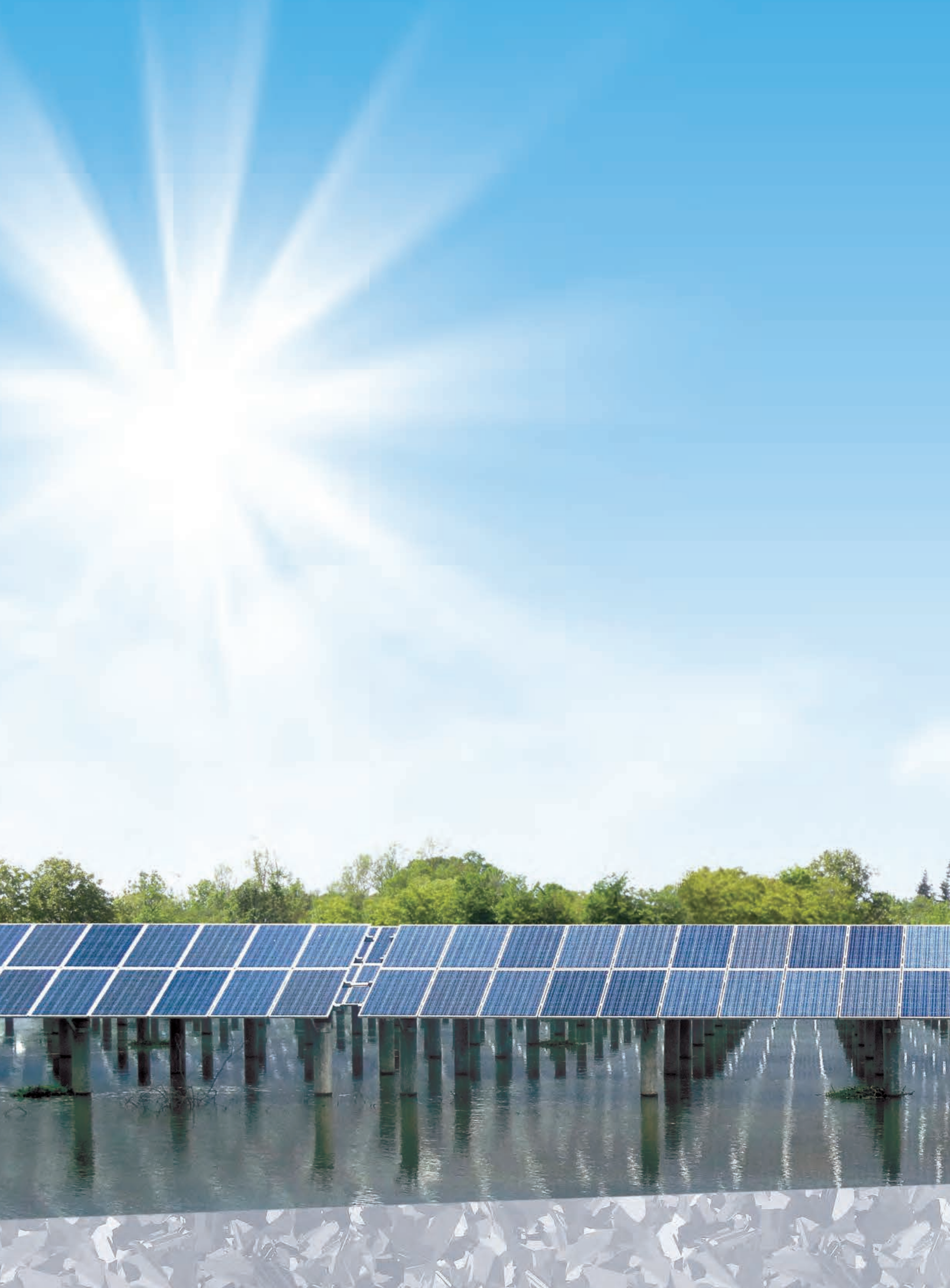
GCL-Poly Energy Holdings Limited
保利協鑫能源控股有限公司

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

Annual Report 2014



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FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014 HK$'000**
Revenue	18,471,924	25,505,564	22,348,026	25,530,002	**37,224,721**
Profit (loss) before taxation	5,547,369	5,839,132	(3,261,408)	(255,713)	**2,794,718**
Income tax expense	(1,159,320)	(1,269,174)	(123,876)	(190,092)	**(639,321)**
Profit (loss) for the year	4,388,049	4,569,958	(3,385,284)	(445,805)	**2,155,397**
Profit (loss) for the year attributable to:					
Owners of the Company	4,023,577	4,274,893	(3,515,515)	(664,263)	**1,955,049**
Non-controlling interests	364,472	295,065	130,231	218,458	**200,348**
	4,388,049	4,569,958	(3,385,284)	(445,805)	**2,155,397**

	At 31 December				
	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014 HK$'000**
Total assets	40,580,865	67,488,237	67,818,426	76,642,608	**90,003,835**
Total liabilities	23,201,579	45,354,105	50,047,966	58,637,522	**68,640,650**
	17,379,286	22,134,132	17,770,460	18,005,086	**21,363,185**
Equity attributable to owners of the Company	16,152,202	20,567,110	16,210,027	16,146,060	**18,405,624**
Non-controlling interests	1,227,084	1,567,022	1,560,433	1,859,026	**2,957,561**
	17,379,286	22,134,132	17,770,460	18,005,086	**21,363,185**

	2014 HK$'000 (audited)	2013 HK$'000 (audited)	Change	% of change
Revenue				
Sales of wafer	**21,054,434**	14,699,723	6,354,711	43.2%
Sales of electricity	**4,553,171**	3,911,128	642,043	16.4%
Sales of polysilicon	**2,600,663**	2,199,555	401,108	18.2%
Sales of steam	**1,843,158**	1,881,216	(38,058)	–2.0%
Sales of coal	**4,324,691**	995,321	3,329,370	334.5%
Sales of project assets	**—**	600,370	(600,370)	–100.0%
Others (comprising the sales of ingots, modules, printed circuit boards and processing fees)	**2,848,604**	1,242,689	1,605,915	129.2%
	37,224,721	25,530,002	11,694,719	45.8%
Profit (loss) attributable to owners of the Company	**1,955,049**	(664,263)	2,619,312	394.3%

	HK Cents	HK Cents	Change	% of change
Earnings (loss) per share				
– Basic	**12.62**	(4.29)	16.91	394.2%
– Diluted	**12.60**	(4.29)	16.89	393.7%

	HK$ million	HK$ million	Change	% of change
EBITDA	**9,799**	5,400	4,399	81.5%

	31 December 2014 HK$'000 (audited)	31 December 2013 HK$'000 (audited)	Change	% of change
Extracts of consolidated statement of financial position				
Equity attributable to owners of the Company	**18,405,624**	16,146,060	2,259,564	14.0%
Total assets	**90,003,835**	76,642,608	13,361,227	17.4%
Bank balances, cash, pledged bank and restricted bank deposits	**17,496,331**	14,411,540	3,084,791	21.4%
Indebtedness (bank borrowings, obligations under finance leases, long-term notes and convertible bonds payable)	**43,955,277**	40,791,216	3,164,061	7.8%

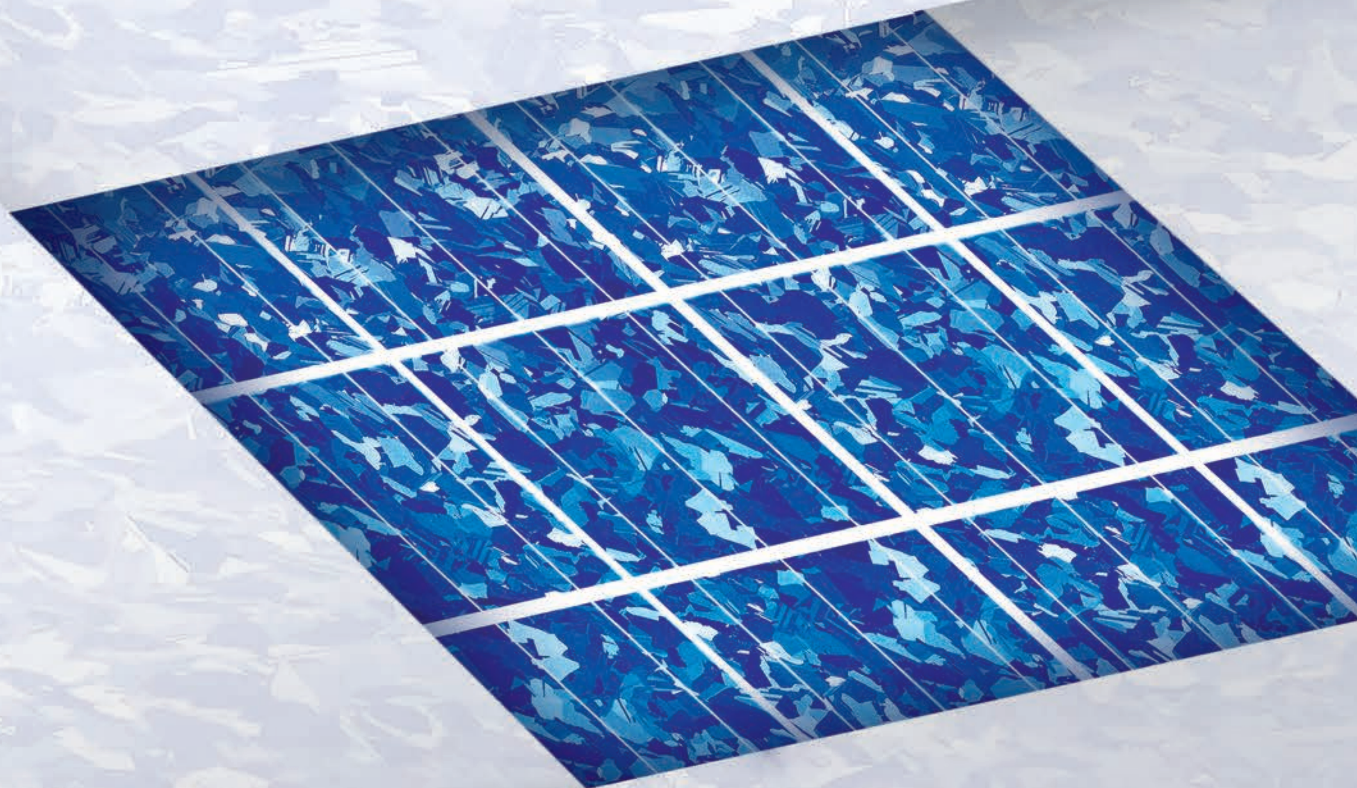
	31 December 2014	31 December 2013	Change	% of change
Key financial ratios				
Current ratio	**0.71**	0.67	0.04	6.0%
Quick ratio	**0.65**	0.61	0.04	6.6%
Net debt to equity attributable to owners of the Company	**143.8%**	163.4%	–19.6%	N/A


Concentration


Collaboration


Cohesion


Communication



Company Profile

GCL-Poly Energy Holdings Limited is the world's leading polysilicon producer, the largest wafer supplier globally and a leading green energy enterprise in China. The Group has ramped up the production capacity to 65,000 MT since the end of 2014. The Group's wafer production capacity achieved 13 GW at the end of 2014. For the power business, the Group owns and invests in a total of 18 cogeneration power plants, two incineration power plants, and one wind power plant. Most of these plants are located in Jiangsu and Zhejiang provinces in China with strong economic growth and robust demand for electricity and steam. Regarding the new energy business, mainly through the subsidiary GCL New Energy, the Group has approximately 1 GW combined solar projects in operation in the world, particularly valuable experiences in our project development, construction and operation were obtained through large scale solar farms located in central and western China.

MAJOR EVENTS 2014

MARCH

On 20 March, SEMI China PV TC Spring Meeting 2014 was convened in Shanghai, during which GCL officially announced the testing standard for packaging material of polysilicon PV50-0114.

APRIL

On 25 April, GCL-Poly held the inauguration ceremony of GCL Photovoltaic Technology Co. Ltd. in Taiwan, becoming the first mainland China PV enterprise to establish a subsidiary in Taiwan.

MAY

On 9 May, GCL-Poly invested HK$1.44 billion for the subscription of the shares of GCL New Energy (451.HK) and formally became its controlling shareholder.

On 21 May, GCL-Poly participated in the SNEC 8th (2014) International PV Power Expo, and entered into strategic cooperation agreements with Japan Energy Construction Corporation (日本能源建設株社), Risen and Tongwei Solar.

JUNE

On 27 June, the inaugural meeting of China Photovoltaic Industry Association was convened in Beijing. GCL-Poly was elected as the Vice Council Unit of the first session.

SEPTEMBER

On 26 September, Xinhua and the news research institute of Xinhua News Agency jointly held the "2014 (fourth) Conference of Senior Management from Chinese Energy Industry and Announcement of Annual Model Enterprise" in Beijing. GCL-Poly was named 2014 China Energy Green Energy Model Enterprise Award.

OCTOBER

On 28 October, in the third council meeting of the 2nd session of Asian Photovoltaic Industry Association, Mr. Zhu Gongshan, the Chairman of the Board of GCL-Poly, was re-elected as the Chairman of the organization.

NOVEMBER

On 6 November, "BJX Cup" CREC Annual Award Ceremony 2014 was held in Wuxi. GCL-Poly was named 2014 Outstanding Contribution to China's New Energy Industry Award.

On 6 November, GCL-Poly launched high-efficiency silicon wafer "GCL Multi-Wafer S3+" that upgraded the conversion efficiency of silicon cells to the level of so-called "Era 18".

On 13 November, GCL New Energy (451.HK), the subsidiary of GCL-Poly was admitted to MSCI International Index, marking the further recognition from international capital market.

DECEMBER

On 10 December, GCL-Poly was named the "Takung Annual Model Awards — 2014 the Most Influential Enterprise in the Industry"in the first Takung "Super Connector" Finance and Economics Annual Conference hosted by Takungpao (plus website).

On 30 December, Jiangsu Baoying fishing-solar complementary PV power project successfully connected to the power grid.

CHAIRMAN'S STATEMENT

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

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

CONTINUOUS ADVANCEMENT IN NEW SILICON MATERIALS TECHNOLOGIES AND PRODUCTS, COMPLETION OF VARIOUS TARGETS AND A NEW HIGH IN GLOBAL MARKET SHARE

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

In 2014 we commenced trial production of polysilicon based on silane-based FBR technology, of which various work proceed smoothly at present. Meanwhile, the Company has achieved significant product efficiency improvement from the ongoing R&D on current modified Siemens method of polysilicon. In the future, we will maintain our focus on technology and R&D innovations, improvement in project economics, enhancement of management standard and ensuring high-quality, low-cost production. In addition, the highly-anticipated captive power plant project of Jiangsu Zhongneng, has passed the environmental evaluation and received approval from the Ministry of Environmental Protection of the PRC on 26 January, 2015 and other relevant approval procedures progressed smoothly. The completion of this project can significantly increase the comprehensive energy efficiency and reduce the production cost of the Company. This will enable GCL-Poly to continue its leadership in the high-end polysilicon material market.

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

MAKING A MARKET MIRACLE FOR NEW DEVELOPMENT PLATFORM OF THE SOLAR FARM — GCL NEW ENERGY

On 9 May 2014, GCL-Poly completed the subscription of shares of Same Time (0451.HK), which was officially renamed to GCL New Energy Holdings Limited and started operation in the solar energy business. On 25 March 2015, GCL New Energy announced that the total capacity of its solar farms under construction as well as operational power installed capacity completed with approval for on-grid connection have reached 1.26 GW. Meanwhile, GCL New Energy provides operation and management services to GCL-Poly for its solar farms with installed capacity of 353 MW. GCL New Energy has established investment development companies in more than 20 provinces across the country, while the building of distributive and proprietary development teams have also been completed. GCL New Energy targets 2GW of additional grid-connected installation in 2015.

STABLE POWER BUSINESS OUTPERFORMED PEERS

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

SOCIAL RESPONSIBILITIES

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

OUTLOOK

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

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

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

Zhu Gongshan
Chairman

Hong Kong, 26 March 2015

EXECUTIVE DIRECTORS:

Mr. ZHU Gongshan (朱共山), aged 57, has been an Executive Director of the Company since July 2006 and is the Chairman, Chief Executive Officer and a member of the Strategic Planning Committee of the Company. Mr. Zhu, the founder of the Group, and his family (including his son, Mr. Zhu Yufeng, who is also a Director of the Company) are the beneficiaries of a discretionary trust which was interested in about 32.4% issued share capital of the Company at 31 December 2014. He is currently the 12th National Committee of the Chinese People's Political Consultative Conference,the co-chairman of Asian Photovoltaic Industry Association, the vice chairman of China Fortune Foundation Limited, the vice chairman of the Cogeneration Professional Committee of the Chinese Society for Electrical Engineering (中國電機工程學會熱電專業委員會), the vice chairman of China Overseas Chinese Entrepreneurs Association, the vice chairman of China Industrial Overseas Development & Planning Association, the honorable chairman of the 4th board of directors of Nanjing University,the honorary president of Hong Kong Baptist University Foundation,the vice chairman of Jiangsu Chinese Overseas Friendship Association, the vice director-general of Jiangsu Foundation for the Wellbeing of the Youth, the honorary chairman of Jiangsu Residents Association in Hong Kong, the honorary chairman of Jiangsu Yancheng Residents Association in Hong Kong, the chairman of Hong Kong Yancheng Chamber of Commerce Limited, the honorary chairman of Jiangsu Chamber of Commerce in Guangdong, the honorary chairman of Xuzhou Chamber of Commerce in Shenzhen, the vice president of Chinese Renewable Energy Industries Association,a member of the China Renewable Energy Entrepreneur Club, the vice director of The Prince's Charities Foundation, a member of American Council on Renewable Energy and the permanent honorable chairman of Africa Food Fund. Mr. Zhu is also conferred as the honorary citizen of Texas of United States, honorary citizen of Taicang, Jiangsu Province of the PRC,honorary citizen of Xuzhou, Jiangsu Province of the PRC, honorary citizen of Xilinheote, Inner Mongolia of the PRC. Mr. Zhu majored in electrical automation and holds a degree of Doctor of Philosophy in Business Administration. In addition, he is also the Honorary Chairman and an executive director of GCL New Energy Holdings Limited.

Mr. JI Jun (姬軍), aged 67, has been an Executive Director of the Company since November 2006. He is also a member of the Strategic Planning Committee of the Company. Mr. Ji focuses on strategic planning and business development of the Group. He has extensive experience in the power industry and has experience in handling corporate finance projects.

Mr. ZHU Yufeng (朱鈺峰), aged 33, has been an Executive Director of the Company since September 2009. He is also a member of the Remuneration Committee of the Company. He graduated from George Brown College (Business Administration Faculty) in 2005. Mr. Zhu and his family (including his father, Mr. Zhu Gongshan, who is also a Director of the Company) are the beneficiaries of a discretionary trust which was interested in about 32.4% issued share capital of the Company as at 31 December 2014. Mr. Zhu joined a subsidiary of the Company in 2006. He is responsible for internal control, human resources, administration and project tender of the Group. Mr. Zhu is also the Vice Chairman and a non-executive director of GCL New Energy Holdings Limited.

Mr. YEUNG Man Chung, Charles (楊文忠), aged 47, has been an Executive Director of the Company since September 2014. He is also a member of the Nomination Committee, Corporate Governance Committee and Strategic Planning Committee of the Company. He was appointed as the Chief Financial Officer of the Company on 30 April 2014. Prior to that, he served as a partner of Deloitte Touche Tohmatsu and was a Part-time Member of the Central Policy Unit of the Government of Hong Kong Special Administrative Region. When he left Deloitte Touche Tohmatsu in March 2014, he was the Head of Corporate Finance Advisory Services, Southern China. Mr. Yeung has a Bachelor of Business degree with major in accounting and he is also a member of The Hong Kong Institute of Certified Public Accountant and The Australian Society of Certified Practising Accountants. He has over 20 years of experience in accounting, auditing and financial management. Mr. Yeung is responsible for the financial control and reporting, corporate finance, tax and risk management of the Company and its subsidiaries.

Mr. ZHU Zhanjun (朱戰軍), aged 45, has been an Executive Director of the Company since January 2015. He joined the Company in 2004 as the plant manager of one of our power plants and became a general manager in 2006. He was transferred to Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司), a subsidiary of the Company which produces polysilicon, as Deputy Director- Infrastructure in 2008. Mr. Zhu was promoted as the General Manager of Jiangsu GCL Silicon Material Technology Development Co., Ltd. (江蘇協鑫硅材料科技發展有限公司) ("Jiangsu GCL"), a subsidiary of the Company in 2009 and was appointed as Vice President of the Company in 2013, overseeing the Company's ingot business and Jiangsu GCL's wafer business. Mr. Zhu is an engineer and obtained a Master's degree in Business Administration from China Europe International Business School (中歐國際工商學院) in 2013. Mr. Zhu is responsible for the daily operation and management of the polysilicon and wafer business of the Company.

