERRED GOVERNMENT GRANT

The deferred government grant represented the subsidies granted by the PRC government to the Group.

	2014 **HK$'000**	2013 HK$'000
At 1 January	**111,455**	84,000
Acquisition of subsidiaries	**–**	1,883
Received during the year:		
- continuing operations	**3,107**	2,123
- discontinued operation	**–**	24,100
Recognised in the consolidated income statement:		
- continuing operations	**–**	(1,878)
- discontinued operation	**(3,107)**	(1,704)
Disposal of subsidiaries (Note 11(b))	**(105,321)**	–
Exchange difference	**(861)**	2,931
At 31 December	**5,273**	111,455

33 CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Net cash generated from operations from continuing operations

	2014 HK$'000	2013 HK$'000 (Restated) (Note 2.1)
Operating activities from continuing operations:		
Profit/(loss) before income tax expense	**629,545**	(2,361,479)
Adjustments for:		
Amortisation of deferred government grant	**–**	(1,878)
Amortisation of land use rights	**13**	85
Bargain purchase on business combination	**(44,788)**	–
Depreciation of property, plant and equipment	**182,236**	33,318
Fair value gain on contingent consideration payables	**(361,507)**	(43,278)
Fair value gain on previously held interests in CSPG as a result of business combination	**–**	(197,896)
Fair value gain on previously held interest in Changzhou Dinghui as a result of business combination	**(2,031)**	–
Fair value (gain)/loss on the Put Option issued in relation to acquisition of Fengxian Huize	**(93,044)**	163,782
Fair value (gain)/loss on financial assets at fair value through profit or loss	**(127,698)**	100,589
Finance income	**(205,201)**	(181,275)
Finance costs	**387,457**	349,239
Impairment charge on concession rights	**–**	819,145
Impairment charge on goodwill	**–**	1,205,018
Impairment charge on trade receivables	**188**	–
Reversal of impairment charge/(impairment charge) on other receivables	**(10,587)**	23,311
Share-based payment expenses	**31,703**	63,619
Share of profits of associates	**(19,122)**	–
Operating profit/(loss) before working capital changes	**367,164**	(27,700)
Changes in working capital		
Inventories	**2,136**	7,776
Trade and other receivables, deposits and prepayments	**(351,843)**	747,266
Financial assets at fair value through profit or loss	**124,608**	(6,282)
Trade and bills payable, other payables and accruals	**42,588**	(306,176)
Net cash generated from continuing operations	**184,653**	414,884

In the consolidated statement of cash flows, no proceeds were received from the disposal of property, plant and equipment.

34 COMMITMENTS

(a) Capital commitments

As at 31 December 2014, the Group has the following capital commitments:

	2014 **HK$'000**	2013 HK$'000
Contracted but not provided for		
- Property, plant and equipment	**–**	254,314
- Land use rights	**–**	11,429
- Investment in an associate	**4,750**	–
	4,750	265,743

As at 31 December 2014, the Group did not have any authorised but not contracted for commitments (2013: same).

(b) Commitments under operating leases

As at 31 December 2014, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises and warehouses as follows:

	2014 **HK$'000**	2013 HK$'000
Within one year	**2,675**	3,103
After one year but within five years	**4,482**	3,751
Over five years	**779**	–
	7,936	6,854

35 BUSINESS COMBINATION

The Group is principally engaged in the development, investment, operation and management of solar power plants and the provision of solar energy products and solutions. It is the Group's strategy to identify suitable investment opportunity to acquire the solar power plants with good prospects and potential for stable returns. During the year, the Group has acquired several solar power plants.

(a) Changzhou Dinghui

On 7 January 2014, the Group completed the acquisition of 45% equity interest in Changzhou Dinghui (the "First Acquisition") for a cash consideration of RMB4,500,000 (equivalent to approximately HK$5,670,000) from an independent third party. Changzhou Dinghui became an associate of the Group. On 13 June 2014, the Group further completed the acquisition of the remaining 55% equity interest in Changzhou Dinghui (the "55% Acquisition") for a cash consideration of RMB5,500,000 (equivalent to approximately HK$6,911,000) from Renewable Energy (Hong Kong) Trade Board Limited ("EBODHK"), an affiliate of a substantial shareholder of the Company. As a result, Changzhou Dinghui became a wholly-owned subsidiary of the Group.

35 BUSINESS COMBINATION (Continued)

(a) Changzhou Dinghui (Continued)

As the First Acquisition was part and parcel of the solar power energy initiative in relation to the concession rights acquired in CSPG on 10 June 2013, an amount of approximately HK$174,172,000 was redesignated from intangible assets as part of investment cost in the associate. Similarly, the 55% Acquisition was also part and parcel of the solar power energy initiative in relation to the concession rights acquired in CSPG on 10 June 2013, an amount of approximately HK$215,013,000 has been redesignated as part of investment cost of the 55% Acquisition (Note 17).

The principal activities of Changzhou Dinghui are the development and operation of three solar power plants located in Gonghe, Qinghai Province, the PRC with an aggregate installed capacity of approximately 180MW.

(b) Guodian Project Companies

On 27 March 2014 and 28 March 2014, the Group completed the acquisition of 86.79% equity interest in Chahaeryouyiqianqi and 90.33% equity interest in Wulatehouqi ("Guodian Project Companies") for cash consideration of RMB86,793,500 (equivalent to approximately HK$109,436,000) and RMB72,263,900 (equivalent to approximately HK$91,116,000) respectively from an independent third party.

The principal activities of Guodian Project Companies are the development and operation of two solar power plants located in Inner Mongolia, the PRC, with an aggregate installed capacity of approximately 90MW.

(c) Forty-Eighth Research Institute Project Company

On 4 April 2014, the Group completed the acquisition of a 89.78% equity interest in Tuoketuo ("Forty-Eighth Research Institute Project Company") for a cash consideration of RMB79,009,810 (equivalent to approximately HK$99,621,000) from an independent third party.

The principal activities of Forty-Eighth Research Institute Project Company are the development and operation of a solar power plant located in Inner Mongolia, the PRC, with an aggregate installed capacity of approximately 40MW.

35 BUSINESS COMBINATION (Continued)

The following table summarises the provisional fair value of identifiable assets acquired, liabilities assumed and the non-controlling interests as at acquisition date:

	Changzhou Dinghui HK$'000	Guodian Project Companies HK$'000	Forty-Eighth Research Institute Project Company HK$'000	Total HK$'000
Consideration:				
Cash consideration	6,911	200,552	99,621	307,084
Redesignation of concession rights previously recognised				
– Intangible assets (Note 17)	215,013	–	–	215,013
– Deferred tax liabilities (Note 28)	(44,078)	–	–	(44,078)
Fair value of previously held interest in Changzhou Dinghui (Note (d))	145,511	–	–	145,511
Total consideration	323,357	200,552	99,621	623,530
Recognised amounts of identifiable assets acquired, liabilities assumed and non-controlling interests				
Property, plant and equipment (Note 15)	2,664,905	1,114,749	480,885	4,260,539
Value-added tax recoverable	223,849	139,822	57,509	421,180
Trade and other receivables and prepayments (Note (b))	31,992	50,432	21,856	104,280
Cash and cash equivalents	250	18,647	966	19,863
Trade and other payables	(1,761,806)	(1,050,073)	(437,092)	(3,248,971)
Borrowings	(753,977)	–	–	(753,977)
Deferred tax liabilities (Note 28)	(81,856)	(6,169)	(3,036)	(91,061)
Total identifiable net assets	323,357	267,408	121,088	711,853
Non-controlling interests (Note (f))	–	(31,165)	(12,370)	(43,535)
Bargain purchase recognised in the consolidated income statement (Note (e))	–	(35,691)	(9,097)	(44,788)
	323,357	200,552	99,621	623,530
Acquisition costs recognised in the consolidated income statement	2,773	163	82	3,018
Net cash outflow arising from the acquisitions				
Cash consideration	(6,911)	(200,552)	(99,621)	(307,084)
Less: Deposits for investments paid in prior year	–	100,000	–	100,000
Cash and cash equivalents acquired	250	18,647	966	19,863
	(6,661)	(81,905)	(98,655)	(187,221)