NON-EXECUTIVE DIRECTOR:

Mr. SHU Hua (舒樺), aged 52, has been re-designated as a non-executive director of the Company since January 2015. Mr. Shu had served the Company as executive director for the period from October 2007 to January 2015 and became the Executive President of the Company in May 2010. Mr. Shu has over 20 years of experience in the energy industry. He has obtained a Master's degree in Business Administration for Senior Management from the Tongji University in the PRC. Mr. Shu is the chairman of 協鑫集成科技股份有限公司 (GCL System Integration Technology Co., Ltd.) (formerly known as: 上海超日太陽能科技股份有限公司 (Shanghai Chaori Solar Energy Science & Technology Co., Ltd.)), a company with its shares listed in the Shenzhen Stock Exchange (Stock Code: 2506) with its majority board members deemed to be controlled by Mr. Zhu Gongshan's and Mr. Zhu Yufeng's family.

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Ir. Dr. HO Chung Tai, Raymond (何鍾泰), SBS, MBE, S.B.St.J., JP, aged 76, has been an Independent Non-Executive Director of the Company since September 2007. He is the Chairman of the Remuneration Committee, the Strategic Planning Committee and the Corporate Governance Committee of the Company, and also a member of the Audit Committee and the Nomination Committee of the Company.

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

* English name for identification only

Mr. XUE Zhongsu (薛鍾甦), aged 75, has been an Independent Non-Executive Director of the Company since October 2007. He is the Chairman of the Nomination committee and a member of the Audit Committee and the Strategic Planning Committee of the Company. He graduated from Shanghai Jiaotong University in 1962. Mr. Xue worked for the Shanghai Municipal Power Company (上海市電力公司) in 1985 as the Deputy General Manager. From 1986 to 2000, Mr. Xue was the Vice President of the Shanghai Municipal Power Bureau (上海市電力工業局) and Deputy General Manager of Shanghai Municipal Power Company. From 1994 to 2000, Mr. Xue was also the General Manager of the Huaneng International Power Development Company, Shanghai Branch (華能國際電力開發公司上海分公司). From 2000 to 2005, Mr. Xue was the Party Secretary and General Manager of the China Huaneng Group Company, Shanghai Branch (中國華能集團公司上海分公司). Mr. Xue has over 20 years of experience in the power industry.

Mr. YIP Tai Him (葉棣謙), aged 44, has been an Independent Non-Executive Director of the Company since March 2009. He is the Chairman of the Audit Committee, he is also a member of the Remuneration Committee, the Corporate Governance Committee and the Strategic Planning Committee of the Company. Mr. Yip is a practising accountant in Hong Kong. He is also a member of the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants in the United Kingdom. He has around 20 years of experience in accounting, auditing and financial management. Mr. Yip is currently an independent non-executive director of the following listed companies in Hong Kong, namely, China Communication Telecom Services Company Limited, Vinco Financial Group Limited, China Media and Films Holdings Limited and Redco Properties Group Limited.

SENIOR MANAGEMENT:

Mr. SHA Hongqiu (沙宏秋), aged 56, has been an Executive President of the Company since October 2007. Mr. Sha also served as an executive director of the Company during the period from November 2006 to November 2012. He is currently responsible for the overall operation and management of the Group's power business. Mr. Sha had been awarded various titles, including the Outstanding Entrepreneur of Xuzhou (徐州市優秀企業家) in 2000 and the Outstanding Enterprise Manager of Taicang (太倉市優秀企業管理人才) in 2005. He graduated from the China University of Mining and Technology in 1986, majoring in enterprise management. Mr. Sha is a Senior Economist. He has over 15 years of experience in the operation and management of power plants. Mr. Sha is also a non-executive director of GCL New Energy Holdings Limited.

OVERVIEW

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

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

BUSINESS STRUCTURE

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

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

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

The financial results contributed from business segments were as follows:

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

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

BUSINESS REVIEW

Solar Material Business

Production

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

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

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

Sales Volume and Revenue

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

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

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

Cost and Net Profit Margin

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

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

Power Business

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

	31 December 2014			31 December 2013		
		Capacity (MW)			Capacity (MW)	
	Quantity	**Installed**	**Attributable**	Quantity	Installed	Attributable
Power plants						
Coal-fired cogeneration plants and resources comprehensive utilisation cogeneration plants	**13**	**444.0**	**352.2**	14	474.0	374.7
Gas-fired cogeneration plants	**3**	**870.0**	**391.1**	3	870.0	391.1
Biomass cogeneration plants	**2**	**60.0**	**60.0**	2	60.0	60.0
Solid-waste incineration plants	**2**	**36.0**	**36.0**	2	36.0	36.0
Wind power plant	**1**	**49.5**	**49.5**	1	49.5	49.5
Total	**21**	**1,459.5**	**888.8**	22	1,489.5	911.3

The installed capacity and attributable installed capacity decreased from 1,489.5 MW and 911.3 MW at 31 December 2013 to 1,459.5 MW and 888.8 MW at 31 December 2014, respectively. The decrease was due to Xuzhou Cogeneration Plant, which was installed with capacity of 30 MW, continued to face operating difficulty. The Group took advantage of the opportunity to discontinue such plant in June 2014 when the local government implemented the policy to compensate enterprises closed, so as to avoid its operation loss in the future.

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

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

Sales Volume

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

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

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

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

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

Revenue

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

Average Utilisation Hours

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

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

Approved On-Grid Tariff

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

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

Approved Steam Price

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

Fuel Costs

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

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

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

Solar Farm Business

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

Overseas Solar Farms

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

PRC Solar Farms

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

Sales Volume and Revenue

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

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

New Energy Business

Acquisition

On 9 May 2014, the Group completed the acquisition of GCL New Energy (Formerly known as Same Time Holdings Limited) (HKEx 0451.HK) by subscription of 360,000,000 new shares for a cash consideration of HK$1,440,000,000, which was mainly financed by the proceeds from the issuance of convertible bonds in 2013. Immediately upon completion of acquisition, the Group owns approximately 67.99% of the issued share capital of GCL New Energy. The percentage of equity interest owned by the Group reduced to 62.28% as a result of the placement of new shares from GCL New Energy at HK$2.55 per share to independent third parties on 8 October 2014. The net proceeds of approximately HK$2,370 million by subscription from acquisition and placement of new shares is for its future business development. Besides, there were 2 share subdivisions after acquisition, consequently, our shares holding in GCL New Energy were subdivided from 360,000,000 to 8,640,000,000.

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

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

Revenue

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

Outlook

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

We anticipate that 2015 global PV solar demand to grow modestly to approximately 55 GW, with demand in emerging markets such as China, the United States, Japan, India, Korea, Australia and Brazil will continue to increase. These emerging markets will play a more important role in the solar industry development, leading to a more balanced geographical diversification. We believe that environmental and energy-related spending will still be a new driver in sustaining China's GDP growth, until air pollution materially improves. The National Energy Bureau of China has earmarked 17.8 GW of installations in China in 2015, following a slower-than-expected growth in 2014. As such, we believe the initial 35 GW cumulative installation target by 2015 set by the National Development and Reform Commission ("NDRC") will have to be revised up. In addition, we also expect a minimal decrease in ground-mounted Feed-In-Tariff ("FiT") in China for 2016 and as a result the installation will likely increase significantly ahead of the change. An increasing amount of installations in 2015 will be supported by the roof-top/Distributed generation subsidy announced in August 2013 as the "ecosystem" of distributed energy becoming more mature. In Japan, although the government only is trying to tighten the current subsidy system, we believe that the incentives in Japan will draw renewed emphasis on price performance of PV components especially our own high-performance wafers as well as modules made by our customers. We estimate that over 9 GW of solar have been installed in 2014 in Japan and over 50 GW of approved pipeline will support the installation in coming years, despite increasing difficulty to get new projects approved. With rich sunlight resources and the availability of government incentives such as the National Solar Mission and State Programs, India also attracted substantial foreign capital to invest in the country and has become one of the fastest growing markets of the solar industry.

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

The cost and quality of PV products will continue to be the critical factors to the global demand in the solar industry. The launch of "GCL S3+" wafer in November 2014 and "GCL MonoCrystalline-Wafer G2" wafer in December 2013 are able to meet the ever-rising requirements of our customers for high efficiency products. Average conversion efficiencies of these products have already attained over 18% and 19% respectively. It helps our customers to reduce their manufacturing costs, further lower the overall capital expenditure of solar farms, and to increase the competitiveness and return on investment of PV system installation.

Health, Safety and Environmental Matters

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

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

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

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

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

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

Employees

We consider our employees to be our most important resource. As at 31 December 2014, the Group had approximately 18,326 employees in Hong Kong, the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees.

FINANCIAL REVIEW

Revenue

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

Gross Profit Margin

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

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

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

Other Income

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

Distribution and Selling Expenses

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

Administrative Expenses

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

Other Expenses, Gains and Losses

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

Finance Costs

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

Share of Profits of Associates

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

Share of Profits of Joint Ventures

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

Income Tax Expense

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

Profit attributable to Owners of the Company

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

Liquidity and Financial Resources

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

For the year ended 31 December 2014, the Group's main source of funding was cash generated from operating activities. The net cash from operating activities for the current year was HK$9.0 billion, compared with HK$8.5 billion in the corresponding period in 2013. Increase in net cash from operating activities was mainly due to higher operating profit as a result of the recovery in the solar industry during the year.

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

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

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

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

Indebtedness

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

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

As at 31 December 2014, RMB bank borrowings carried both fixed and floating interest rates at rates with reference to the Benchmark Borrowing Rate of The People's Bank of China. USD bank borrowings carried interest rates at rates with reference to the London Interbank Offer Rate (LIBOR).

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

Key Financial Ratios of the Group

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

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

Foreign Currency Risk

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

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

Pledge of Assets

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

Capital Commitments

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

The Company is dedicated to achieve and maintain a high standard of corporate governance to maximize the Company's and the shareholders' value, with continuous review and evaluation of the various systems and procedures are carried out to ensure their effectiveness. During 2014, the Company has extended its development by subscription of new shares of GCL New Energy Holdings Limited, which became a subsidiary of the Company in May 2014. Special efforts has been given to integrate a listed subsidiary into the corporate governance framework of the Group.

CORPORATE GOVERNANCE PRACTICE

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

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

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

THE BOARD

Board Composition

The Board is currently comprised nine Directors with professional background and/or extensive expertise in the Group's business related industries. The Board includes five executive Directors, one non-executive Director and three independent non-executive Directors ("INEDs"). The Directors who served the Board during the year ended 31 December 2014 and up to the date of this report are as follows:

Executive Directors

Zhu Gongshan *(Chairman and CEO)*	
Ji Jun	
Yu Baodong	*resigned on 5 September 2014*
Sun Wei	*resigned on 23 January 2015*
Zhu Yufeng	
Yeung Man Chung, Charles *(CFO)*	*appointed on 5 September 2014*
Zhu Zhanjun *(Executive President)*	*appointed on 23 January 2015*

Non-executive Directors

Zhang Qing	*resigned on 14 January 2014*
Zhou Yuan	*resigned on 14 January 2014*
Shu Hua	*re-designated as non-executive Director from executive Director on 23 January 2015*

Independent non-executive Directors

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

Biographical details of the Directors are set out under the section headed "Biographical details of Directors and Senior Management " of this annual report on pages 11 to 13.

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

Mr. Zhu Gongshan is the founder of a trust which was interested in approximately 32.4% issued share capital of the Company as at 31 December 2014 for himself and his family, including Mr. Zhu Yufeng ("Mr. Zhu's Family"). Mr. Zhou Yuan and Mr. Zhang Qing, who resigned as non-executive Directors on 14 January 2014, were employees of China Investment Corporation. China Investment Corporation, through its wholly-owned subsidiary, namely Chengdong Investment Corporation, controlled less than 5% issued share capital of the Company then. Mr. Shu Hua and Ms. Sun Wei were appointed as a director of 協鑫集成科技股份有限公司 (GCL System Integration Technology Co., Ltd.) (formerly known as: 上海超日太陽能科技股份有限公司 (Shanghai Chaori Solar Energy Science & Technology Co., Ltd.)) on 10 February 2015 (Mr. Shu Hua was further elected as the chairman of such company on 11 February 2015), when Mr. Zhu's Family was deemed to gain control of majority of the board of such company. On 23 January 2015, Mr. Shu Hua was re-designated from an executive Director to a non-executive Director and Ms. Sun Wei resigned as an executive Director. Save as disclosed in this paragraph and to the best knowledge of the Company, there is no relevant relationships between the members of the Board and the substantial shareholders of the Company.

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

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

Board Process and Effectiveness

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

Key features of Board process:

- At least four regular Board meetings will be held each year, with additional meetings to be held as and when required. All Directors will be informed of the tentative dates of the regular Board meetings to be held at the beginning of each year. In 2014, there were four regular meetings and five non-regular meetings held by the Board;

- In respect of regular meetings, at least 14 days' notice is given to all Directors to give them an opportunity to attend. For all other meetings, reasonable notice is given;

- proposed agenda will be given to all Directors at least 14 days prior to the regular meetings to give them an opportunity to include matters in the agenda and the board papers were sent to all Directors at least 3 days before the meetings;

- all Directors are able to access to the advice and services of the company secretary, management and external professionals with a view to ensuring that board procedures, all applicable rules and regulations, are followed;

- minutes of all board meetings and committee meetings have been sent to all directors for their comments and records respectively, within a reasonable time after the meetings are held;

- a procedure has been adopted by the Company to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense.

Appointment and Re-election of Directors

The INEDs and non-executive Directors are appointed for a specific term of office for three years. The Board had renewed the term of service of Mr. Yip Tai Him, an INED, for a term of three years commencing from 31 March 2015. Ir. Dr. Ho Chung Tai, Raymond and Mr. Xue Zhongsu, the other two INEDs, each have his term of office renewed for three years, commencing from 13 November 2013. The two non-executive Directors who resigned on 14 January 2014, namely Mr. Zhou Yuan and Mr. Zhang Qing, were originally appointed for a term of three years commencing from their appointment date, ie. 9 November 2012 and 12 March 2012, respectively. Mr. Shu Hua was re-designated from an executive Director to a non-executive Director with effect from 23 January 2015, also entered into a letter of appointment for a term of three years commencing from 23 January 2015. All Directors, including the INEDs and non-executive Directors are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Articles of Association, provided that every Director shall be retired at least once every three years. At the annual general meeting held on 23 May 2014, Mr. Zhu Gongshan, Mr. Ji Jun and Ms. Sun Wei had been retired and re-elected as Directors. At the extraordinary general meeting held on 15 October 2014, Mr. Yeung Man Chung, Charles, was retired and re-elected as a Director.

Nomination of Director

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

Responsibilities of Directors

During the year, Directors, including non-executive Directors have performed their responsibilities by attending and participating in various committees meetings, board meetings and general meetings. In order to encourage the Director's active participation in the meetings, meeting materials will be and have been dispatched to the Directors days in advance of the meetings to allow them to have the chance to read and understand the issues to be discussed in the meetings. The Company will also circulate a monthly report to the Directors to keep them up-to-date of the status and position of the Group.

At the beginning of each year, the Directors are provided with the tentative schedule of meetings so that they can mark their calendar as early as possible to avoid conflict of meetings. There were nine Board meetings held during the year and the average attendance rate is 87.3%. Two general meetings, including the annual general meeting, have been held during the year 2014. The attendance of such meetings was shown in the table below:

Members of the Board	Number of Board meetings attended/held	Number of general meetings attended/held
Executive Directors		
Zhu Gongshan *(Chairman and CEO)*	6/9	1/2
Ji Jun	9/9	0/2
Yu Baodong[1]	6/6	1/1
Sun Wei[2]	8/9	1/2
Zhu Yufeng	7/9	0/2
Yeung Man Chung, Charles[3]	3/3	1/1
Zhu Zhanjun[4]	0/0	0/0
Non-Executive Directors		
Zhang Qing[5]	0/0	0/0
Zhou Yuan[5]	0/0	0/0
Shu Hua[6]	7/9	0/2
Independent Non-executive Directors		
Qian Zhixin[7]	0/0	0/0
Ho Chung Tai, Raymond	8/9	1/2
Xue Zhongsu	8/9	1/2
Yip Tai Him	9/9	2/2

Notes:

1 Mr. Yu Baodong resigned as an executive director with effect from 5 September 2014
2 Ms. Sun Wei resigned as an executive director with effect from 23 January 2015
3 Mr. Yeung Man Chung, Charles was appointed as an executive director with effect from 5 September 2014
4 Mr. Zhu Zhanjun was appointed as an executive director with effect from 23 January 2015
5 Messrs Zhang Qing and Zhou Yuan resigned as non-executive directors with effect from 14 January 2014
6 Mr. Shu Hua was re-designated from an executive director to a non-executive director with effect from 23 January 2015
7 Mr. Qian Zhixin resigned as an independent non-executive director with effect from 8 January 2014

Directors' Induction and Continuous Professional Development

Upon the appointment of Directors, a comprehensive Directors' handbook, which sets out the Company's business and a summary of the applicable laws, rules and regulations and key governance issues, will be provided to each newly appointed Director. A briefing regarding the rules and regulations applicable to directors of listed companies to observe during their services on Board as well as the businesses and development of the Group will also be provided to each of the newly appointed Directors. The Directors' handbook will be updated from time to time. Mr. Yeung Man Chung, Charles and Mr. Zhu Zhanjun have received a director's training by an external legal counsel when they were appointed as executive director of the Company in September 2014 and January 2015, respectively.

The Company will also update the Directors and senior management on any amendments to or revision of any applicable rules, regulations and laws or refresh their knowledge and skills by providing briefings or arrangement of seminars for the Directors and senior management to attend. During the year, a briefing on the director's responsibility of disclosure of interests and a review on cases in relation to director's responsibilities of certain listed companies in Hong Kong released by the Securities and Futures Commission were provided to the executive Directors.

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

	Corporate Governance/Updates on Laws, Rules & Regulations		**Accounting/Financial/ Management or Other Professional Skills**	
Directors	**Read Materials**	**Attend Seminars/ Briefings**	**Read Materials**	**Attend Seminars/ Briefings**
Executive Directors				
Zhu Gongshan *(Chairman and CEO)*	✓	✓	✓	✓
Ji Jun	✓	✓	✓	—
Yu Baodong *(resigned on 5 September 2014)*	✓	✓	✓	—
Sun Wei *(resigned on 23 January 2015)*	✓	✓	✓	—
Zhu Yufeng	✓	✓	✓	—
Yeung Man Chung, Charles *(CFO)*	✓	✓	✓	—
Non-Executive Directors				
Zhang Qing *(resigned on 14 January 2014)*	—	—	✓	—
Zhou Yuan *(resigned on 14 January 2014)*	—	—	✓	—
Shu Hua	✓	✓	✓	—
Independent Non-executive Directors				
Yip Tai Him	✓	✓	✓	✓
Qian Zhixin *(resigned on 8 January 2014)*	—	—	—	—
Ho Chung Tai, Raymond	✓	✓	✓	✓
Xue Zhongsu	✓	✓	✓	—

Chairman and Chief Executive Officer

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

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

Delegation by the Board

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

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the profits and cash flows of the Group in accordance with the International Financial Reporting Standards, disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. In preparing the financial statements for the year ended 31 December 2014, the Directors have selected suitable accounting policies and applied them consistently; made judgements and estimates which are reasonable and have prepared the financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position, results of operations, cash flows and changes in equity of the Group. The Independent Auditor's Report relating to their reporting responsibilities on the financial statements of the Company is set out on pages 65 and 66 of this annual report.

Audit Committee

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

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

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

Three Audit Committee meetings were held in 2014 and the attendance is set out in the following table:

Members of Audit Committee	**Number of meetings attended/held**
Mr. Yip Tai Him *(Chairman)*	3/3
Mr. Qian Zhixin *(resigned on 8 January 2014)*	0/0
Mr. Xue Zhongsu *(appointed on 14 January 2014)*	3/3
Ir. Dr. Ho Chung Tai, Raymond	3/3

In addition to the aforesaid three meetings, the Audit Committee also held a meeting in March 2015. The following work was performed by the Audit Committee during and subsequent to the year ended 31 December 2014:

i. reviewed and approved the audit fees;

ii. assessed the independence of the external auditors;

iii. approved the scope of audit for the year ended 31 December 2014;

iv. reviewed the 2014 auditor's report from Deloitte Touche Tohmatsu;

v. reviewed the 2014 audited financial statements and the results announcement (including the unaudited financial statements and the results announcement for 1st half of 2014);

vi. reviewed the report on the continuing connected transactions for the financial year ended 31 December 2014;

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

viii. reviewed various aspects of risk management;

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

x. reviewed and approved certain non-audit services provided by Deloitte Touche Tohmatsu; and

xi. reviewed consultation results on the proposed amendments of Listing Rules in relation to the risk management and rules concerning the environmental, social and governance report.