35 BUSINESS COMBINATION (Continued)

Notes:

(a) Revenue and profit contribution

The revenue and tariff adjustment included in the consolidated income statement since acquisition date contributed by Changzhou Dinghui, Guodian Project Companies and Forty-Eighth Research Institute Project Company were approximately HK$166,405,000, HK$123,068,000 and HK$53,812,000 respectively. Changzhou Dinghui, Guodian Project Companies and Forty-Eighth Research Institute Project Company also contributed profit of approximately HK$41,638,000, HK$75,686,000 and HK$32,821,000 respectively over the same period. Had Changzhou Dinghui, Guodian Project Companies and Forty-Eighth Research Institute Project Company been consolidated from 1 January 2014, the consolidated income statement would show pro-forma revenue of HK$586,420,000 and profit of HK$402,318,000.

(b) Acquired receivables

The fair values of trade and other receivables and prepayments acquired were approximately HK$104,280,000, which included trade receivables with fair values of approximately HK$12,861,000, HK$50,037,000 and HK$21,503,000 for Changzhou Dinghui, Guodian Project Companies and Forty-Eighth Research Institute Project Company respectively. The gross contractual amount of these trade receivables due in aggregate was HK$84,401,000, of which no balance was expected to be uncollectible.

(c) Provisional fair value of acquired identifiable assets

The fair value of the acquired identifiable assets was provisional pending receipt of the final valuations for those assets. Deferred tax liabilities of approximately HK$91,061,000 have been provided in relation to these fair value adjustments.

(d) Previously held interest in Changzhou Dinghui

Upon completion of the 55% Acquisition, this transaction was accounted for as a business combination achieved in stages. The Group remeasured its previously held interest in Changzhou Dinghui on the acquisition date. A fair value gain on previously held interest of approximately HK$2,031,000 was recognised in the consolidated income statement which included reclassification of exchange reserve of approximately HK$1,735,000.

The fair value of 45% equity interest in Changzhou Dinghui in relation to the First Acquisition and the fair value of previously held interest in Changzhou Dinghui upon the 55% Acquisition were estimated based on discounted cashflow model, with the following key assumptions:

Insolation hours (Geographical)	1,680MWh/MWp
Degradation factor	0.8% per annum
Electricity tariff	RMB1/KWh
Discount rate	8.5%
Construction costs	RMB10.9/W

(e) Bargain purchase on business combinations

The Group recognised bargain purchase of approximately HK$44,788,000 in the consolidated income statement as a result of acquisition of Guodian Project Companies and Forty-Eighth Research Institute Project Company. As the consideration was based on the capital injected by the vendors, the main reason giving rise to the bargain purchase was the fact that the discounted cash flow for 25 years for the solar power plants exceeded the total consideration paid.

(f) Non-controlling interests

The non-controlling interests were recognised at the non-controlling interests' proportionate share of the recognised amounts of acquirees' identifiable net assets.