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

For the year ended 31 December 2014, the total remuneration in respect of services provided by Deloitte Touche Tohmatsu is analyzed as follows:

Nature of Service	**Fees** (HK$'000)
Audit services	
— 2014 Annual audit	7,520
Non-audit services	
— 2014 Interim review	1,680
— Others	1,385
	10,585

INTERNAL CONTROLS

The Directors assume the responsibility for maintaining and reviewing the effectiveness of the Group's internal controls, and through the Company's Audit Committee, have regularly appraised of risks that may impact on the Group's performance. Appropriate policies and control procedures covering daily operation, financial reporting, and legal compliance have been implemented and reviewed to satisfy the following internal control objectives:

- assets are safeguarded against improper use or disposal;
- established system, relevant rules and regulations are adhered to and complied with;
- reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements;
- key risks that may impact on the Group's performance are properly identified and managed.

During the year, most of the sub-business units have performed the risk assessments and conducted the review on the current status of internal controls. Focuses were on certain key systems and operating procedures, including but not limited to the ERP systems and logistics business process. Relevant recommendations to the management to improve the systems have been suggested and implemented. In addition, the Whistle Blowing Policy and the Inside Information Disclosure Policy have helped to reduce the risks about improprieties, misconducts and frauds relating to the business of the Group and to prevent the risk of breaching the rules and regulations. However, such policies & procedures are designed to manage, rather than eliminate, the risk of failure to achieve business objectives or of occurring material errors, losses and frauds. Even though published on the Group's intranet and communicated to all staff for compliance, these policies & procedures can only provide reasonable, but not absolute assurance.

In addition to the internal control function carried out internally by the Group, an external independent risk advisory firm was engaged to help the power business unit to establish its "Internal Control Handbook" (the "Handbook"). After over 8 months' efforts, the Handbook with 28 chapters was finally completed, covering 28 distinguished business work flows and becomes the standard internal control guideline for the electricity generating plants. The Handbook currently is being adopted and implemented by the various electricity generating plants.

Meanwhile, another external independent risk advisory firm (the "Advisor") has been engaged to review and appraise the internal control system of the Group regularly for the past few years. The semi-annual internal control review plan of the Group carried out by the Advisor covers major activities and material controls (including operational, financial and compliance) of the Group's business units. During the year the Advisor had reviewed (i) procurement, inventory and expenses control of wafer production business; (ii) the operation and PPE management, safety and environmental protection of the domestic solar farm business. The Advisor had also conducted on-site visits and discussion with our management teams during the review for the purpose of assessing the overall risks. A report on the results of assessment and recommendations from the Advisor was provided to the Audit Committee in July 2014 and March 2015, respectively.

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The Remuneration Committee was established on 22 October 2007 and currently comprises two INEDs and one executive director, namely Ir. Dr. Ho Chung Tai, Raymond, Mr. Yip Tai Him and Mr. Zhu Yufeng. Ms. Sun Wei was appointed by the Board as a member of the Remuneration Committee on 14 January 2014 to fill up the vacancy created by the resignation of Mr. Qian Zhixin on 8 January 2014. On 23 January 2015, Mr. Zhu Yufeng replaced Ms. Sun Wei as a member of the Remuneration Committee when Ms. Sun resigned as a director of the Company. Ir. Dr. Ho Chung Tai, Raymond is the chairman of the committee. The Board resolved to adopt that the Remuneration Committee has the duty to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management on 15 March 2012. A copy of the updated terms of reference setting out the operation, authorities and responsibilities of the Remuneration Committee is available at the Company's and the Stock Exchange's websites.

The primary responsibilities of the Remuneration Committee include:

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

Two meetings were held by the Remuneration Committee during the year 2014 and the attendance is set out in the following table:

Members of Remuneration Committee	**Number of meetings attended/held**
Ir. Dr. Ho Chung Tai, Raymond *(Chairman)*	2/2
Mr. Yip Tai Him	2/2
Mr. Qian Zhixin *(resigned on 8 January 2014)*	0/0
Ms. Sun Wei *(appointed on 14 January 2014* and resigned on 23 January 2015*)*	2/2

Subsequent to the year ended 31 December 2014, the Committee had convened two meetings in January and March 2015.

The Remuneration Committee had performed the following work during and subsequent to the year ended 31 December 2014:

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

ii. reviewed, considered and approved the remuneration package and incentive scheme of the existing executive Directors, newly appointed executive Director and non-executive Director;

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

iv. reviewed and approved the service agreement and letter of appointment for newly appointed executive Director and non-executive Director.

Details of remuneration payable for the year 2014 to each Director of the Company have been set out in note 12 to the consolidated financial statements.

OTHER COMMITTEE

Strategic Planning Committee

The Strategic Planning Committee was established on 22 October 2007 and currently comprises six members, three INEDs and three executive Directors. The INEDs include Ir. Dr. Ho Chung Tai, Raymond (who is also the chairman of the committee), Mr. Yip Tai Him and Mr. Xue Zhongsu. The executive Directors who are also the committee members are Mr. Zhu Gongshan, Mr. Ji Jun and Mr. Yeung Man Chung, Charles. Mr. Yip Tai Him (an INED) was appointed as a member of the Committee by the Board on 14 January 2014 to fill in the vacancy created by the resignation of Mr. Qian Zhixin on 8 January 2014. Mr. Yeung Man Chung, Charles replaced Ms. Sun Wei as a member of the Strategic Planning Committee with effect from 23 January 2015 when Ms. Sun resigned as a Director.

The primary responsibilities of the Strategic Planning Committee include:

- reviewing long-term strategic development plans;
- reviewing the annual performance of the Company and assessing implementation and progress of the long term strategic development plans;
- reviewing and recommending to the Board for opportunities of upgrading the facilities, expansion, mergers and acquisitions;
- reviewing and recommending to the Board with regard to the political, social and economic development in the PRC affecting or potentially affecting the business activities of the Group; and
- reviewing and monitoring the relationship of the Company with its key strategic joint-venture partners or the relationship building with these partners.

A meeting was held during the year and all the six members (namely: Ir. Dr. Ho Chung Tai, Raymond, Mr. Yip Tai Him, Mr. Xue Zhongsu, Mr. Zhu Gongshan, Mr. Ji Jun and Ms. Sun Wei) had attended such meeting in person. During the meeting, the Strategic Planning Committee had reviewed the market analysis and development strategy of the solar material business sector and power business sector of the Group.

Nomination Committee

The Board has approved to set up the Nomination Committee and its terms of reference on 15 March 2012. The Committee currently comprises two INEDs, namely Mr. Xu Zhongsu (Chairman of the Committee) and Ir. Dr. Ho Chung Tai, Raymond, and an executive Director, namely Mr. Yeung Man Chung, Charles. Mr. Qian Zhixin and Ms. Sun Wei resigned as a member of the Nomination Committee on 8 January 2014 and 14 January 2014, respectively. Mr. Yu Baodong was appointed as a member of the Nomination Committee with effect from 14 January 2014. Mr. Yeung Man Chung, Charles succeeded Mr. Yu as a member of the Nomination Committee with effect from 5 September 2014.

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

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

A meeting has been convened in December 2014 by the Committee and all the three members, namely Mr. Xue Zhongsu, Ir. Dr. Ho Chung Tai, Raymond, and Mr. Yeung Man Chung, Charles had attended the meeting personally. Subsequent to the year ended 31 December 2014, the Committee has held another meeting in January 2015. During the meetings, the committee had reviewed, assessed or made recommendations to the Board (where suitable) on (i) the independence of the INEDs against the criteria and guidelines as set out in Rule 3.13 of the Listing Rules and concluded that all INEDs are complied with the criteria; (ii) the composition of the existing Board members with reference to their age, sex, experience, qualification and expertise against the business scope of the Company, (iii) the role of Chairman and CEO not being carried out by separate persons as required by the Listing Rules; and (iv) the suitability of a candidate nominated as an executive Director and re-designation of a director as a non-executive Director.

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

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

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

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

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

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

Connected Transaction Committee

The Connected Transaction Committee was established in March 2011 and was abolished in September 2014. The Committee comprised two members (Mr. Yip Tai Him, an INED and Mr. Yu Baodong, an executive Director) after Mr. Zhou Yuan resigned as a member on 14 January 2014. No appointment of additional member thereafter. Mr. Yip Tai Him was the Chairman of the Committee.

The main duties of the Committee were to:

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

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

As the Corporate Governance Committee of the Company has been set up since 12 March 2012, the duties of which, *inter alia*, to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, including the connected transactions policy. In addition, the Directors, including the INEDs of the Company, would review any connected/continuing connected transactions of the Company which is required to be disclosed under the Listing Rules. The Board decided to abolish the Connected Transaction Committee with effect from 5 September 2014 for the purpose of simplifying the Board committees' structure.

A meeting of the Committee has been held during the year 2014 and was attended by all the then members. The meeting had reviewed and analyzed a continuing connected transaction of the Company in relation to coal supply, the conclusion of which and the recommendation was reported to the Board thereafter.

Corporate Governance Committee

The Board resolved to establish the Corporate Governance Committee and its terms of reference on 15 March 2012. The Committee currently comprises two INEDs, namely Mr. Yip Tai Him and Ir. Dr. Ho Chung Tai, Raymond, and an executive Director, namely Mr. Yeung Man Chung, Charles. Ir. Dr. Ho Chung Tai, Raymond was appointed as the Chairman of the Committee. Mr. Yeung Man Chung, Charles replaced Mr. Yu Baodong as a member of the Corporate Governance Committee with effect from 5 September 2014.

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

The duties of the Corporate Governance Committee includes:

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

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

iii. reviewing and monitoring the Company and continuous professional development of directors and senior management;

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

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

A meeting has been convened by the Committee during the year 2014 and all current members (namely: Ir. Dr. Ho Chung Tai, Raymond, Mr. Yip Tai Him and Mr. Yeung Man Chung, Charles) had attended the meeting in person. During the meeting, the committee had reviewed and evaluated the effectiveness of (i) the performance of certain policies and practices adopted by the Company, including the whistle-blowing policy, the inside information policy, discloseable transaction policy and the connected transaction policy; and (ii) the board committees, including the audit committee, remuneration committee, nomination committee and strategic planning committee. At such meeting, the Committee also reviewed (i) the policy in relation to the training and continuous professional development of directors and senior management and the trainings/briefings provided to directors in 2014; and (ii) the constitution, authority and responsibilities of the risk committee which mainly deals with the investment proposals and make recommendation to the Board.

COMPLIANCE WITH MODEL CODE

The Board has adopted the model code with terms no less exacting than the required standard as set out in Appendix 10 of the Listing Rules as its own model code of conduct regarding Directors' securities transactions (the "Model Code"). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2014.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of communication with shareholders and has adhered to its established communication policy. The general communication policy includes timely dispatch full and accurate information to shareholders and investment public by announcement, financial reports and circulars through the website of the Stock Exchange and the Company's website; maintain dialogue with shareholders by disclosing the way of communication to the Board and in relation to share registration matters, the contact of the share registrar in Hong Kong; and by convening the general meetings(if any) and annual general meeting. On 23 May 2014, the Company convened an annual general meeting, the Chairman of the Company, the chairmen of the Audit Committee, Nomination Committee and Connected Transaction Committee and members of the Remuneration Committee and Corporate Governance Committee, had attended such meeting to talk to and answer questions raised by the shareholders. Members of the Board and board committees had also attended the extraordinary general meeting of the Company held in October 2014.

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

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

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Enquiries to the Board

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

MAJOR INVESTOR RELATIONS ACTIVITIES

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

In 2014, we launched various non-deal roadshows in Hong Kong, Singapore, Taiwan, the United States, Europe and the Mainland China (such as Beijing, Shanghai and Shenzhen). Since it was a robust year for the photovoltaic industry last year, we made proactive actions in contacting and communicating with the investors community, so that they get to keep abreast of the overall condition of solar industry and various active measures of the Company responding to market changes and effects of those on the industry as a whole to maintain confidence in the future growth of the Company.

Throughout last year, we participated in over 300 investor relations activities including non-deal roadshows, investor seminars and one-on-one meetings. We met over 3,800 investors from more than 400 international institutions by participating in respective roadshows activities arranged by investment banks such as Citigroup, Credit Suisse, Goldman Sachs, Deutsche Bank, BofA Merrill Lynch, and through domestic and overseas investment advisory conferences organized by Morgan Stanley, Credit Suisse, HSBC, Standard Chartered, Macquarie, CLSA Jefferies, Barclays, BOCI, JP Morgan, Daiwa, CICC, Shenyin Wanguo, Sinolink, Guotai Junan, China Merchants, GF Securities, Industrial Securities and Orient Securities.

We also organized a number of site visits in our Open Day in 2014 as we hoped that global investors would learn more about our manufacturing competitive advantages in the solar industry. Representatives from major media groups, research analysts of major investment banks, a number of fund managers and representatives of large investors all over the world were invited to visit our power plants and our polysilicon and wafer manufacturing facilities in the PRC. Through face-to-face meetings with our frontline staff members, media and investors were able to experience our operations and management in an objective manner.

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

The directors of the Company (the "Directors" or the "Board") submit their report together with the audited consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Group are principally engaged in (1) the manufacturing of polysilicon and wafers for the solar industry; (2) the development, investment, management and operation of environmentally friendly power plants and solar projects; and (3) trading of coal. The particulars of the Company's principal subsidiaries, associates and interests in joint ventures are set out in notes 55, 20 and 19 of the consolidated financial statements, respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 67.

The Directors do not recommend the payment of any dividend for 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 the last five financial years is set out on pages 2 to 3.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the issued share capital of the Company during the year are set out in note 41 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at 31 December 2014 amounted to HK$23,567.7 million.

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

BANK BORROWINGS

Particulars of the Group's bank borrowings are set out in note 37 to the consolidated financial statements.

DONATIONS

Donations by the Group for charitable and other purposes as at 31 December 2014 amounted to HK$18.8 million.

DIRECTORS

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

Executive Directors

Mr. Zhu Gongshan *(Chairman and Chief Executive Officer)*
Mr. Ji Jun
Mr. Yu Baodong *(resigned on 5 September 2014)*
Ms. Sun Wei *(resigned on 23 January 2015)*
Mr. Zhu Yufeng
Mr. Yeung Man Chung, Charles *(appointed on 5 September 2014)*
Mr. Zhu Zhanjun *(appointed on 23 January 2015)*

Non-Executive Directors

Mr. Zhang Qing *(resigned on 14 January 2014)*
Mr. Zhou Yuan *(resigned on 14 January 2014)*
Mr. Shu Hua *(re-designated from Executive Director to Non-executive Director on 23 January 2015)*

Independent Non-executive Directors

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

In accordance with Article 86(3) of the Articles of Association of the Company, Mr. Zhu Zhanjun, being a director appointed by the Board on 23 January 2015, will retire and being eligible, offer himself for re-election at the forthcoming annual general meeting.

In accordance with Articles 87(1) and (2) of the Articles of Association of the Company, Mr. Zhu Yufeng, Mr. Shu Hua, and Mr. Yip Tai Him will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

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

DIRECTORS' SERVICES CONTRACTS

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

No Director proposed for re-election at the forthcoming annual general meeting has entered into any service agreements with any member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation. During the year and up to the date of this report, Mr. Shu Hua had entered into a new service contract for a term of three years commencing from 23 January 2015 and Mr. Yip Tai Him had renewed his service for a term of three years commencing from 31 March 2015.

DIRECTORS' INTEREST IN CONTRACTS

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

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

As at 31 December 2014, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules:

Long position in the shares and underlying shares of the Company and the associated company

Name of director/ chief executive	Number of ordinary shares			Number of underlying shares	Total	Approximate percentage of issued share capital of the Company
	Beneficiary of a trust	Corporate interests	Personal interests			
Zhu Gongshan	4,758,843,327 (note 1)	—	—	260,000,000 (note 1)	5,018,843,327	32.40%
Ji Jun	—	—	—	3,700,000	3,700,000 (note 2)	0.02%
Shu Hua	—	—	1,200,000	4,700,000 (note 2)	5,900,000	0.04%
Sun Wei	—	—	5,723,000	4,700,000 (note 2)	10,423,000	0.07%
				24,000,000 (note 3)	24,000,000	n.a.
Zhu Yufeng	4,758,843,327 (note 1)	—	—	262,500,000 (note 4)	5,021,343,327	32.42%
Yeung Man Chung, Charles	—	—	—	12,000,000 (note 3)	12,000,000	n.a.
Yip Tai Him	—	—	—	1,000,000 (note 2)	1,000,000	0.006%
Ho Chung Tai, Raymond	—	—	—	1,000,000 (note 2)	1,000,000	0.006%
Xue Zhongsu	—	—	—	1,000,000 (note 2)	1,000,000	0.006%

Notes:

(1) An aggregate of 4,758,843,327 shares of the Company are collectively held by Highexcel Investments Limited and Happy Genius Holdings Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan) as beneficiaries. Happy Genius Holdings Limited is also interested in a long position of 260,000,000 shares of the Company.

(2) These are share options granted by the Company to the Directors, pursuant to the pre-IPO share option scheme and the share option scheme, both were adopted by the shareholders of the Company on 22 October 2007. Such granted share options can be exercised by the Directors at various intervals during the period from 1 April 2009 to 23 March 2024 at an exercise price of HK$4.10, HK$2.888 or HK$0.59 per share.

(3) These are share options granted by the Company's subsidiary, namely GCL New Energy Holdings Limited. Such granted share options can be exercised by Ms. Sun Wei and Mr. Yeung Man Chung, Charles at the interval between 24 November 2014 and 22 October 2024 at an exercise price of HK$1.1875 per share. Both the number of share options and the exercise price were adjusted with effect from 19 November 2014 after subdivision of shares.

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

Save as disclosed above, as at 31 December 2014, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register that was required to be kept under Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OPTION SCHEMES

(A) Pre-IPO share option scheme

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

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

				Number of options				
Name or category of participant	**Date of grant**	**Exercise period**	**Exercise price per share** HK$	**Outstanding as at 01.01.2014**	**Granted during the year**	**Lapsed or forfeited during the year**	**Exercised during the year**	**Outstanding as at 31.12.2014**
Directors/chief executive								
Ji Jun	13.11.2007	13.11.2010 to 12.11.2017	4.10	1,500,000	—	—	—	1,500,000
Shu Hua	13.11.2007	13.11.2010 to 12.11.2017	4.10	1,500,000	—	—	—	1,500,000
Sun Wei	13.11.2007	13.11.2010 to 12.11.2017	4.10	1,500,000	—	—	—	1,500,000
Non-director employees (in aggregate)	13.11.2007	13.11.2010 to 12.11.2017	4.10	20,560,000	—	—	—	20,560,000
				25,060,000				25,060,000

Notes:

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

(2) Mr Yu Baodong resigned as an executive Director with effect from 5 September 2014. The 1,500,000 outstanding option shares granted to him on 13 November 2007 was re-classified from the category of Directors to the category of employees.

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

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

(B) Share option scheme of the Company

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

During the year, 77,600,000 option shares were granted by the Company, a total of 2,280,000 option shares were lapsed, 5,984,000 option shares were exercised and there were 212,628,000 option shares outstanding as at 31 December 2014.