36 RELATED PARTY TRANSACTIONS

Related parties refer to entities in which the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or directors or officers of the Company and its subsidiaries. Other than those balances and transactions disclosed elsewhere in the financial information, a summary of significant related party transactions entered into in the normal course of business between the Group and its related parties during the year and balances arising from related transactions at 31 December 2014 and 2013 are as follows:

(a) Significant related party transactions

	2014 HK$'000	2013 HK$'000
(i) Sales of electricity to China Merchants Bonded Logistics Co. Limited, an affiliate of CMNEG	**2,242**	1,112
(ii) Sales of electricity to China (Shenzhen) Ocean Shipping Agency Co., Limited, an affiliate of CMNEG	**235**	–
(iii) Sales of Solar cells to Linsun Power Technology (Quanzhou) Corp. Ltd. ("LPTQ"), a then affiliate of CMNEG	**–**	482
(iv) Provision of processing services to LPTQ	**–**	102
(v) Rental expenses paid to BHL Solar Technology Company Limited, an affiliate of CMNEG	**732**	–

Note:

– Sales of electricity and rental expenses paid were carried out at prices mutually agreed between the parties.

36 RELATED PARTY TRANSACTIONS (Continued)

(b) Key management compensation

	2014 HK$'000	2013 HK$'000
Short-term employee benefits	**4,362**	4,608
Share-based payment	**4,039**	8,907
	8,401	13,515

37 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

(a) Acquisition of an associate

On 5 January 2015, the Group completed the acquisition of 9.37% equity interest in Guodian Kezuohouqi Photovoltaic Company Limited* (the "Target") for a cash consideration of RMB7,494,260 (equivalent to approximately HK$9,500,000). The cash consideration has been fully paid in January 2015. The Group has also entered into a separate call option agreement with Huabei Expressway which held 84.31% equity interest in the Target.

Pursuant to the call option agreement, Huabei Expressway has granted a call option to the Group to acquire part of the equity interest in the Target held by Huabei Expressway. The call option may be exercised by the Group within three months from the end of the call option maturity period, which is the third anniversary of the completion of the registration of the transfer of 9.37% equity interest of the Target. The exercise of the call option is at the Group's discretion and thus there is no obligation on the Group to exercise this call option or to acquire any equity interest in the Target from Huabei Expressway. Should the Group decide to exercise the call option, the acquisition consideration can only be settled by issue of the Company's shares. The Group did not need to pay any premium for accepting the call option.

The principal activities of the Target are the development and operation of a solar power plant located in Inner Mongolia, the PRC, with an aggregate installed capacity of 40MW, which has achieved on-grid connection. The acquisition shall enable the Group to further expand its scale of business in the solar energy sector. The investment in the Target will be accounted as an associate as the management of the Group considered that significant influence could be exercised on the Target as a result of the board seat representation.

37 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION (Continued)

(b) Acquisition of subsidiaries

(i) On 16 January 2015, the Group entered into a conditional sale and purchase agreement with ZNSHINE PV-Tech Co. Ltd in relation to a proposed acquisition of 90.9% equity interest in Minfeng for a cash consideration of RMB136 million (equivalent to approximately HK$172 million). As at the date of approval of the consolidated financial statements, the Group has already paid RMB136 million (equivalent to approximately HK$172 million) to the vendor as a deposit for the proposed acquisition. Minfeng currently owns (i) a ground based on-grid connected solar power plant with an aggregate installed capacity of approximately 20MW; and (ii) a ground-based solar power plant with an aggregate designed capacity of approximately 30MW which is to be developed and constructed. These solar power plants are located at Minfeng County, Xinjiang, the PRC.

(ii) On 23 January 2015, the Group entered into a conditional sale and purchase agreement with CM Yinke and China Merchants Zhangzhou Development Zone Trenda Solar Limited ("CM Trenda") in relation to a proposed joint acquisition of Changzhou Guangyu, pursuant to which CM Trenda conditionally agreed to sell, and the Group and CM Yinke conditionally agreed to purchase 51% and 49% of the equity interest ("Equity Interest") in Changzhou Guangyu for cash considerations of RMB21,711,440 (equivalent to approximately HK$27,522,000) and RMB20,860,011 (equivalent to approximately HK$26,443,000) respectively. Subject to the completion of this acquisition, the Group and CM Yinke have agreed to contribute RMB364,358,560 (equivalent to approximately HK$461,874,000) and RMB350,069,989 (equivalent approximately HK$443,761,000), respectively, as additional registered capital of Changzhou Guangyu based on their respective shareholdings, to finance the settlement of its EPC payables and other payables.

On the same date, the Group and CM Yinke entered into option agreements, pursuant to which (i) the Company conditionally agreed to grant CM Yinke a put option under which CM Yinke could request the Company to acquire part or all of the 49% equity interest owned by CM Yinke in Changzhou Guangyu, and for which the consideration can only be settled by issue of the Company's Shares; and (ii) CM Yinke conditionally agreed to grant the Company a call option under which the Company could request CM Yinke to sell to the Company all the 49% equity Interest in Changzhou Guangyu owned by CM Yinke. To finance the capital expenditure and general working capital of Changzhou Guangyu, the Company has also entered into a convertible bonds subscription agreement with CM Fund, a fellow subsidiary of a shareholder of the Company, pursuant to which the Company conditionally agreed to issue, and CM Fund conditionally agreed to subscribe for, the convertible bonds in the principal amount of up to HK$529 million.

37 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION (Continued)

(b) Acquisition of subsidiaries (Continued)

(ii) (Continued)

The above transactions have been approved by independent shareholders of the Company on a special general meeting on 17 March 2015. Up to the date of this consolidated financial statement, the Group is in the process of consummating the acquisition.

(c) Placing of new shares

On 10 February 2015, the Company issued 380,000,000 shares through placement at a price of HK$1.0 each. The net proceeds in aggregate from this placement were approximately HK$379,000,000.

(d) Proposed issue of convertible bonds

On 4 March 2015, the Company and Golden Express entered into a subscription agreement, pursuant to which the Company conditionally agreed to issue, and Golden Express conditionally agreed to subscribe for, the convertible bonds in the principal amount of US$30,000,000 (equivalent to approximately HK$232,500,000). The proceeds from the convertible bonds will be used as general working capital for the development, construction, maintenance and operation of the solar power plant(s) to be acquired by the Group.

A summary of the results, assets and liabilities of the Group for the last five financial years is set out below:

Results (Note)	For the years ended 31 December				
	2014 **HK$'000**	2013 HK$'000 (Restated)	2012 HK$'000 (Restated)	2011 HK$'000 (Restated)	2010 HK$'000 (Restated)
Revenue:					
- From continuing operations	**523,988**	37,723	-	-	-
- From discontinued operation	**142,800**	299,855	223,269	840,491	249,078
Profit/(loss) for the year:					
- From continuing operations	**629,583**	(2,193,479)	-	-	-
- From discontinued operation	**(252,489)**	(111,981)	(814,801)	(1,148,868)	(15,089)
	377,094	(2,305,460)	(814,801)	(1,148,868)	(15,089)

Note: In October 2014, the Group has completed the disposal of 70% equity interest in Fortune Arena Limited, which represented a separate major line of business of the Group and was regarded as a discontinued operation. The presentation of the consolidated income statement has been restated in this respect.

Assets and liabilities	As at 31 December				
	2014 **HK$'000**	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
Total assets	**9,086,130**	5,990,863	1,605,427	2,034,910	2,664,008
Total liabilities	**(7,210,172)**	(5,540,942)	(1,381,455)	(1,204,372)	(915,505)
Total equity	**1,875,958**	449,921	223,972	830,538	1,748,503

INFORMATION FOR INVESTORS

ANNOUNCEMENT OF ANNUAL RESULTS

23 March 2015

ANNUAL GENERAL MEETING

27 May 2015

INFORMATION ABOUT SHARES

Board Lot: 2,000 shares
Issued Shares as at 31 December 2014: 4,361,266,325 shares
Issued Shares as at 23 March 2015: 4,741,266,325 shares

STOCK CODE

Hong Kong Stock Exchange: 00686
Bloomberg: 686 HK
Reuters: 0686.HK

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