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

				Number of options				
Name or category of participant	**Date of grant**	**Exercise period**	**Exercise price per share** HK$	**Outstanding as at 01.01.2014**	**Granted during the year**	**Lapsed or forfeited during the year**	**Exercised during the year**	**Outstanding as at 31.12.2014**
Directors/chief executive								
Ji Jun	16.02.2009	01.04.2009 to 15.02.2019	0.59	1,500,000	—	—	—	1,500,000
	24.03.2014	26.05.2014 to 23.03.2024	2.888	—	700,000	—	—	700,000
Shu Hua	16.02.2009	01.04.2009 to 15.02.2019	0.59	1,500,000	—	—	—	1,500,000
	24.03.2014	26.05.2014 to 23.03.2024	2.888	—	1,700,000	—	—	1,700,000
Sun Wei	16.02.2009	01.04.2009 to 15.02.2019	0.59	1,500,000	—	—	—	1,500,000
	24.03.2014	26.05.2014 to 23.03.2024	2.888	—	1,700,000	—	—	1,700,000
Zhu Yufeng	16.02.2009	01.04.2009 to 15.02.2019	0.59	1,000,000	—	—	—	1,000,000
	24.03.2014	26.05.2014 to 23.03.2024	2.888	—	1,500,000	—	—	1,500,000
Yip Tai Him	15.07.2011	01.09.2011 to 14.07.2021	4.10	500,000	—	—	—	500,000
	24.03.2014	26.05.2014 to 23.03.2024	2.888	—	500,000	—	—	500,000
Ho Chung Tai, Raymond	15.07.2011	01.09.2011 to 14.07.2021	4.10	500,000	—	—	—	500,000
	24.03.2014	26.05.2014 to 23.03.2024	2.888	—	500,000	—	—	500,000
Xue Zhongsu	15.07.2011	01.09.2011 to 14.07.2021	4.10	500,000	—	—	—	500,000
	24.03.2014	26.05.2014 to 23.03.2024	2.888	—	500,000	—	—	500,000
Non-director employees								
(in aggregate)	16.02.2009	01.04.2009 to 15.02.2019	0.59	8,841,000[c]	—	—	(890,000)	7,951,000 (note 1)
	24.04.2009	01.05.2009 to 23.04.2019	1.054	1,248,000	—	—	(246,000)	1,002,000
	12.01.2011	01.03.2011 to 11.01.2021	3.32	15,000,000	—	—	—	15,000,000
	15.07.2011	01.09.2011 to 14.07.2021	4.10	69,200,000[c]	—	(1,800,000)	—	67,400,000 (note 2)
	05.07.2013	16.09.2013 to 04.07.2023	1.642	42,003,000	—	(480,000)	(4,848,000)	36,675,000
	24.03.2014	26.05.2014 to 23.03.2024	2.888	—	70,500,000[c]	—	—	70,500,000
				143,292,000	77,600,000	(2,280,000)	(5,984,000)	212,628,000

Notes:

a. The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised during the year ended 31 December 2014:

Date of Grant	No. of options exercised	Exercise price per share (HK$)	Weighted average closing price (HK$)
16.02.2009	890,000	0.59	2.91
24.04.2009	246,000	1.054	2.75
05.07.2013	4,848,000	1.642	2.82

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

c. Mr. Qian Zhixin, who was entitled to 500,000 option shares (granted on 15 July 2011 and with an exercise price of HK$4.10 per share), resigned as an independent non-executive Director of the Company with effect from 8 January 2014. His entitlement was re-classified to the category of "Non-director employees" under the the column of the "outstanding share options as at 1 January 2014".

Mr. Yu Baodong, who was entitled to 3,200,000 option shares (1,500,000 option shares granted on 16 February 2009 and with an exercise price of HK$0.59 per share, and 1,700,000 option shares granted on 24 March 2014 and with an exercise price of HK$2.888 per share), resigned as an executive Director of the Company with effect from 5 September 2014. His entitlement was re-classified to the category "Non-director employees" under the columns of "outstanding share options as at 1 January 2014" and "granted during the year", respectively.

(c) Share option scheme of a subsidiary

GCL New Energy Holdings Limited ("GNE"), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 451), in which the Company indirectly owned an 62.28% interest as at 31 December 2014, is a subsidiary of the Company.

Pursuant to an ordinary resolution passed by the shareholders of GNE at the annual general meeting held on 23 February 2005, GNE had adopted a share option scheme (the "GNE 2005 Share Option Scheme"). The GNE 2005 Share Option Scheme would remain in force for a period of 10 years from the date of its adoption and was expired on 22 February 2015. No option has been granted under the GNE 2005 Share Option Scheme since its adoption.

GNE adopted a new share option scheme (the "GNE 2014 Share Option Scheme") on 15 October 2014 after (i) the shareholders of GNE and the Company approved the adoption of the GNE 2014 Share Option Scheme at a special general meeting and at an extraordinary general meeting, respectively, held on 15 October 2014; and (ii) the granting of approval for the listing of, and permission to deal in, the shares of GNE which may be issued upon the exercise of the options which may be granted under the GNE 2014 Share Option Scheme by the Stock Exchange.

On 23 October 2014, GNE granted 134,210,000 share options with an exercise price of HK$4.75 per share under the GNE 2014 Share Option Scheme, which was adjusted to 536,840,000 share options with an exercise price of HK$1.1875 per share with effect from 19 November 2014 as a result of the subdivision of shares. Out of which, 36,000,000 share options (as adjusted) were granted to the following directors of the Company. During the year, no option was exercised, lapsed nor cancelled.

Name or category of participant	Date of grant	Exercise period	Exercise price per share HK$	Number of options: Outstanding as at 01.01.2014	Granted during the year	Lapsed or forfeited during the year	Exercised during the year	Outstanding as at 31.12.2014
Directors/chief executive								
Sun Wei	23.10.2014	24.11.2014 to 22.10.2024	1.1875	—	24,000,000	—	—	24,000,000
Yeung Man Chung, Charles	23.10.2014	24.11.2014 to 22.10.2024	1.1875	—	12,000,000	—	—	12,000,000
Other directors of GNE and employees of GNE	23.10.2014	24.11.2014 to 22.10.2024	1.1875	—	500,840,000	—	—	500,840,000

Please refer to the 2014 annual report of GNE under the section "Report of Directors" with the heading "Share Option Schemes" for the details of the share option schemes and the movements of options granted thereunder during the year.

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

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO:

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

Name	Note	Capacity/nature of interest	Number of ordinary shares/ underlying shares	Approximate percentage of issued share capital of the Company
Asia Pacific Energy Fund Limited	1	Interest in a controlled corporation	5,018,843,327	32.40%
PAG Holdings Limited	2	Interest in a controlled corporation	826,184,281	5.33%
JP Morgan Chase & Co.	3	Beneficial owner, investment manager, custodian corporation/ approved lending agent	1,247,871,064	8.06%

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

Name	Note	Capacity/nature of interest	Number of ordinary shares/ underlying shares	Approximate percentage of issued share capital of the Company
PAG Holdings Limited	2	Interest in a controlled corporation	260,000,000	1.68%
JP Morgan Chase & Co.	3	Beneficial owner	29,534,529	0.19%

Notes:

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

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

(3) JP Morgan Chase & Co. disclosed that as at 12 December 2014, it had long positions in 1,247,871,064 shares of the Company, out of which 33,697,102 shares were held as beneficial owner, 5,424,000 shares were held as investment manager, 117,000 shares were held as trustee and 1,208,632,962 shares were held as custodian corporation/approved lending agent, respectively.

(4) The total number of ordinary shares of the Company in issue as at 31 December 2014 is 15,489,207,268.

Save as disclosed aforesaid, so far as is known to any Directors or chief executive of the Company, as at 31 December 2014, no other persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO.

CONTINUING CONNECTED TRANSACTIONS

The INEDs of the Company, have reviewed and confirmed that the continuing connected transactions for the year ended 31 December 2014 were entered into:

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

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

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

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditor of the Company to conduct certain procedures in respect of the continuing connected transactions of the Group in accordance with the Hong Kong Standard on Assurance Engagement 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 confirmed to the Board in writing that for the year ended 31 December 2014, the continuing connected transactions, which were entered into,:

1. have received the approval of the Board;

2. have been in accordance with the pricing policies of the Company for transactions involving the provision of goods or services;

3. have been in accordance with the relevant agreement governing such transactions; and

4. have not exceeded the relevant announced cap amounts for the financial year ended 31 December 2014.

Details of the continuing connected transactions of the Company for the year ended 31 December 2014 are as follows:

(1) Supply of coal

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

南京協鑫生活污泥發電有限公司 Nanjing Xiexin Life Sludge Power Co., Ltd.* ("Nanjing Cogeneration Plant") and 蘭溪協鑫環保熱電有限公司 Lanxi Golden Concord Environmental Protection Cogen-Power Co., Ltd.* ("Lanxi Cogeneration Plant") are wholly-owned by a trust of which Mr. Zhu Gongshan, Mr. Zhu Yufeng (the son of Mr. Zhu Gongshan, both of them are executive directors of the Company) and their family (the "Zhu Family Trust") are beneficiaries. 徐州金山橋熱電有限公司 Xuzhou Jinshanqiao Cogeneration Co., Ltd.* ("Jinshanqiao Cogeneration Plant"), a company which was then controlled by Mr. Zhu Yufeng (a Director of the Company), has transferred to and entirely owned by Zhu Family Trust since May 2012 and then transferred to a company which is entirely owned by Mr. Zhu Gongshan since December 2014. Thus Nanjing Cogeneration Plant, Lanxi Cogeneration Plant and Jinshanqiao Cogeneration Plant are associates of Mr. Zhu Gongshan and/or Mr. Zhu Yufeng, and therefore are connected persons of the Company under Chapter 14A of the Listing Rules.

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

On 10 June 2011, GCL-Poly Fuel Company also entered into an agreement ("Previous Jinshanqiao Coal Sale Agreement") with Jinshanqiao Cogeneration Plant to supply coal to Jinshanqiao Cogeneration Plant for the period from 1 July 2011 to 30 June 2014. The coal price (inclusive of tax and delivery charge) for July 2011 was RMB750/tonne for coal at a net calorific value of 5,000 kcal/kg, subject to adjustment.

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

As the Previous Nanjing Coal Sale Agreement, Previous Lanxi Coal Sale Agreement and Previous Jinshanqiao Coal Sale Agreement were all expired on 30 June 2014, GCL-Poly Fuel Company and GCL-Poly Limited (also a wholly-owned subsidiary of the Company) entered into the New Nanjing Framework Agreement with Nanjing Cogeneration Plant and the New Lanxi Framework Agreement with Lanxi Cogeneration Plant for the supply of coal by GCL-Poly Fuel Company and GCL-Poly Limited for a term of three years commencing from 1 July 2014 and ending on 30 June 2017 on the terms and conditions set out in such new agreements. The coal price (inclusive of tax and delivery charge) for July 2014 for Nanjing Cogeneration Plant and Lanxi Cogeneration Plant is RMB560/tonne and RMB635/tonne, respectively, for coal at a net calorific value of 5,000 kcal/kg. Any adjustment thereafter to the coal price shall be confirmed by the contractual parties and the actual volume is to be determined by the contractual parties based on actual purchase orders to be made to GCL-Poly Fuel Company. Payment for each purchase shall be made in advance in cash. An announcement of the Company dated 24 June 2014 setting out the details of such new agreements was published by the Company.

The amount of coal sale for the year ended 31 December 2014 and the annual caps for the year ended 31 December 2014 in respect of the Previous Nanjing Coal Sale Agreement, the Previous Lanxi Coal Sale Agreement, the Previous Jinshanqiao Coal Sale Agreement, the New Nanjing Framework Agreement and the New Lanxi Framework Agreement were as follows:

Agreement	**Transaction amount for the year ended 31 December 2014** (RMB)	**Annual Cap for the year ended 31 December 2014** (RMB)
Previous Nanjing Coal Sale Agreement	87,783,000#	100,800,000#
Previous Lanxi Coal Sale Agreement	50,345,000#	50,400,000#
Previous Jinshanqiao Coal Sale Agreement	46,691,000#	335,420,000#
New Nanjing Coal Sale Agreement	81,096,000##	88,600,000##
New Lanxi Coal Sale Agreement	72,546,000##	76,800,000##

Notes:

for the period from 1 January 2014 to 30 June 2014

for the period from 1 July 2014 to 31 December 2014

(2) Steam supply

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

On 18 October 2013, Jiangsu Zhongneng entered into an agreement ("Previous JZ Steam Supply Agreement") with 徐州金山橋熱電有限公司 Xuzhou Jinshanqiao Cogeneration Co., Ltd.* ("Jinshanqiao Cogeneration Plant") to purchase steam from Jinshanqiao Cogeneration Plant for one year commencing from 1 November 2013 to 31 October 2014. Pursuant to the Previous JZ Steam Supply Agreement, Jinshanqiao Cogeneration Plant agreed to supply, and Jiangsu Zhongneng agreed to purchase, steam with pressure of 0.8 Mpa and 3.8 Mpa at RMB165 per tonne and RMB215 per tonne, respectively, and will be payable monthly in arrears based on the amount of steam utilised by Jiangsu Zhongneng in the relevant month. As mentioned in paragraph (1) above, Jinshanqiao Cogeneration Plant is a connected person of the Company. Details of the Previous JZ Steam Supply Agreement were disclosed in the announcement of the Company dated 18 October 2013.

As the Previous JZ Steam Supply Agreement was expired on 31 October 2014, Jiangsu Zhongneng entered into a new agreement (the "New JZ Agreement") date 10 October 2014 with Jinshanqiao Cogeneration Plant, pursuant to which Jinshanqiao Cogeneration Plant agreed to supply, steam with pressure of 0.8 Mpa and 3.8 Mpa at a price of RMB165 per tonne and RMB215 per tonne respectively, to Jiangsu Zhongneng for one year, commencing from 1 November 2014. The steam price will be payable monthly in arrears based on the amount of steam utilized by Jiangsu Zhongneng. An announcement of the Company dated 10 October 2014 setting out the details of the New JZ Agreement was published by the Company.

The transaction amounts and the annual caps for the year ended 31 December 2014 under the Previous JZ Steam Supply Agreement and the New JZ Agreement were as follows:

	Transaction amount for the year ended 31 December 2014 (RMB)	**Annual cap for the year ended 31 December 2014** (RMB)
Previous JZ Steam Supply Agreement	733,594,000#	858,840,000#
New JZ Agreement	149,340,000##	180,190,000##

Notes:

for the period from 1 January 2014 to 31 October 2014

for the period from 1 November 2014 to 31 December 2014

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

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

As the Previous GCL Steam Supply Agreement was expired on 31 October 2014, Jiangsu GCL entered into a new agreement (the "New GCL Agreement") dated 10 October 2014 with Jinshanqiao Cogeneration Plant, pursuant to which Jinshanqiao Cogeneration Plant agreed to supply, steam with pressure of 0.6–0.8 Mpa at a price of RMB180 per tonne, to Jiangsu GCL for one year, commencing from 1 November 2014. The steam price will be payable monthly in arrears based on the amount of steam utilized by Jiangsu GCL. An announcement of the Company dated 10 October 2014 setting out the details of the New GCL Agreement was published by the Company.

Note: * English name for identification only

The transaction amount and the annual caps for the year ended 31 December 2014 under the Previous GCL Steam Supply Agreement and New GCL Agreement were as follows:

	Transaction amount for the year ended 31 December 2014 (RMB)	Annual cap for the year ended 31 December 2014 (RMB)
Previous GCL Steam Supply Agreement	5,091,000#	13,385,000#
New GCL Agreement	908,000##	2,160,000##

Notes:

for the period from 1 January 2014 to 31 October 2014

for the period from 1 November 2014 to 31 December 2014

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

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

On 18 September 2013, the Company (as borrower) entered into a facility agreement (the "Facility I Agreement") with China Development Bank Corporation Hong Kong Branch (the "Bank", as lender) in relation to the provision to the Company of a US$480 million (the "Facility I") with a term of three years.

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

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

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

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

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

Names of the Company's Directors	Name of company in which the relevant Director has interest	Approved installed capacity (MW)	Principal activities of the competing company	% interest in competing company
(i) Mr. Zhu Gongshan	Golden Concord Electric-Power Generation Co., Ltd.*	4x300	Operation of a power plant in Taicang, Jiangsu, the PRC	72% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Nanjing Xiexin Domestic Sludge Power Co., Ltd.*	2x48	Operation of a cogeneration plant in Nanjing, the PRC	100% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Guohua Taicang Power Plant	2x600	Operation of a power plant in Taicang, Jiangsu, the PRC	An effective interest of 36% is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Lanxi Xiexin Environmental Cogeneration Co., Ltd.*	1x15 1x6	Operation of a cogeneration plant in Lanxi, Jiangsu Province, the PRC	100% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Xuzhou Jinshanqiao Cogeneration Co., Ltd.*	1x15 2x15	Operation of a cogeneration plant in Xuzhou, Jiangsu, the PRC	100% interest is held by a company controlled by Mr. Zhu Gongshan
	Guangzhou GCL Blue Sky Gas Turbine Cogeneration Co., Ltd.*	2x180	The cogeneration power plant, located in Guangzhou, the PRC, is in the construction stage	100% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries

Names of the Company's Directors	Name of company in which the relevant Director has interest	Approved installed capacity (MW)	Principal activities of the competing company	% interest in competing company
	Lianyungang Baoxin Biomass Cogeneration Co., Ltd.	—	Operation of steam generation	Mr. Zhu Gongshan owns 100% interest
	Kailuan GCL Power Generation Co. Ltd.*	2x300	The coal fired power plant in Tangshan City, Hebei, the PRC is in the construction stage	An effective interest of 36% is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Shanxi GCL (Luan) Electric Co., Ltd.*	3x1,000	The coal fired power project in Zhangzhi City, Shanxi, the PRC. The project is in the pre-development and pre-construction stage	An effective interest of 51.84% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Binhai coal fired power project	2x1,000	Development of a coal fired power project in Binhai, Jiangsu, the PRC. It is in the pre-development and pre-construction stage	Initially planned about 31.75% interest to be held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	PT GCL EEI (Pangkalan Bun) Energy	2x60	Development of a coal fired power project in Pangkalan Bun, Indonesia	Approximately 60.8% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Xinjiang Guoxin Coal Power Energy Co., Ltd.*	2x660	The coal fired power project in Changji Zhou, Xinjiang, the PRC, is in the construction stage	An effective interest of 36% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Datang Quanzhou New Energy Co., Ltd.*	50	The wind power project in Guilin, Guangxi, the PRC, is in the pre-construction stage	An effective interest of 51.84% is held by a trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Datang Yongzhou New Energy Co., Ltd.*	49.9	The wind power project in Yongzhou, Hunan, the PRC, is in the pre-construction stage	An effective interest of 51.84% is held by a trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
(ii) Mr. Zhu Yufeng	Golden Concord Electric-Power Generation Co., Ltd.*	4x300	Operation of a power plant in Taicang, Jiangsu, the PRC	72% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Nanjing Xiexin Domestic Sludge Power Co., Ltd.*	2x48	Operation of a cogeneration plant in Nanjing, the PRC	100% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and Mr. Zhu Yufeng are among the beneficiaries

Names of the Company's Directors	Name of company in which the relevant Director has interest	Approved installed capacity (MW)	Principal activities of the competing company	% interest in competing company
	Lanxi Xiexin Environmental Cogeneration Co., Ltd.*	1x15 1x6	Operation of the cogeneration power plant in Lanxi, Jiangsu Province, the PRC	100% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Guohua Taicang Power Plant	2x600	Operation of a power plant in Taicang, Jiangsu, the PRC	An effective interest of 36% is held by a trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Guangzhou GCL Blue Sky Gas Turbine Cogeneration Co., Ltd.*	2x180	The cogeneration power plant, located in Guangzhou, the PRC, is in the construction stage	100% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Kailuan GCL Power Generation Co. Ltd.*	2x300	The coal fired power project in Tangshan City, Hebei, the PRC is in the construction stage	An effective interest of 36% is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Shanxi GCL (Luan) Electric Co., Ltd.*	3x1,000	The coal fired power project in Zhangzhi City, Shanxi, the PRC. The project is in the pre-development and pre-construction stage	An effective interest of 51.84% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Binhai coal fired power project	2x1,000	Development of a coal fired power project in Binhai, Jiangsu, the PRC. It is in the pre-development and pre-construction stage	Initially planned about 31.75% interest to be held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Xiaojinxian Jitai Power Investment Co., Ltd.	2x8 1x4	Operation of the hydro-power station in Sichuan, the PRC	Mr. Zhu Yufeng, through companies controlled by him, holds 49% interest
	Xilingol Zhongneng Silicon Co., Ltd.*	—	Ingot Plant is in the construction stage	Mr. Zhu Yufeng, through companies controlled by him, holds 70% interest
	PT GCL EEI (Pangkalan Bun) Energy	2x60	Development of a coal fired power plant in Pangkalan Bun, Indonesia	Approximately 60.8% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Xinjiang Guoxin Coal Power Energy Co., Ltd.*	2x660	The coal fired power project in Changji Zhou, Xinjiang, the PRC, is in the construction stage	An effective interest of 36% interest is held by a discretionary trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries

Names of the Company's Directors	Name of company in which the relevant Director has interest	Approved installed capacity (MW)	Principal activities of the competing company	% interest in competing company
	Datang Quanzhou New Energy Co., Ltd.*	50	The wind power project in Guilin, Guangxi, the PRC, is in the pre-construction stage	An effective interest of 51.84% is held by a trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries
	Datang Yongzhou New Energy co., Ltd.*	49.9	The wind power project in Yongzhou, Hunan, the PRC, is in the pre-construction stage	An effective interest of 51.84% is held by a trust, of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng) are beneficiaries

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

Note: * English name for identification only

DEED OF NON-COMPETITION

Further to the establishment of, and review conducted by, the independent committee of the board ("IBC") in 2013, findings of which were announced on 4 October 2013 and 26 November 2013 respectively, a third announcement was made in respect of certain further findings and suggestions by the IBC on 20 March 2014 (the "March Announcement"). The Board is pleased to report that the following steps have been taken to implement the suggestions made by the IBC in the March Announcement:

1. The Company has entered into a deed of amendment dated 27 March 2014 (the "NCD Amendment Deed") with Mr. Zhu Gongshan, Mr. Zhu Yufeng and Highexcel Investments Limited (collectively the "Covenantors") to amend the terms of the deed of non-competition dated 27 October 2007 (the "NCD") entered into between the Company and the Covenantors so as to conform the terms of the NCD with the terms of the non-competition undertakings given by the Covenantors in favour of the Company in connection with the Company's listing in November 2007 as described in the prospectus issued by the Company on 31 October 2007.

2. The Company has amended its internal non-competition procedures to reflect the terms of the NCD, as amended by the NCD Amendment Deed.

3. The Company understands from Mr. Zhu Gongshan and Mr. Zhu Yufeng ("Messrs. Zhu") that they have divested their interests in the Dongwu Cogeneration Plant to 蘇州恒能投資有限公司 (Suzhou Hengneng Investment Co., Ltd.), an independent third party.

As part of the restructure exercise of Mr. Zhu Gongshan's family businesses, the Company was informed that on 3 December 2014, the entire equity interest in Jinshanqiao Cogeneration Plant was transferred by Zhu Family Trust (a discretionary trust of which Mr. Zhu Gongshan and his family are beneficiaries) to 徐州順力電力投資有限公司 (Xuzhou Shunli Power Investment Limited Company, "Xuzhou Shunli"), a company indirectly owned and controlled by Mr. Zhu Gongshang.

Since the date of the 20 March 2014 Announcement, and to resolve the inconsistency of Messrs. Zhu's interests (the "Interests") in the Jinshanqiao Cogeneration Plant and (before it is disposed of) the Dongwu Cogeneration Plant (collectively, the "Cogeneration Plants") and the undertakings contained in the NCD and the Amended NCD, the Company appointed Optima Capital Limited ("Optima Capital") as its independent financial adviser to advise the IBC as to whether the Company had suffered any economic loss or other damage by reason of the Interests. The Company also appointed Herbert Smith Freehills as its external legal counsel to advise the Company of any potential claims against the Covenantors and to assess the appropriateness of reaching a settlement with the Covenantors in relation to any such claims.

The Company and the IBC have received advice from Optima Capital, confirming that, based on the information available to the Company provided to Optima Capital, the only readily quantifiable economic loss suffered by the Company by reason of Messrs. Zhu's acquisition of their Interests is the total of all profits derived from the Interests, including in particular all profits of the respective holding companies of the Cogeneration Plants already paid, accrued or accruing and payable to Messrs. Zhu, as calculated by Optima Capital. The Company and the IBC have also received advice from the external legal counsel that, based on the review undertaken by them, the only tangible claim of the Company appears to be a claim against Messrs. Zhu for an account of the profits which they have earned from their beneficial interests in the Cogeneration Plants.

Having considered the advice from the Company's legal and financial advisers, the Board has, in consultation with the IBC, resolved that it would not be in the interest of the Company and its shareholders for the Company to pursue the possible claims against Messrs. Zhu in relation to the Interests because of the risks associated with litigation, the resources to be deployed for the purpose of such litigation and the resulting diversion of resources from the Company's business, as well as the tension to the operation and business of the Company that would arise from a litigation between the Company and its major shareholders and directors. The Board, in consultation with the IBC, therefore considered that a proposed settlement with the Covenantors (the "Proposed Settlement") would be an expedient and cost-effective way to resolve the possible claims against Messrs. Zhu and would be in the interest of the Company and its shareholders as a whole.

On the basis of the above, the Company and the Covenantors entered into a conditional settlement deed dated 25 March 2015 (the "Conditional Settlement Date"), under which the parties agreed, among other things, that the Company and Mr. Zhu Gongshan shall, as soon as practicable after the date of the Conditional Settlement Deed and by no later than three months or, at the sole discretion of the Company, a further three months immediately after the date of the Conditional Settlement Deed, enter into good faith negotiations to settle the terms of, and, if the terms are agreed upon, enter into, a definitive transfer deed (the "Definitive Transfer Deed") to provide for the acquisition by the Company (or its designated subsidiary(ies)) from Mr. Zhu Gongshan of all the issued shares in the ultimate holding company of Xuzhou Shunli for nil consideration and in accordance with the terms and conditions set out in the Definitive Transfer Deed. Subject to and conditional upon the satisfaction of the conditions to the Proposed Settlement as set out in the Conditional Settlement Deed, the Covenantors will be fully and finally discharged and released from all and any possible claims against them.

Further details about the Conditional Settlement Deed are set out in the Company's announcement dated 25 March 2015. The Company will also make further announcement(s) to inform shareholders and potential investors if and when the Definitive Transfer Deed is entered into pursuant to the requirements under all applicable laws and the Listing Rules.

A meeting was held in December 2014 and attended by all the three INEDs to review the business portfolios of the Covenantors which are deemed to have competition with the business of the Group (which is listed under the section headed "Directors' Interests in Competing Business" of this report) and noted that under the NCD (as amended by the NCD Amendment Deed), the Company is entitled to a right to acquire such business portfolios. Full information on the status of operation or development, shareholders and financial position of each of the projects under the business portfolios was provided by the Covenantors to the INEDs for their review and consideration.

Subject to the Proposed Settlement as mentioned above, the Covenantors have provided confirmations to the Company that they have complied with the NCD (as amended by the NCD Amendment Deed) and provided all information necessary for the updating of the INEDs in relation to the business portfolios and the INEDs confirmed that the NCD (as amended by the NCD Amendment Deed) has been complied with.

EMOLUMENT POLICY

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

The Company has adopted a Pre-IPO Share Option Scheme and a Share Option Scheme as an incentive to Directors and eligible employees, details of the schemes are set out under the section headed "Pre-IPO Share Option Scheme" and "Share Option Scheme" in this report and in note 51 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

In 2014, the Group's largest supplier accounted for 22% of total purchases. The five largest suppliers accounted for 47% of the Group's total purchases, evidencing the purchasing department's commitment to ensuring that the Group is not dependent on any one supplier, and that our purchases are at fair market terms.

The Group's largest customer accounted for 12% of our revenue for the year 2014. In 2014, the Group's five largest customers accounted for 34% of our revenue. To the best knowledge of the Directors, there is no Directors or any of their associates or any shareholder who holds more than 5% of the ordinary shares of the Company has any interests in the suppliers or customers disclosed above.

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

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

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in normal course of business are set out in note 54 to the consolidated financial statements. All related party transactions were constituted connected transactions/continuing connected transactions under the Listing Rules and that they have complied with the disclosure requirements in accordance with chapter 14A of the Listing Rules.

PUBLIC FLOAT

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

WAIVER OF EMOLUMENT

Mr. Shu Hua, who has been re-designated as a non-executive Director from an executive Director with effect from 23 January 2015, is entitled to an annual director's fee of HK$500,000. Mr. Shu had notified the Company that he would waive such annual director's fee with effect from 23 January 2015 until further notice.

CHANGES IN INFORMATION ON DIRECTORS

Pursuant to Rule 13.51(B) of the Listing Rules, changes in certain information on Directors is required to be disclosed and is set out below:

(i) Director's emoluments

The board of Directors and the remuneration committee of the Company had reviewed and approved an increase in the annual fees of the INEDs and the annual base salary of an executive Director, respectively, as follows:

Name of Director	Capacity	Revised annual base salary/ Annual Director's fee (HK$)	Effective Date
Yeung Man Chung, Charles	Executive Director and CFO	4,600,000 (previously: 3,500,000)	1 December 2014
Ho Chung Tai, Raymond	Independent Non-executive Director	410,400 (previously: 380,000)	1 March 2015
Yip Tai Him	Independent Non-executive Director	324,000 (previously: 300,000)	1 March 2015
Xue Zhongsu	Independent Non-executive Director	194,400 (previously: 180,000)	1 March 2015

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

AUDITOR

The consolidated financial statements for the year ended 31 December 2014 have been audited by Messrs. Deloitte Touche Tohmatsu who will retire on conclusion of the forthcoming annual general meeting. A resolution for re-appointment of Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting.

EVENTS AFTER REPORTING PERIOD

Details of the events after reporting period of the Group are set out in the note 52 to the consolidated financial statements.

On behalf of the Board
Zhu Gongshan
Chairman

Hong Kong, 26 March 2015

Deloitte.
德勤

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

We have audited the consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 67 to 195, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Revenue	6	**37,224,721**	25,530,002
Cost of sales		**(29,574,117)**	(22,490,373)
Gross profit		**7,650,604**	3,039,629
Other income	7	**1,316,099**	965,126
Distribution and selling expenses		**(91,980)**	(42,148)
Administrative expenses		**(2,492,900)**	(1,785,594)
Finance costs	8	**(3,033,579)**	(2,415,617)
Other expenses, gains and losses	9	**(601,211)**	(457,724)
Share of profits (losses) of joint ventures	19	**7,172**	(5,253)
Share of profits of associates	20	**40,513**	21,370
Gain on disposal of an associate		**—**	424,498
Profit (loss) before tax		**2,794,718**	(255,713)
Income tax expense	10	**(639,321)**	(190,092)
Profit (loss) for the year	11	**2,155,397**	(445,805)
Other comprehensive (expense) income, net of income tax			
Item that will not be reclassified to profit or loss:			
Exchange differences arising from translation to presentation currency		**(51,408)**	558,293
Item that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investment		**—**	63,234
Item that is reclassified to profit or loss:			
Realisation of fair value change of available-for-sale investment upon disposal		**(63,234)**	—
Total comprehensive income for the year		**2,040,755**	175,722
Profit (loss) for the year attributable to:			
Owners of the Company		**1,955,049**	(664,263)
Non-controlling interests		**200,348**	218,458
		2,155,397	(445,805)
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,842,550**	(95,414)
Non-controlling interests		**198,205**	271,136
		2,040,755	175,722
		HK cents	HK cents
Earnings (loss) per share	14		
Basic		**12.62**	(4.29)
Diluted		**12.60**	(4.29)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**50,611,803**	43,995,130
Prepaid lease payments	16	**1,773,240**	1,811,084
Goodwill	17	**633,615**	652,326
Other intangible assets	18	**172,834**	200,683
Interests in joint ventures	19	**310,191**	341,362
Interests in associates	20	**252,033**	194,673
Held-to-maturity investment	21	**15,306**	—
Available-for-sale investment	22	**—**	291,818
Convertible bonds receivable	23	**174,841**	246,426
Deferred tax assets	24	**94,173**	15,541
Deposits, prepayment and other non-current assets		**1,461,052**	673,697
Amount due from a related company	28	**27,296**	—
Pledged and restricted bank deposits	31	**158,183**	162,509
		55,684,567	48,585,249
CURRENT ASSETS			
Inventories	25	**2,695,748**	1,656,867
Project assets	26	**418,106**	804,720
Trade and other receivables	27	**13,658,345**	11,057,441
Amounts due from related companies	28	**125,033**	118,946
Loan to a related company	29	**—**	66,949
Prepaid lease payments	16	**41,149**	42,653
Tax recoverable		**20,989**	48,282
Held for trading investment	30	**21,750**	12,470
Pledged and restricted bank deposits	31	**11,809,191**	8,080,217
Bank balances and cash	31	**5,528,957**	6,168,814
		34,319,268	28,057,359
CURRENT LIABILITIES			
Trade and other payables	32	**20,832,540**	13,737,306
Amounts due to related companies	33	**734,786**	734,880
Loan from a related company	34	**12,900**	—
Advances from customers	35	**973,473**	955,402
Bank borrowings — due within one year	37	**21,951,325**	24,915,536
Obligations under finance leases — due within one year	38	**931,826**	654,197
Notes payables — due within one year	39	**2,278,404**	761,330
Deferred income		**122,340**	121,066
Tax payables		**234,391**	165,185
		48,071,985	42,044,902
NET CURRENT LIABILITIES		**(13,752,717)**	(13,987,543)
TOTAL ASSETS LESS CURRENT LIABILITIES		**41,931,850**	34,597,706

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT LIABILITIES			
Advances from customers	35	**646,954**	1,093,415
Bank borrowings — due after one year	37	**14,254,302**	8,340,370
Obligations under finance leases — due after one year	38	**1,206,002**	1,416,322
Notes payables — due after one year	39	**1,890,330**	3,161,449
Convertible bonds payable	40	**1,443,088**	1,542,012
Deferred income		**603,514**	620,847
Deferred tax liabilities	24	**524,475**	418,205
		20,568,665	16,592,620
NET ASSETS		**21,363,185**	18,005,086
CAPITAL AND RESERVES			
Share capital	41	**1,548,920**	1,548,322
Reserves		**16,856,704**	14,597,738
Equity attributable to owners of the Company		**18,405,624**	16,146,060
Non-controlling interests		**2,957,561**	1,859,026
TOTAL EQUITY		**21,363,185**	18,005,086

The consolidated financial statements on pages 67 to 195 were approved and authorised for issue by the Board of Directors on 26 March 2015 and are signed on its behalf by:

Zhu Gongshan	**Yeung Man Chung, Charles**
DIRECTOR	*DIRECTOR*

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	Other reserve HK$'000 (Note i)	Capital reserve HK$'000 (Note ii)	Statutory reserve fund HK$'000 (Note iii)	Special reserves HK$'000 (Note iv)	Share options reserve HK$'000	Revaluation reserve HK$'000	Translation reserve HK$'000	Accumulated profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013	1,547,607	6,915,309	2,430,010	62,470	1,655,427	(2,680,931)	142,048	—	1,311,775	4,826,312	16,210,027	1,560,433	17,770,460
Exchange differences arising from translation to presentation currency	—	—	—	—	—	—	—	—	505,615	—	505,615	52,678	558,293
Fair value change of available-for-sale investment	—	—	—	—	—	—	—	63,234	—	—	63,234	—	63,234
(Loss) profit for the year	—	—	—	—	—	—	—	—	—	(664,263)	(664,263)	218,458	(445,805)
Total comprehensive income (expense) for the year	—	—	—	—	—	—	—	63,234	505,615	(664,263)	(95,414)	271,136	175,722
Recognition of share-based payment expenses in respect of share options (note 51)	—	—	—	—	—	—	25,943	—	—	—	25,943	—	25,943
Exercise of share options	715	6,942	—	—	—	—	(2,153)	—	—	—	5,504	—	5,504
Forfeitures of share options	—	—	(1,601)	—	—	—	(17,823)	—	—	19,424	—	—	—
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	125,418	125,418
Acquisition of a subsidiary (note 42)	—	—	—	—	—	—	—	—	—	—	—	3,063	3,063
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(101,024)	(101,024)
Transfer to reserves	—	—	—	—	102,877	—	—	—	—	(102,877)	—	—	—
At 31 December 2013	1,548,322	6,922,251	2,428,409	62,470	1,758,304	(2,680,931)	148,015	63,234	1,817,390	4,078,596	16,146,060	1,859,026	18,005,086
Exchange differences arising from translation to presentation currency	—	—	—	—	—	—	—	—	(49,265)	—	(49,265)	(2,143)	(51,408)
Realisation of fair value change of available-for-sale investment upon disposal	—	—	—	—	—	—	—	(63,234)	—	—	(63,234)	—	(63,234)
Profit for the year	—	—	—	—	—	—	—	—	—	1,955,049	1,955,049	200,348	2,155,397
Total comprehensive (expense) income for the year	—	—	—	—	—	—	—	(63,234)	(49,265)	1,955,049	1,842,550	198,205	2,040,755
Recognition of share-based payment expenses in respect of share options (note 51)	—	—	—	—	—	—	69,480	—	—	—	69,480	91,888	161,368
Exercise of share options	598	12,199	—	—	—	—	(4,048)	—	—	—	8,749	—	8,749
Forfeitures of share options	—	—	—	—	—	—	(2,254)	—	—	2,254	—	—	—
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	504	504
Acquisitions of subsidiaries (note 42)	—	—	—	—	—	—	—	—	—	—	—	677,959	677,959
Deemed partial disposal in subsidiaries (Note i)	—	—	338,785	—	—	—	—	—	—	—	338,785	396,898	735,683
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(266,919)	(266,919)
Transfer to reserves	—	—	—	—	135,095	—	—	—	—	(135,095)	—	—	—
At 31 December 2014	1,548,920	6,934,450	2,767,194	62,470	1,893,399	(2,680,931)	211,193	—	1,768,125	5,900,804	18,405,624	2,957,561	21,363,185

Notes:

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

During the year ended 31 December 2014, GCL New Energy Holdings Limited ("GCL New Energy") completed a placement of 50,000,000 new shares, which resulted in a deemed disposal of 5.71% of the Company's interest in GCL New Energy and the Company has also transferred several wholly-owned subsidiaries to GCL New Energy. An amount of HK$396,898,000 (being proportionate share of the carrying amount of the net assets of GCL New Energy and of the several subsidiaries transferred to GCL New Energy) has been transferred to the non-controlling interest and credited to other reserve.

Movement in 2013 was arising from the forfeitures of share options after the vesting period. When these share options were forfeited, the amount previously recognised in share options reserve (currently included in other reserve) was transferred to the Company's accumulated profits.

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

(iii) Pursuant to the relevant laws in the PRC, each of the subsidiaries established in the PRC is required to transfer 5%–10% (2013: 5%–10%) of its profit after tax as per statutory financial statements (as determined by the management of the subsidiary) to the reserve fund (including the general reserve fund and enterprise development fund where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the subsidiary. The enterprise development fund can only be used for development and is not available for distribution to shareholder.

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

CONSOLIDATED STATEMENT OF CASH FLOW

For The Year Ended 31 December 2014

	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before tax	**2,794,718**	(255,713)
Adjustments for:		
Finance costs	**3,033,579**	2,415,617
Interest income	**(323,629)**	(211,770)
Depreciation of property, plant and equipment	**3,712,095**	3,315,121
Amortisation of prepaid lease payments	**41,477**	42,704
Amortisation of other intangible assets	**26,408**	28,930
Amortisation of deferred income	**(156,619)**	(109,241)
Loss on disposal of property, plant and equipment	**20,225**	70
Share of (profits) losses of joint ventures	**(7,172)**	5,253
Share of profits of associates	**(40,513)**	(21,370)
Share-based payment expenses	**161,368**	25,943
Waiver of other payables	**(16,935)**	(22,151)
(Gain) loss on fair value change of held for trading investment	**(9,278)**	2,208
Loss (gain) on fair value change of convertible bonds receivable	**70,447**	(6,722)
Gain on fair value change of convertible bonds payable	**(87,543)**	(17,969)
Gain on disposal of an associate	**—**	(424,498)
Gain on disposal of joint ventures	**(22,339)**	—
Loss on disposal of available-for-sale investment	**15,937**	—
Impairment loss on trade and other receivables	**65,528**	51,220
Bad debts directly written off	**2,728**	—
Write-down of inventories	**164,901**	1,001
Impairment loss on property, plant and equipment	**121,560**	257,192
Impairment loss on prepaid lease payments	**56,080**	—
Impairment loss on available-for-sale investment	**4,508**	—
Impairment loss on project assets	**52,954**	—
(Reversal of) impairment loss on deposits for acquisitions of property, plant and equipment	**(62,507)**	7,356
Reversal of other receivables previously written off	**(1,812)**	—
Provision for pipelines reinstallation charge	**79,929**	—
Impairment loss on goodwill	**24,369**	43,780
Operating cash flows before movements in working capital	**9,720,464**	5,126,961
(Increase) decrease in inventories	**(712,568)**	664,986
Decrease in project assets	**—**	403,222
Increase in trade and other receivables	**(2,762,427)**	(1,966,552)
Decrease in amounts due from related companies	**38,475**	54,812
Increase in trade and other payables	**3,846,712**	4,247,786
(Decrease) increase in amounts due to related companies	**(158,204)**	611,817
Decrease in advances from customers	**(419,623)**	(568,946)
Increase in deferred income	**20,986**	10,802
Cash generated from operations	**9,573,815**	8,584,888
Income taxes paid	**(562,479)**	(77,701)
Income taxes refunded	**29,466**	—
NET CASH FROM OPERATING ACTIVITIES	**9,040,802**	8,507,187

	Note	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition of property, plant and equipment		**(6,397,729)**	(3,454,263)
Addition of prepaid lease payments		**—**	(25,291)
Addition of other intangible assets		**(2)**	(119)
Acquisition of subsidiaries	42	**190,181**	(3,187)
Investments in joint ventures		**(14,252)**	(127,996)
Investments in associates		**(39,005)**	—
Interest received		**333,977**	187,985
Withdrawal of pledged and restricted bank deposits		**9,146,486**	5,228,636
Placement of pledged and restricted bank deposits		**(12,890,052)**	(8,043,383)
Repayment from related companies		**62,790**	171,792
Advances to related companies		**—**	(165,903)
Receipt of repayment from entrusted loans receivable		**164,100**	62,617
Addition of held-to-maturity investment		**(15,242)**	—
Addition of entrusted loans receivable		**—**	(250,470)
Deposits paid for acquisitions of property, plant and equipment		**(729,160)**	(565,140)
Dividend received from associates		**10,645**	46,402
Proceeds from disposal of property, plant and equipment		**272,330**	149,491
Proceeds from disposal of joint ventures		**147,683**	—
Proceeds from disposal of available-for-sale investment		**206,976**	—
Proceeds from disposal of assets held for sales		**—**	31,487
Receipt of government grants related to depreciable assets		**101,281**	89,262
NET CASH USED IN INVESTING ACTIVITIES		**(9,448,993)**	(6,668,080)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(3,002,650)**	(2,414,968)
New bank borrowings raised		**45,504,587**	29,400,502
Repayment of bank borrowings		**(43,561,972)**	(29,680,190)
Proceeds from issuance of shares of a subsidiary		**735,683**	—
Proceeds from sale and finance lease back arrangements		**646,937**	535,351
Repayment of obligations under finance leases		**(663,614)**	(513,019)
Proceeds from issuance of convertible bonds payable		**—**	1,550,680
Interest paid for convertible bonds payable		**(11,631)**	—
Proceeds from issuance of notes payables		**1,005,807**	748,351
Repayment of notes payable		**(757,383)**	—
Proceeds from exercise of share options		**8,749**	5,504
Contribution from non-controlling interests		**504**	125,418
Dividends paid to non-controlling interests		**(280,674)**	(86,402)
Advances from related companies		**147,898**	—
NET CASH USED IN FINANCING ACTIVITIES		**(227,759)**	(328,773)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(635,950)**	1,510,334
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**6,168,814**	4,495,575
Effect of exchange rate changes on the balance of cash held in foreign currencies		**(3,907)**	162,905
CASH AND CASH EQUIVALENTS AT 31 DECEMBER represented by bank balances and cash		**5,528,957**	6,168,814

1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company collectively the "Group"), associates and joint ventures are principally engaged in (1) the manufacturing of polysilicon and wafers for the solar industry; (2) the development, investment, management and operation of environmental friendly power plants and solar projects; and (3) trading of coal.

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

2. BASIS OF PREPARATION

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

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

2. BASIS OF PREPARATION (Continued)

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

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

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

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

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

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

2. BASIS OF PREPARATION (Continued)

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

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

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

(a) Application of new and revised IFRSs

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

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

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

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

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

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

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

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

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

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

IFRS 9 Financial Instruments

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

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

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

IFRS 9 Financial Instruments (Continued)

Key requirements of IFRS 9 are described below:

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

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

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

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

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Amendments to IAS 27 Equity Method in Separate Financial Statements

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

- At cost

- In accordance with IFRS 9 Financial Instruments (or IAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted IFRS 9), or

- Using the equity method as described in IAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

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

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

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

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

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

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

Amendments to IAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to IFRS 10:

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

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

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

Annual Improvements to IFRSs 2010–2012 Cycle

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

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

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

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

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

Annual Improvements to IFRSs 2010–2012 Cycle (Continued)

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

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

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

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

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

Annual Improvements to IFRSs 2010–2013 Cycle

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

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

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

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

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

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

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

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

Annual Improvements to IFRSs 2010–2013 Cycle (Continued)

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

Annual Improvements to IFRSs 2012–2014 Cycle

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

Business combinations

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

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

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

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

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

Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

Investments in associates and joint ventures

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

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

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

Revenue recognition

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

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

Government grants

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

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

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

Property, plant and equipment

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

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

Prepaid lease payments

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

Leasing

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

The Group as lessor

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

The Group as lessee

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

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

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

Leasehold land and building

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

Sale and leaseback resulting in a finance lease

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

Foreign currencies

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

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

Translation of functional currency to presentation currency

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefit costs

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired separately

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

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

Research and development expenditure

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

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

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

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at costs less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

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

Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Current and deferred tax for the year

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

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

Financial assets

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

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets and is included in the other expenses, gains and losses line item. Fair value is determined in the manner described in note 45.

Convertible bonds receivable

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amounts due from related companies, loan to a related company, pledged and restricted bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment (see the accounting policy in respect of impairment losses on financial assets below).

AFS investments

AFS investments are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

AFS investments (Continued)

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

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

Impairment of financial assets

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

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

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

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

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not be impaired individually. Objective evidence of impairment for a portfolio of receivables could include, but not limited to, the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

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

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities at FVTPL

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

A financial liability is classified as held for trading if:

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

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

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "other expenses, gains and losses" line item. Fair value is determined in the manner described in note 45.

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to related companies, loan from a related company, bank borrowings and notes payables are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis other than those financial liabilities classified as at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Convertible bonds payable

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

Financial guarantee contracts

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

Financial guarantee contract issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

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

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

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

Share-based payment arrangements

Share options granted to employees

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment arrangements (Continued)

Share options granted to employees (Continued)

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

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

Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill as at 31 December 2014 was HK$633,615,000 (2013: HK$652,326,000), net of accumulated impairment loss of HK$614,148,000 (2013: HK$591,735,000). Details of the impairment loss calculation are disclosed in note 17.

Useful lives and impairment of property, plant and equipment

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

Determining whether certain property, plant and equipment is impaired requires an estimation of the value in use of those property, plant and equipment. The value in use calculation requires the Group to estimate the future cash flows expected to arise from respective property, plant and equipment and a suitable discount rate in order to calculate the present value. During the current year, impairment losses of HK$121,560,000 (2013: HK$257,192,000) are recognised in profit or loss. Where the actual future cash flows are less than expected due to unfavourable changes in the major assumptions adopted in the Group's estimation, such as market demand, utilisation rate of the Group's production plants and unit production cost, a material impairment loss may arise.

As at 31 December 2014, the carrying amount of property, plant and equipment was HK$50,611,803,000 (2013: HK$43,995,130,000), net of accumulated depreciation and impairment of HK$15,309,918,000 (2013: HK$11,792,419,000).

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

On assessing any impairment of the Group's trade receivables and amounts due from related companies, the management regularly reviews the recoverability, creditworthiness of customers and ages of the trade receivables. Impairment on trade receivables and amounts due from related companies are made based on estimation of the future cash flows discounted at the original effective interest rates. If the financial condition of the customers of the Group deteriorates, resulting in an impairment of their ability to make payments, additional impairment may be required. As at 31 December 2014, the carrying amount of trade and other receivables was HK$13,658,345,000 (2013: HK$11,057,441,000), net of allowance for doubtful debts of HK$254,770,000 (2013: HK$191,738,000). Additionally, as at 31 December 2014, the carrying amounts due from related companies is HK$152,329,000 (2013: HK$118,946,000).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Inventories and project assets

A significant portion of the Group's working capital is devoted to inventories and project assets and the nature of inventories is subject to frequent technological changes. As at 31 December 2014, the carrying amount of inventories was HK$2,695,748,000 (2013: HK$1,656,867,000). The management reviews the inventory age listing on a periodic basis to identify slow-moving, obsolete and defective inventories. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The amount of allowance would be changed as a result of changes in current market conditions and technology subsequently. During the current year, inventories of HK$164,901,000 (2013: HK$1,001,000) mainly in relation to solar products and spare parts were written-down and included in cost of sales because the costs of certain inventories were higher than their net realisable values. In addition, the carrying amount of project assets as at 31 December 2014 was HK$418,106,000 (2013: HK$804,720,000). During the year ended 31 December 2014, project assets of HK$52,954,000 (2013: Nil) were impaired and included in cost of sales because the cost of certain project assets were higher than their net realisable value.

Fair value measurements and valuation processes

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

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

As disclosed in note 23, the estimation of fair value of the convertible bonds receivable may include some assumptions not supported by observable market prices or rates, including the volatility of the share price of the issuer and its comparable entities for the relevant period, dividend yields, discount rate, the possibility to satisfy the Profit Guarantee Requirement (as defined in note 23), which is determined based on the management's expectations for the market development. As at 31 December 2014, the fair value of convertible bonds receivable was approximately HK$174,841,000 (2013: HK$246,426,000).

As disclosed in note 40, the estimation of fair value of the convertible bonds payable may include some assumptions not supported by observable market prices or rates, including the volatility of the share price of the Company, dividend yields and discount rate, which are determined based on the management's expectations for the market development. As at 31 December 2014, the fair value of convertible bonds payable was approximately HK$1,443,088,000 (2013: HK$1,542,012,000).

Note 45 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

6. SEGMENT INFORMATION

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

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

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

Therefore, the Group's reportable and operating segments under IFRS 8 are as follows:

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

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

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

(d) New energy business — a listed company, GCL New Energy, which is principally engaged in the development, construction, operation and management of solar farms, as well as manufacturing and selling of printed circuit boards. GCL New Energy is acquired in 2014 as disclosed in note 42.

6. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

Year ended 31 December 2014

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

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Year ended 31 December 2013 (restated)

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

Notes:

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

(b) The effect arising from fair value adjustments is related to the assets and liabilities of the group entities carrying out the power business in the PRC (the "Power Group") deemed acquired in 2009, GCL New Energy acquired in 2014 and acquisition of other subsidiaries in previous financial years which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit (loss) represents the profit (loss) of each segment excluding elimination of inter-segment profit, unallocated income, unallocated expenses (including depreciation of an aircraft and respective finance costs under sale and finance leaseback arrangements), the fair value adjustments (see Note b above), impairment loss on goodwill, gain on disposal of an associate, change in fair value of convertible bonds receivable and payable, change in fair value of held for trading investment, impairment loss on available-for-sale investment, loss on disposal of available-for-sale investment, and unallocated share-based payment expenses incurred by the Group. This is the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance.

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

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

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

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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

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

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

Note: The effect arising from fair value adjustments is related to the assets and liabilities of the Power Group deemed acquired in 2009, GCL New Energy acquired in 2014 and acquisition of other subsidiaries in previous financial years, which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets.

6. SEGMENT INFORMATION (Continued)

Other segment information (included in the segment profit or loss or regularly provided to the CODM)

Year ended 31 December 2014

	Solar material business HK$'000	Power business HK$'000	Solar farm business HK$'000	New energy business HK$'000	Unallocated HK$'000	Fair value adjustment HK$'000 (Note)	Elimination of inter-segment profit HK$'000	Total HK$'000
Amount included in the measure of segment profit or loss or segment assets:								
Addition to joint ventures	—	—	137,263	50,620	—	—	—	187,883
Addition to associates	23,226	15,779	—	—	—	—	—	39,005
Addition to property, plant and equipment, prepaid lease payments and other intangible assets								
— arising from acquisition of subsidiaries	—	—	—	1,750,297	—	(158,807)	—	1,591,490
— other additions	2,687,943	521,977	1,213,203	4,918,928	697	—	(52,476)	9,290,272
Depreciation of property, plant and equipment	(2,930,681)	(434,529)	(175,375)	(91,053)	(31,333)	(12,437)	—	(3,675,408)
Amortisation of prepaid lease payments	(27,110)	(7,276)	(323)	(210)	—	(6,558)	—	(41,477)
Amortisation of other intangible assets	(10,146)	—	—	—	—	(16,262)	—	(26,408)
Loss on disposal of property, plant and equipment	(20,809)	584	—	—	—	—	—	(20,225)
Impairment loss on inventories	(30,606)	(109)	(134,186)	—	—	—	—	(164,901)
Impairment loss on trade and other receivables	(41,538)	(15,983)	(8,007)	—	—	—	—	(65,528)
Finance costs	(2,411,243)	(382,021)	(213,343)	(16,348)	(10,624)	—	—	(3,033,579)
Impairment loss on property, plant and equipment	(75,456)	(46,104)	—	—	—	—	—	(121,560)
Impairment loss on prepaid lease payments	—	(13,046)	—	(11,893)	—	(31,141)	—	(56,080)
Impairment loss on available-for-sale investment	—	—	—	—	(4,508)	—	—	(4,508)
Impairment loss on project assets	—	—	(52,954)	—	—	—	—	(52,954)
Reversal of impairment loss on deposits for acquisitions of property, plant and equipment	62,507	—	—	—	—	—	—	62,507
Research and development expenses	(361,011)	—	—	—	—	—	—	(361,011)
Income tax (expense) credit	(342,851)	(283,317)	12,459	(11,737)	(25,246)	11,371	—	(639,321)

Note: The effect arising from fair value adjustments is related to the assets and liabilities of the Power Group deemed acquired in 2009, GCL New Energy acquired in 2014 and acquisition of other subsidiaries in previous financial years, which are subject to the amortisation/depreciation over the estimated useful live of the relevant assets.

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

Year ended 31 December 2013 (restated)

	Solar material business HK$'000	Power business HK$'000	Solar farm business HK$'000	New energy business HK$'000	Unallocated HK$'000	Fair value adjustment HK$'000 (Note)	Total HK$'000
Amount included in the measure of segment profit or loss or segment assets:							
Addition to joint ventures	—	—	127,996	—	—	—	127,996
Addition to property, plant and equipment, prepaid lease payments and other intangible assets							
— arising from acquisition of a subsidiary	—	—	2,579	—	—	—	2,579
— other additions	1,777,884	693,434	1,770,945	—	—	—	4,242,263
Depreciation of property, plant and equipment	(2,778,250)	(410,352)	(73,836)	—	(30,959)	(36,605)	(3,330,002)
Amortisation of prepaid lease payments	(26,749)	(6,469)	(368)	—	—	(9,118)	(42,704)
Amortisation of other intangible assets	(10,139)	—	—	—	—	(18,791)	(28,930)
Loss on disposal of property, plant and equipment	(387)	(749)	1,066	—	—	—	(70)
Impairment loss on inventories	(1,001)	—	—	—	—	—	(1,001)
Impairment loss on trade and other receivables	(34,391)	(13,557)	(3,272)	—	—	—	(51,220)
Finance costs	(1,987,680)	(307,545)	(72,470)	—	(47,922)	—	(2,415,617)
Impairment loss on property, plant and equipment	(239,013)	—	(18,179)	—	—	—	(257,192)
Impairment loss on deposits for acquisitions of property, plant and equipment	(7,356)	—	—	—	—	—	(7,356)
Research and development expenses	(223,455)	—	—	—	—	—	(223,455)
Sales of project assets (included in segment revenue)	—	—	600,370	—	—	—	600,370
Income tax credit (expense)	38,492	(225,606)	(12,653)	—	—	9,675	(190,092)

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

6. SEGMENT INFORMATION (Continued)

Revenue from major products

The Group's revenue from its major products and services were as follows:

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

Geographical information

The Group operates in three principal geographical areas — the PRC, Hong Kong and the United States of America (the "USA").

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

	Revenue from external customers		Non-current assets*	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
The PRC	**32,566,894**	20,731,480	**53,854,961**	46,423,061
Taiwan	**3,733,629**	2,435,145	**—**	—
Japan	**197,013**	289,329	**—**	—
Hong Kong	**124,825**	—	**446,565**	429,707
Netherlands	**113,490**	—	**—**	—
The USA	**109,664**	761,454	**913,242**	1,016,187
Germany	**102,254**	1,244,067	**—**	—
Others	**276,952**	68,527	**—**	—
	37,224,721	25,530,002	**55,214,768**	47,868,955

* Non-current assets excluded deferred tax assets and financial instruments.

6. SEGMENT INFORMATION (Continued)

Information about major customers

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

	2014 HK$'000	2013 HK$'000
Customer A[1]	**4,469,445**	3,832,913

[1] Revenue from power business.

7. OTHER INCOME

	2014 HK$'000	2013 HK$'000
Government grants (note 36)	**333,288**	222,650
Sales of scrap materials	**376,707**	221,322
Bank interest income	**320,433**	208,285
Waste processing management fee	**84,369**	82,031
Management and consultancy fee income	**45,592**	50,575
Sales commission	**—**	60,584
Waiver of other payables	**16,935**	22,151
Interest income from a related company	**3,196**	3,485
Others	**135,579**	94,043
	1,316,099	965,126

8. FINANCE COSTS

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

9. OTHER EXPENSES, GAINS AND LOSSES

	2014 HK$'000	2013 HK$'000
Research and development costs	**361,011**	223,455
Exchange loss (gain), net	**49,037**	(51,576)
Gain on fair value change of convertible bonds payable (note 40)	**(87,543)**	(17,969)
(Gain) loss on fair value change of held for trading investment	**(9,278)**	2,208
Gain on disposal of joint ventures (note 19)	**(22,339)**	—
Impairment loss on property, plant and equipment (note 15)	**121,560**	257,192
Impairment loss on prepaid lease payments (note 16)	**56,080**	—
Impairment loss on goodwill (note 17)	**24,369**	43,780
(Reversal of) impairment loss on deposits for acquisitions of property, plant and equipment (Note)	**(62,507)**	7,356
Impairment loss on available-for-sale investment (note 22)	**4,508**	—
Loss on disposal of available-for-sale investment (note 22)	**15,937**	—
Loss (gain) on fair value change of convertible bonds receivable (note 23)	**70,447**	(6,722)
Provision for pipelines reinstallation charge (note 15)	**79,929**	—
	601,211	457,724

Note: Upon the finalisation of the Arbitration (as defined in note 49) and subsequent utilisation of certain deposits, impairment loss of HK$62,507,000 previously recognised on certain deposits for acquisitions of property, plant and equipment has been reversed in current year.

10. INCOME TAX EXPENSE

	2014 HK$'000	2013 HK$'000
PRC Enterprise Income Tax ("EIT")		
Current tax	**445,645**	271,306
Under (over) provisions in prior years	**12,510**	(46,173)
	458,155	225,133
USA Federal and State Income Tax		
Current tax	**1,686**	127
Overprovisions in prior years (Note)	**(33,016)**	(3,035)
	(31,330)	(2,908)
Hong Kong Profits Tax — Current tax	**31,515**	26,656
Others jurisdictions	**65**	236
PRC dividend withholding tax	**122,461**	66,802
Deferred tax (note 24)	**58,455**	(125,827)
	639,321	190,092

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

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

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

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

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

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

10. INCOME TAX EXPENSE (Continued)

The Group's subsidiaries and associates that are tax residents in the PRC are subject to the PRC dividend withholding tax of 5% or 10% for those non-PRC tax resident immediate holding companies registered in Hong Kong and the British Virgin Islands ("BVI"), respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008. Accordingly, a provision for deferred taxation of HK$108,989,000 (2013: a reversal of provision for deferred taxation of HK$100,852,000) in respect of withholding tax on undistributed profits has been charged (2013: credited) to profit or loss during the current year. See note 24 for details.

The tax charge for the year can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 HK$'000	2013 HK$'000
Profit (loss) before tax	**2,794,718**	(255,713)
Tax at PRC EIT rate of 25% (Note)	**698,680**	(63,928)
Tax effect of expenses not deductible for tax purpose	**123,279**	253,743
Tax effect of income not taxable for tax purpose	**(61,827)**	(52,035)
Tax effect of gain on disposal of an associate	**—**	(106,125)
Tax effect of share of profits of associates	**(10,128)**	(5,343)
Tax effect of gain on disposal of joint ventures	**(5,585)**	—
Tax effect of share of (profit) losses of joint ventures	**(1,793)**	1,313
Tax effect of impairment loss on goodwill	**6,092**	10,945
Tax effect of deductible temporary difference not recognised	**105,702**	74,221
Tax effect of tax losses not recognised	**184,780**	370,633
Utilisation of tax losses previously not recognised	**(480,054)**	(157,194)
Effect of additional tax deduction for procuring domestic plant and machinery in the PRC	**(546)**	(17,701)
Effect of tax exemption and tax concessions granted to certain subsidiaries in the PRC	**(54,879)**	(6,034)
Effect of different tax rates of group companies operating in jurisdictions other than the PRC	**(75,344)**	(29,145)
Withholding tax	**231,450**	(34,050)
Overprovision in prior years	**(20,506)**	(49,208)
Income tax expense for the year	**639,321**	190,092

Note: The PRC EIT rate is used as it is the domestic tax in the jurisdiction whose the operation of the Group is substantially based.

11. PROFIT (LOSS) FOR THE YEAR

	2014 HK$'000	2013 HK$'000
Profit (loss) for the year has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**2,790,570**	1,899,213
Retirement benefit scheme contributions	**104,934**	55,970
Share-based payment expenses	**161,368**	25,943
Total staff costs	**3,056,872**	1,981,126
Depreciation of property, plant and equipment	**3,675,408**	3,330,002
Amortisation of prepaid lease payments	**41,477**	42,704
Amortisation of other intangible assets (included in cost of sales and administrative expenses)	**26,408**	28,930
Total depreciation and amortisation	**3,743,293**	3,401,636
Add/(less): Net changes for amounts included in inventories	**36,687**	(14,881)
Total of depreciation and amortisation charged to profit or loss	**3,779,980**	3,386,755
Auditor's remuneration	**29,900**	10,581
Bad debts directly written off (included in administrative expenses)	**2,728**	—
Reversal of other receivables previously written off (included in administrative expenses)	**(1,812)**	—
Cost of inventories recognised as cost of sales	**27,854,865**	20,891,305
Cost of project assets recognised as cost of sales	**52,954**	568,758
Write-down of inventories (included in cost of sales)	**164,901**	1,001
Impairment loss on project assets (included in cost of sales)	**52,954**	—
Impairment loss on trade and other receivables (included in administrative expenses)	**65,528**	51,220
Loss on disposal of property, plant and equipment	**20,225**	70

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

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

(a) Directors' and Chief Executive's emoluments

The emoluments of each of the Directors and the Chief Executive of the Company are set out below:

Year ended 31 December 2014

Name of director	Directors' fee HK$'000	Bonuses HK$'000	Salaries and other benefit HK$'000	Retirement benefits scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Mr. ZHU Gongshan	—	5,000	4,645	—	—	9,645
Mr. JI Jun	—	230	1,500	69	578	2,377
Mr. SHU Hua	—	3,875	3,000	138	1,404	8,417
Mr. YU Baodong (Note 4)	—	4,030	1,790	72	1,043	6,935
Ms. SUN Wei (Note 6)	—	2,880	3,823	161	6,131	12,995
Mr. ZHU Yufeng	—	3,150	2,000	92	1,239	6,481
Ir. Dr. HO Raymond Chung Tai	750	—	—	—	489	1,239
Mr. XUE Zhongsu	300	—	—	—	489	789
Mr. YIP Tai Him	550	—	—	—	489	1,039
Mr. QIAN Zhixin (Note 1)	3	—	—	—	2	5
Mr. ZHANG Qing (Note 2)	—	—	—	—	—	—
Mr. ZHOU Yuan (Note 3)	—	—	—	—	—	—
Mr. YEUNG Charles Man Chung (Note 5)	—	1,500	2,141	59	1,999	5,699
	1,603	20,665	18,899	591	13,863	55,621

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

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

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

Note 4: Mr. Yu Baodong resigned as an executive director on 5 September 2014.

Note 5: Mr. Yeung Charles Man Chung was appointed as an executive director on 5 September 2014.

Note 6: Ms. Sun Wei resigned as an executive director on 23 January 2015.

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

(a) Directors' and Chief Executive's emoluments (Continued)

Year ended 31 December 2013

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

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

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

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

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

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, five (2013: two) were Directors and the Chief Executive of the Company whose emoluments are included in (a) above. The emoluments of the remaining three individuals in 2013 were as follows:

	2014 HK$'000	2013 HK$'000
Salaries and other allowances	—	7,783
Retirement benefits scheme contributions	—	389
	—	8,172

Their emoluments were within the following bands:

	2014 No. of employees	2013 No. of employees
HK$2,000,001 to HK$2,500,000	—	2
HK$2,500,001 to HK$3,000,000	—	1
	—	3

(c) Compensation of key management personnel

The remuneration of senior management personnel, including Directors' and Chief Executive's remuneration during the year was as follows:

	2014 HK$'000	2013 HK$'000
Short-term benefits	**44,166**	17,728
Post-employment benefits	**732**	578
Share-based payments	**13,863**	587
	58,761	18,893

The remuneration of Directors and other key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

13. DIVIDENDS

No dividend was paid or proposed during 2014, nor has any dividend been proposed since the end of the reporting period (2013: Nil).

14. EARNINGS (LOSS) PER SHARE

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

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

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

Diluted earnings per share for the year ended 31 December 2014 did not assume the conversion of the convertible bonds payable and exercise of share options granted by GCL New Energy since the conversion and exercise would increase the earnings per share for the year ended 31 December 2014.

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

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Plant and machinery HK$'000	Aircraft HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 January 2013	7,830,994	38,731,887	454,680	474,521	152,992	2,516,797	50,161,871
Additions	420,852	342,779	—	16,506	12,680	3,375,725	4,168,542
Acquired on acquisition of a subsidiary	—	—	—	734	461	1,384	2,579
Transfer	112,704	2,297,636	—	1,068	—	(2,411,408)	—
Disposals	(23,922)	(141,183)	—	(4,276)	(8,098)	—	(177,479)
Effect of foreign currency exchange differences	253,003	1,251,011	14,227	15,068	4,867	93,860	1,632,036
At 31 December 2013	8,593,631	42,482,130	468,907	503,621	162,902	3,576,358	55,787,549
Additions	158,622	326,144	—	29,350	36,964	8,700,510	9,251,590
Acquired on acquisition of subsidiaries	220,946	1,278,280	—	24,637	3,367	26,519	1,553,749
Transfer	250,605	3,856,753	—	77,566	—	(4,184,924)	—
Disposals	(114,300)	(406,554)	—	(10,634)	(14,782)	—	(546,270)
Effect of foreign currency exchange differences	(28,330)	(130,343)	(1,605)	(1,357)	(460)	37,198	(124,897)
At 31 December 2014	9,081,174	47,406,410	467,302	623,183	187,991	8,155,661	65,921,721
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2013	893,576	6,554,386	12,630	146,184	61,234	261,341	7,929,351
Deprecation expense	321,995	2,892,940	30,779	58,855	25,433	—	3,330,002
Eliminated on disposals of assets	(272)	(21,156)	—	(1,308)	(5,182)	—	(27,918)
Impairment losses recognised in profit or loss	—	163,222	—	1,416	1,083	91,471	257,192
Effect of foreign currency exchange differences	32,993	252,568	877	5,496	2,250	9,608	303,792
At 31 December 2013	1,248,292	9,841,960	44,286	210,643	84,818	362,420	11,792,419
Depreciation expense	337,666	3,216,628	31,024	63,649	26,441	—	3,675,408
Eliminated on disposals of assets	(41,960)	(192,288)	—	(5,991)	(13,476)	—	(253,715)
Impairment losses recognised in profit or loss	—	119,856	—	—	—	1,704	121,560
Effect of foreign currency exchange differences	(3,045)	(20,767)	(22)	(482)	(204)	(1,234)	(25,754)
At 31 December 2014	1,540,953	12,965,389	75,288	267,819	97,579	362,890	15,309,918
CARRYING AMOUNTS							
At 31 December 2014	7,540,221	34,441,021	392,014	355,364	90,412	7,792,771	50,611,803
At 31 December 2013	7,345,339	32,640,170	424,621	292,978	78,084	3,213,938	43,995,130

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Buildings	Over the shorter of lease terms or 2%–5%
Plant and machinery	5%–25%
Aircraft	6 $^{2}/_{3}$%
Office equipment	20%–33%
Motor vehicles	20%–30%

The carrying value of property, plant and equipment as at 31 December 2014 includes (i) an aircraft; (ii) plant and machinery located in the PRC; and (iii) solar farms in the USA held under sale and finance leaseback arrangements of approximately HK$392,014,000 (2013: HK$424,621,000), HK$2,733,273,000 (2013: HK$2,199,856,000) and HK$418,811,000 (2013: HK$387,070,000), respectively.

Impairment loss on power business

The local government of Xuzhou city is undertaking an integration of cogeneration plant in Xuzhou city in order to improve the power generation efficiency and support the environmental policies of the central government of the PRC. Pursuant to this integration policy, Xuzhou Western Environmental Protection Co-generation Power Co., Ltd. ("Xuzhou Cogeneration Plant"), a subsidiary of the Group, agreed with the local government of Xuzhou city to shut down the power plant and to cease its operation in 2014. The Directors have assessed the impairment of the property, plant and equipment of Xuzhou Cogeneration Plant by comparing its recoverable amount with its carrying value. The recoverable amount of the property, plant and equipment has been determined based on the compensation to be received from the government. Accordingly, an impairment loss of HK$46,104,000 and HK$44,187,000 in respect of the property, plant and equipment and prepaid lease payments of the Xuzhou Cogeneration Plant, respectively has been made during the year ended 31 December 2014.

As part of the overall integration arrangement, Xuzhou Cogeneration Plant also signed a steam supply agreement with an independent third party who will replace Xuzhou Cogeneration Plant to supply steam to customers after its shut down. According to the steam supply agreement, Xuzhou Cogeneration Plant agreed to share 50% of the cost for reinstallation of the steam pipelines connecting to the Xuzhou Cogeneration Plant's customers with the independent third party, and accordingly, an accrual for reinstallation cost of HK$79,929,000 is made in the year ended 31 December 2014.

Impairment loss on solar material business

During the year ended 31 December 2014, the management of the Group recognised an impairment loss of HK$75,456,000 in respect of the property, plant and equipment of two subsidiaries since their actual operating results are lower than the expected results by the management.

During the year ended 31 December 2013, due to the decline in the market price of solar material, the solar material business recognised a segment loss of HK$1,259,249,000 (2014: a segment profit of HK$2,255,927,000). With the impairment indicators identified, the Directors conducted a review of the recoverable amounts of the property, plant and equipment in the solar material business and recognised the following losses:

(i) Impairment losses of HK$144,582,000 on property, plant and equipment in relation to the production of polysilicon;

(ii) Impairment losses of HK$94,431,000 on property, plant and equipment in relation to production plants in the solar material business. In addition, some solar plant projects that were under construction in the USA had reduced its planned capacities and impairment losses of HK$2,733,273,000 were recognised in relation to the excess construction cost incurred.

16. PREPAID LEASE PAYMENTS

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

	2014 HK$'000	2013 HK$'000
Analysed for reporting purposes as:		
Current assets	**41,149**	42,653
Non-current assets	**1,773,240**	1,811,084
	1,814,389	1,853,737

During the current year, the Group has shut down Xuzhou Cogeneration Plant due to the government policy on integration of cogeneration plants in Xuzhou city (note 15). Accordingly, an impairment loss of HK$44,187,000 in respect of the prepaid lease payments of Xuzhou Cogeneration Plant has been made during the year ended 31 December 2014.

In addition, the Group received a notice from the local municipal government in the PRC which forfeited the Group's prepaid lease payments of certain portion of a piece of land in Jiangxi Province, the PRC during the year ended 31 December 2014. The relevant prepaid lease payments of HK$11,893,000 were impaired accordingly.

17. GOODWILL

	2014 HK$'000	2013 HK$'000
COST		
Balance at beginning of the year	**1,244,061**	1,206,316
Acquisition of subsidiaries (note 42)	**7,959**	—
Effect of foreign currency exchange differences	**(4,257)**	37,745
Balance at end of the year	**1,247,763**	1,244,061
ACCUMULATED IMPAIRMENT LOSSES		
Balance at beginning of the year	**591,735**	530,666
Impairment loss recognised in the year	**24,369**	43,780
Effect of foreign currency exchange differences	**(1,956)**	17,289
Balance at end of the year	**614,148**	591,735
CARRYING AMOUNTS		
Balance at end of the year	**633,615**	652,326

17. GOODWILL (Continued)

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

	2014 HK$'000	2013 HK$'000
CGUs in Power Group	**409,850**	427,793
Konca Solar Cell Co. Ltd. ("Konca Solar")	**223,765**	224,533
Delingha (as defined in note 19)	**—**	—
	633,615	652,326

As at 31 December 2014, the Group carried out an annual goodwill impairment testing in relation to goodwill for each of these CGUs in the Power Group, Konca Solar and Delingha.

During the year ended 31 December 2014, the actual operating profits and cash flows for certain CGUs in the Power Group and Delingha were lower than expected. Accordingly, the management of the Group recognised an impairment loss of HK$16,410,000 (2013: HK$43,780,000) and HK$7,959,000 (2013: Nil) in relation to goodwill allocated to the Power Group and Delingha, respectively.

The management determines there is no impairment for Konca Solar for the years ended 31 December 2014 and 2013 as Konca Solar has been profitable and has strong financial position as at 31 December 2014 and 2013 and therefore, the recoverable amounts exceed its carrying value.

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

The recoverable amounts of the CGUs in the Power Group and Konca Solar are determined based on a value in use calculation by the Directors by reference to the business valuation reports prepared by an independent professional qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advising Limited, on the CGUs in the Power Group and Konca Solar as at 31 December 2014. That calculation uses cash flow projections based on a five-year financial budgets approved by the Directors at a discount rate of 12.02% (2013: 12.72%) and 11.18% (2013: 13.73%) for the CGUs in the Power Group and Konca Solar, respectively. Cash flows beyond the five-year period are extrapolated using zero growth rate (2013: zero) and 3% (2013: 3%) growth rate for Power Group and Konca Solar, respectively. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows include budgeted sales and gross margin. Such estimation is based on past performance of the CGUs in the Power Group and Konca Solar and management's expectations for the market development.

Goodwill arising from the acquisition of Delingha had been fully impaired with an impairment charge of HK$7,959,000 (2013: Nil) during the year ended 31 December 2014. The impairment charge represents the difference between the recoverable amount and carrying amount of this solar farm acquired which is considered as a CGU. The recoverable amount of the CGU is determined based on the value in use calculation. The budgeted revenue and the annual growth rate are based on the past performance and its expectations of the market development. The discount rate of 8% used is pre-tax and reflects specific risks relating to the operation.

18. OTHER INTANGIBLE ASSETS

	Licences HK$'000	Restricted licence HK$'000	Total HK$'000
COST			
At 1 January 2013	134,459	138,122	272,581
Additions	119	—	119
Effect of foreign currency exchange differences	4,210	4,322	8,532
At 31 December 2013	138,788	142,444	281,232
Additions	2	—	2
Disposals	(770)	—	(770)
Effect of foreign currency exchange differences	(478)	(488)	(966)
At 31 December 2014	137,542	141,956	279,498
ACCUMULATED AMORTISATION AND IMPAIRMENT			
At 1 January 2013	37,441	12,173	49,614
Amortisation expense	10,139	18,791	28,930
Effect of foreign currency exchange differences	1,330	675	2,005
At 31 December 2013	48,910	31,639	80,549
Amortisation expense	10,146	16,262	26,408
Disposals	(128)	—	(128)
Effect of foreign currency exchange differences	(124)	(41)	(165)
At 31 December 2014	58,804	47,860	106,664
CARRYING AMOUNTS			
At 31 December 2014	78,738	94,096	172,834
At 31 December 2013	89,878	110,805	200,683

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

The restricted licence represents a restricted business licence for the operation of waste management power plant issued by the local government for a period of 23 years.

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

Licences	straight-line basis over 10 years
Restricted licence	straight-line basis over 23 years

19. INTERESTS IN JOINT VENTURES

	2014 HK$'000	2013 HK$'000
Cost of unlisted investment in joint ventures	**328,288**	363,043
Share of post-acquisition loss	**(17,215)**	(24,387)
Effect of foreign currency exchange differences	**(882)**	2,706
	310,191	341,362

As at 31 December 2014, the Group has interests in the joint ventures incorporated and operated in Luxembourg, South Africa, the PRC and USA as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activities
		2014	2013	**2014**	2013	
SA Equity Holdco S.a.r.l. ("SA Equity") (Note a)	Luxembourg	**51%**	N/A	**51%**	N/A	Investment holding of photovoltaic power generation projects in South Africa
SolarReserve GCL Soutdrift PV1 Proprietary Limited ("GCL Soutdrift") (Note a)	South Africa	**—**	76%	**—**	76%	Development of Africa photovoltaic power generation projects in South Africa
SolarReserve GCL Humansrus PV1 Proprietary Limited ("GCL Humansrus") (Note a)	South Africa	**—**	76%	**—**	76%	Development of Africa photovoltaic power generation projects in South Africa
伊犁協鑫能源有限公司 Yili GCL New Energy Limited* ("Yili") (Note b)	PRC	**31.14%**	N/A	**31.14%**	N/A	Operation of solar farm
海南州世能光伏發電有限公司 Hainanzhou Shineng Photovoltaic Power Co., Ltd.* ("Shineng") (Note c)	PRC	**37.37%**	N/A	**37.37%**	N/A	Operation of solar farm
GCL-SR Solar Energy, LLC	USA	**50%**	50%	**50%**	50%	Development of photovoltaic power generation projects in USA

* English name for identification only

19. INTERESTS IN JOINT VENTURES (Continued)

Notes:

(a) In March 2014, the Group completed the disposal of its 49% equity interests in SA Equity, a then wholly owned subsidiary of the Group, to China-Africa Development Fund (the "CAD Fund") at a total consideration of approximately US$18,872,000 (equivalent to HK$147,696,000) (the "Disposal"). SA Equity is an investing holding company which holds 76% equity interest in each of GCL Soutdrift and GCL Humansrus, which were the two joint ventures of the Group before the disposal and indirectly holds a 150MW photovoltaic power plant in South Africa.

Pursuant to the subscription agreement entered into by the Group and CAD Fund, the relevant activities of SA Equity require unanimous consent of the parties sharing control. As a result, the Group has lost its sole control on SA Equity which becomes a joint venture of the Group during the year ended 31 December 2014.

After completion of the transaction, the Group recognised its remaining 51% equity interest in SA Equity at fair value which becomes its initial cost of investment. The amount is adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of this joint venture. At the same time, the Group lost the joint control over GCL Soutdrift and GCL Humansrus upon the Disposal. The gain on disposal of GCL Soutdrift and GCL Humansrus of HK$22,339,000 in total is recognised in profit or loss for the year ended 31 December 2014.

(b) At 31 December 2014, GCL New Energy, a 62.28% owned subsidiary of the Group, holds 50% equity interest in Yili. Therefore, the Group indirectly holds 31.14% equity interest in Yili with investment cost of approximately HK$10,703,000.

In December 2014, the Group and the other joint venturer agreed to increase Yili's paid up capital from approximately HK$2,535,000 (equivalent to RMB2,000,000) to approximately HK$62,365,000 (equivalent to RMB49,200,000) in proportion to the percentage of the respective equity interest held by the joint ventures.

(c) On 30 December 2014, GCL New Energy acquired 100% equity interests in Delingha Century Concord Photovoltaic Power Co., Ltd. ("Delingha") at a consideration of approximately HK$294,828,000 (equivalent to RMB232,590,000), which in turn held 60% equity interest in Shineng. Therefore, the Group indirectly holds 37.37% equity interest in Shineng through GCL New Energy, a 62.28% owned subsidiary of the Group. Pursuant to the articles of association of Shineng, two-third of the votes is required to control the financing and operating policies of Shineng. The Directors consider that the Group can only exercise joint control over Shineng and it is therefore classified as a joint venture of the Group.

Since the partners for all the joint ventures of the Group are project developers in solar energy industry, the formation of these joint venture projects is strategically for the purposes of developing solar farm projects.

Aggregate information of joint ventures that are not individually material

	2014 **HK$'000**	2013 HK$'000
The Group's share of profit (loss)	**7,172**	(5,253)
The Group's share of other comprehensive (expense) income	**(3,588)**	3,013
The Group's share of total comprehensive income (expense)	**3,584**	(2,240)

20. INTERESTS IN ASSOCIATES

	2014 HK$'000	2013 HK$'000
Cost of unlisted investments in associates	**243,982**	204,977
Share of post-acquisition loss, net of dividends received/receivable	**(17,095)**	(35,874)
Effect of foreign currency exchange differences	**25,146**	25,570
	252,033	194,673

As at 31 December 2014 and 2013, the Group had interests in associates established and operated in the PRC as follows:

Name of company	Proportion of ownership interest held by the Group		Proportion of board composition held		Principal activities
	2014	2013	**2014**	2013	
阜寧協鑫環保熱電有限公司 Funing Golden Concord Environmental Protection Co-generation Co., Ltd ("Funing Cogeneration Plant") (Note a)	**60%**	60%	**6/11**	6/11	Operation of a power station
華潤協鑫(北京)熱電有限公司 China Resources Golden Concord (Beijing) Co-generation Power Co., Ltd ("Beijing Cogeneration Plant")	**49%**	49%	**3/7**	3/7	Operation of a power plant
寧夏協佳光伏電力有限公司 Ningxia XieJia Photovoltaic Power Co., Ltd.* ("Ningxia Xiejia") (Note b)	**31%**	N/A	**2/5**	N/A	Production of solar modules
鹽城阿特斯協鑫陽光電子科技有限公司 Yancheng CSI-GCL Sunshine Power Technology Co. Ltd.* ("Yancheng Sunshine Power") (Note b)	**20%**	N/A	**1/3**	N/A	Production of solar modules
上海嘉定再生能源有限公司 Shanghai Jiading Renewable Energy Co. Ltd.* ("Shanghai Jiading") (Note b)	**20%**	N/A	**2/7**	N/A	Operation of a power plant

* English name for identification only

20. INTERESTS IN ASSOCIATES (Continued)

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

Notes:

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

(b) During the year ended 31 December 2014, the Group acquired 31%, 20% and 20% equity interests in Ningxia Xiejia, Yancheng Sunshine Power and Shanghai Jiading, respectively, at an aggregate consideration of RMB30,900,000 (equivalent to HK$39,005,000) and they are all established in the PRC and classified as associates of the Group. Ningxia Xiejia and Yancheng Sunshine Power are engaged in the production of modules, and Shanghai Jiading is engaged in operation of a power plant in the PRC.

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

Aggregate information of associates that are not individually material

	2014 **HK$'000**	2013 HK$'000
The Group's share of profit	**40,513**	21,370
The Group's share of other comprehensive (expense) income	**(424)**	7,070
The Group's share of total comprehensive income	**40,089**	28,440

21. HELD-TO-MATURITY INVESTMENT

	2014 **HK$'000**	2013 HK$'000
Debt securities	**15,306**	—

The Group's held-to-maturity investment represents debt securities that are issued by a company listed on the Stock Exchange, and carry fixed interest at 4.75% per annum, payable semi-annually, and will mature in May 2016. None of these assets has been past due or impaired at the end of the reporting period.

22. AVAILABLE-FOR-SALE INVESTMENT

	2014 HK$'000	2013 HK$'000
Listed securities:		
— Equity securities listed in Hong Kong	—	291,818

As at 31 December 2013, the listed equity investment represented 239,982,000 ordinary shares of United Photovoltaics Group Limited ("United Photovoltaics"), a company listed on the Stock Exchange. During the year ended 31 December 2014, the Directors have assessed impairment of the equity investment in United Photovoltaics as its fair value is significantly below cost resulting in an impairment loss of HK$4,508,000 in respect of this equity investment. The Group subsequently disposed of its entire interests in United Photovoltaics at a consideration of HK$206,976,000 with a loss on disposal of HK$15,937,000 recognised in profit or loss (including the cumulative gain previously recognised in revaluation reserve of HK$63,234,000 that was reclassified to profit or loss) during the year ended 31 December 2014.

23. CONVERTIBLE BONDS RECEIVABLE

During the year ended 31 December 2013, the Group disposed its 17.39% equity interests in China Merchant New Energy Holdings Limited ("CMNE") to United Photovoltaics ("CMNE Disposal") in exchange for the convertible bonds receivable of United Photovoltaics with principal amount of HK$159,988,000. The convertible bonds receivable is non-interest bearing and matures on 10 June 2018.

There is a lock-up period of the convertible bonds receivable which will be expired on 31 December 2015 if certain conditions and requirements are met. Each HK$1 of the convertible bonds receivable can be converted into one ordinary share of United Photovoltaics, at any time after the lock-up period until the maturity date.

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

The Directors have designated the convertible bonds receivable as financial assets at FVTPL on initial recognition, and the fair value of the convertible bonds receivable at initial recognition and at the end of the reporting period is determined with reference to a valuation prepared by an independent professionally qualified valuer, American Appraisal. Disclosures of the fair value measurement are set out in note 45.

23. CONVERTIBLE BONDS RECEIVABLE (Continued)

The reconciliation of the change in fair value of the convertible bonds receivable is as follows:

	HK$'000
At initial recognition	237,899
Change in fair value charged to profit or loss (note 9)	6,722
Effect of foreign currency exchange differences	1,805
As at 31 December 2013 and 1 January 2014	246,426
Change in fair value charged to profit or loss (note 9)	(70,447)
Effect of foreign currency exchange differences	(1,138)
As at 31 December 2014	174,841

24. DEFERRED TAXATION

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

	2014	2013
	HK$'000	HK$'000
Deferred tax assets	**94,173**	15,541
Deferred tax liabilities	**(524,475)**	(418,205)
	(430,302)	(402,664)

24. DEFERRED TAXATION (Continued)

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

	Property, plant and equipment HK$'000	Prepaid lease payments HK$'000	Other intangible assets HK$'000	Withholding tax on undistributed profits HK$'000	Unrealised profits on inventories HK$'000	Total HK$'000
At 1 January 2013	(28,146)	(65,876)	(31,489)	(388,856)	—	(514,367)
Credit to profit or loss	3,248	1,729	4,697	100,852	15,301	125,827
Effect of foreign currency exchange differences	(830)	(2,035)	(909)	(10,589)	239	(14,124)
At 31 December 2013	(25,728)	(66,182)	(27,701)	(298,593)	15,540	(402,664)
Acquisitions of subsidiaries	60,587	(14,471)	(4,234)	(13,119)	899	29,662
Credit (charge) to profit or loss	1,946	9,425	4,065	(108,989)	35,098	(58,455)
Effect of foreign currency exchange differences	96	266	110	575	108	1,155
At 31 December 2014	36,901	(70,962)	(27,760)	(420,126)	51,645	(430,302)

At the end of the reporting period, the Group has unused tax losses of HK$2,244,827,000 (2013: HK$3,425,922,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses of approximately HK$2,119,929,000 will expire from 2015 to 2022 and HK$124,898,000 may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences mainly in respect of impairment of certain assets in aggregate of HK$461,023,000 (2013: HK$316,769,000). No deferred tax asset has been recognised due to the unpredictability of future profit streams.

25. INVENTORIES

	2014 HK$'000	2013 HK$'000
Raw materials	**1,059,675**	625,776
Work in progress	**447,803**	486,161
Semi-finished goods (Note)	**494,106**	374,629
Finished goods	**249,458**	93,303
Spare parts	**72,396**	71,655
Solar modules	**372,310**	5,343
	2,695,748	1,656,867

Note: Semi-finished goods mainly represented polysilicon.

25. INVENTORIES (Continued)

During the current year, inventories of HK$164,901,000 (2013: HK$1,001,000) mainly in relation to solar products and spare parts were written-down and included in cost of sales because the costs of certain inventories were higher than their net realisable values.

26. PROJECT ASSETS

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

The following is the breakdown of project assets:

	2014 HK$'000	2013 HK$'000
Module costs	**193,843**	397,005
Other development costs	**224,263**	407,715
Total project assets	**418,106**	804,720

The Group reviews project assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In determining whether or not the project assets are recoverable, the Group considers a number of factors, including changes in environmental, ecological, permitting, or regulatory conditions that affect the project. Such changes may cause the cost of the project to increase and the selling price of the project to decrease. During the year ended 31 December 2014, project assets of HK$52,954,000 (2013: Nil) were impaired and included in cost of sales because the costs of certain project assets were higher then their net realisable value.

No sales of project assets are recognised during the year ended 31 December 2014. During the year ended 31 December 2013, the Group sold its entire equity interest in solar farm project companies with a total planned capacity of 228MW to customers in the USA with principal business to develop, own and operate renewable and other energy assets for a consideration of HK$600,370,000. Upon the sale transaction, all the relevant project assets, including modules and the power purchase agreements related to the solar power plant, were transferred to the customers accordingly.

27. TRADE AND OTHER RECEIVABLES

	2014 HK$'000	2013 HK$'000
Trade receivables (Note a)	**5,954,021**	3,243,440
Less: allowance for doubtful debts	**(100,797)**	(183,309)
	5,853,224	3,060,131
Other receivables	**560,238**	596,871
Entrusted loans receivables (Note b)	**126,759**	292,546
Less: allowance for doubtful debts	**(153,973)**	(8,429)
	533,024	880,988
Value-added tax receivables	**699,504**	739,357
Bills receivable (Note a)	**5,621,112**	5,877,429
Prepayments	**951,481**	499,536
	13,658,345	11,057,441

Notes:

(a) The Group allows a credit period within 1 to 4 months from the invoice date for trade receivables and may further extend 3 to 6 months for settlement through bills issued by banks and financial institutions obtaining from trade customers.

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

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

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

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

27. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(a) (Continued)

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

Included in the Group's trade receivables are debtors with aggregate carrying amount of HK$829,783,000 (2013: HK$651,385,000) which are past due as at the end of the reporting date. The average age of these receivables is 207 days (2013: 224 days). The Group has not provided allowance for doubtful debts for such receivables as part of such receivables are either covered by letters of credit and advances from customers or substantially settled subsequent to the end of the reporting period. For the remaining receivables, there was no historical default of payments by the respective customers and the Directors are closely monitoring the settlement status from the customers. The Group holds collateral over part of these receivables.

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

	2014 HK$'000	2013 HK$'000
0–90 days	367,208	517,292
91–180 days	161,259	33,945
Over 180 days	301,316	100,148
	829,783	651,385

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

	2014 HK$'000	2013 HK$'000
Balance at beginning of the year	191,738	136,439
Impairment loss recognised on receivables	65,528	51,220
Amounts written off as uncollectible	(2,106)	(976)
Foreign exchange translation gains and losses	(390)	5,055
Balance at end of the year	254,770	191,738

Included in the allowance for trade and other receivables are individually impaired trade and other receivables with an aggregate balance of HK$65,528,000 (2013: HK$51,220,000) in which the counterparties have either been placed under liquidation or in severe financial difficulties and it is not likely that such amounts will be recovered in the future.

During the year ended 31 December 2014, bad debts of HK$2,728,000 (2013: Nil) were directly written off.

(b) The entrusted loans receivables as at 31 December 2014 of HK$126,759,000 (2013: HK$292,546,000) were arranged by banks in the PRC, and were unsecured and interest bearing at a fixed rate of 7.28% (2013: 7.28% to 7.71%) per annum.

28. AMOUNTS DUE FROM RELATED COMPANIES

	2014 HK$'000	2013 HK$'000	Maximum amount outstanding during 2014 HK$'000
Non-trade related:			
Companies in which Mr. Zhu Gongshan and his family have control#:			
江蘇協鑫房地產有限公司 Jiangsu Golden Concord Property Co., Ltd.*	**7,217**	7,242	7,242
協鑫光伏系統有限公司 GCL Solar System Co., Ltd.*	**8,113**	9,663	9,663
江蘇協鑫石油天然氣有限公司 GCL (Jiangsu) Petroleum Limited*	**19**	127	127
內蒙古協鑫錫林礦業有限公司 GCL (Inner Mongolia) Xilinhot Mining Co., Ltd.*	**1,268**	—	1,268
上海和恒管理諮詢有限公司 Shanghai He Heng Management Consulting Ltd.*	**824**	—	824
徐州協鑫光電科技有限公司 Xuzhou GCL Photoelectric Technology Co., Ltd.*	**4,468**	—	4,468
	21,909	17,032	
Joint venture of the Group: Shineng	**56,356**	—	56,356
Associate of the Group: Beijing Cogeneration Plant	**11,135**	—	11,135
Total — non-trade related	**89,400**	17,032	
Trade-related:			
Companies in which Mr. Zhu Gongshan and his family have control#	**23,019**	101,914	
Associates of the Group:			
Funing Cogeneration Plant	**1,085**	—	
Ningxia Xiejia	**38,825**	—	
	39,910	—	
Total — trade related	**62,929**	101,914	
	152,329	118,946	
Analysed for reporting purposes as:			
— Current assets	**125,033**	118,946	
— Non-current assets	**27,296**	—	
	152,329	118,946	

Mr. Zhu Gongshan is a director and a substantial shareholder of the Company, holding 32.40% (2013: 32.41%) of the Company's share capital as at 31 December 2014, and exercises significant influence over the Company.

* English name for identification only

28. AMOUNTS DUE FROM RELATED COMPANIES (Continued)

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

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

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

	2014 HK$'000	2013 HK$'000
0–90 days	**58,933**	41,862
91–180 days	**500**	8,275
181– 365 days	**1,369**	51,777
Over 365 days	**2,127**	—
	62,929	101,914

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

29. LOAN TO A RELATED COMPANY

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

Name of related company	**Terms of the loan**	**2014 HK$'000**	2013 HK$'000	Maximum amount outstanding during 2014 HK$'000
Associate of the Group:				
Funing Cogeneration Plant	Unsecured, interest-bearing at People's Bank of China benchmark rate ("Benchmark Rate") ranging from 6.90% to 7.57% per annum and payable within one year	—	66,949	66,949

The loan was fully settled during the year.

30. HELD FOR TRADING INVESTMENT

	2014 HK$'000	2013 HK$'000
Listed securities:		
Equity securities listed in Hong Kong	**21,750**	12,470

31. PLEDGED AND RESTRICTED BANK DEPOSITS AND BANK BALANCES

Bank balances

Bank balances carry interest at floating rates which range from 0.001% to 0.4% (2013: 0.001% to 0.385%) per annum or fixed rates which range from 0.001% to 1.485% (2013: 0.001% to 1.485%) per annum.

Pledged bank deposits

These bank deposits carry fixed interest rates ranging from 2.8% to 3.05% (2013: 2.8% to 3.3%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$2,540,772,000 (2013: HK$824,845,000) have been pledged to secure short-term borrowings granted to the Group and obligations under finance leases in the PRC and the USA and are therefore classified as current assets. The remaining deposits amounting to HK$79,742,000 (2013: HK$162,509,000) have been pledged to secure long-term borrowings granted to the Group and obligations under finance leases which are due after one year, and are therefore classified as non-current assets.

Restricted bank deposits

The deposits carry interest at 0.35% floating rates (2013: 0.35%) per annum or fixed rates which range from 2.55% to 3.25% (2013: 2.8% to 3.05%) per annum and will be released upon the settlement or discharge of the relevant letters of credit and guarantee.

Restricted bank deposits amounting to HK$9,268,419,000 (2013: HK$7,255,372,000) have been restricted to secure bills payable, short-term letters of credit for trade and other payables and are therefore classified as current assets. The remaining deposits amounting to HK$78,441,000 (2013: Nil) have been restricted to secure obligations under finance leases which are due after one year, and therefore classified as non-current assets.

32. TRADE AND OTHER PAYABLES

	2014 HK$'000	2013 HK$'000
Trade payables	5,302,104	3,864,320
Bills payable (trade)	7,203,484	4,978,033
Bills payable (non-trade)	62,112	258,204
Construction payables	5,516,488	2,984,517
Other payables	1,819,085	836,647
Dividend payable to non-controlling shareholders of subsidiaries	12,092	25,994
Other tax payables	259,386	182,812
Interest payables	211,654	199,325
Accruals	446,135	407,454
	20,832,540	13,737,306

The credit period for trade payables and bills payable (trade) are normally within 90 days and 180 days, respectively. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

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

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

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

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

Included in the trade and other payables are obligations arising from endorsing bills receivable with recourse issued by third parties for settlement of trade and other payables with an aggregate amount of HK$1,335,874,000 (2013: HK$1,720,599,000).

33. AMOUNTS DUE TO RELATED COMPANIES

	2014 HK$'000	2013 HK$'000
Non-trade related:		
Companies in which Mr. Zhu Gongshan and his family have control (Note a)	172,187	10,264
Trade-related:		
Companies in which Mr. Zhu Gongshan and his family have control (Note b)	562,599	724,616
	734,786	734,880

Notes:

(a) The amounts are unsecured, non-interest bearing and repayable on demand.

(b) The amounts are unsecured, non-interest bearing and the credit period is normally within 90 days.

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

	2014 HK$'000	2013 HK$'000
0–90 days	310,929	287,831
91–180 days	250,982	382,756
181– 365 days	630	54,029
Over 365 days	58	—
	562,599	724,616

34. LOAN FROM A RELATED COMPANY

Name of related company	Terms of the loan	2014 HK$'000	2013 HK$'000
Associate of the Group:			
Funing Cogeneration Plant	Unsecured, interest-bearing at rate of 2% to 6% per annum and payable within one year	12,900	—

35. ADVANCES FROM CUSTOMERS

The Group entered into goods supply contracts with customers and received advance payments from customers which are interest-free. As at 31 December 2014, the advances of HK$973,473,000 (2013: HK$955,402,000) and HK$646,954,000 (2013: HK$1,093,415,000) are included in current liabilities and non-current liabilities based on the estimated amounts of purchase of goods within one year and after one year, respectively.

36. GOVERNMENT GRANTS

	2014 HK$'000	2013 HK$'000
Amounts credited to profit or loss during the year:		
Incentive subsidies (Note a)	**157,393**	117,445
Subsidies related to property, plant and equipment (Note b)	**154,219**	95,692
Value-added tax refund related to depreciable assets (Note c)	**21,676**	9,513
	333,288	222,650
Deferred income related to government grants:		
Subsidies related to property, plant and equipment (Note b)	**453,716**	567,379
Value-added tax refund related to depreciable assets (Note c)	**109,862**	111,282
Total	**563,578**	678,661
Less: current portion (included in deferred income)	**(119,086)**	(117,473)
Non-current portion (included in deferred income)	**444,492**	561,188

Notes:

(a) Incentive subsidies were received from the relevant PRC Government for improvement of working capital and financial assistance to the operating activities to enhance the competitiveness in the industry. The amount also includes grants for relevant expenses incurred such as those for research and development activities and interest subsidies. The subsidies were granted on a discretionary basis to the Group during the year.

(b) The Group received government subsidies for the compensation of capital expenditure incurred for the plant and machinery. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

(c) The Group received value-added tax refunds on purchases of domestic manufactured plant and machinery. The amounts are deferred and amortised over the estimated useful lives of the respective plant and machinery.

37. BANK BORROWINGS

Details of the bank borrowings are as follows:

	2014 HK$'000	2013 HK$'000
Secured	**27,850,016**	20,235,586
Unsecured	**8,355,611**	13,020,320
	36,205,627	33,255,906
Carrying amount repayable:		
Short-term bank borrowings	**18,956,638**	16,142,615
Long-term bank borrowings		
Within one year	**2,994,687**	8,772,921
More than one year, but not exceeding two years	**7,063,720**	2,447,157
More than two years, but not exceeding three years	**3,376,475**	4,312,316
More than three years, but not exceeding four years	**406,199**	337,955
More than four years, but not exceeding five years	**429,015**	207,582
More than five years	**2,978,893**	1,035,360
	17,248,989	17,113,291
	36,205,627	33,255,906
Less: Amounts due within one year shown under current liabilities	**(21,951,325)**	(24,915,536)
Amounts due after one year	**14,254,302**	8,340,370
Analysed as:		
Fixed-rate borrowings	**15,526,403**	14,405,683
Variable-rate borrowings	**20,679,224**	18,850,223
	36,205,627	33,255,906

The repayable amounts of bank borrowings due are based on scheduled repayment dates set out in the loan agreements.

37. BANK BORROWINGS (Continued)

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are analysed as follows:

	2014	2013
Fixed-rate borrowings	**1% to 7.5%**	4.8% to 7.2%
Variable-rate borrowings		
US$ borrowings	**London Interbank Offered Rate ("LIBOR") + 2.0% to 4.5%**	LIBOR + 2.6% to 6%
RMB borrowings	**95% to 120% of Benchmark Rate**	90% to 120% of Benchmark Rate

The Group's borrowings are denominated in the currencies other than the functional currency of the relevant group entities are set out below:

	2014 HK$'000	2013 HK$'000
US$	**12,655,417**	9,053,513

Certain borrowings are secured by property, plant and equipment, prepaid lease payments and bank deposits as set out in note 50.

Included in short-term bank borrowings are obligations arising from bills receivable issued by third parties and the Group's entities with aggregate carrying amount of approximately HK$9,354,484,000 (2013: HK$8,208,717,000) discounted to banks which were with recourse at interest rates ranging from 4.17% to 6.78% (2013: 4.92% to 8.19%).

In respect of a bank loan with a carrying amount of approximately HK$7,523,679,000 as at 31 December 2014 which contains certain covenants, the Directors had reviewed these covenants and no breach of covenants was noted at 31 December 2014.

The shares of a subsidiary with net asset value of HK$10,888 million (2013: HK$9,285 million) were pledged to secure bank borrowings totalling HK$3,723,051,000 (2013: HK$3,722,351,000) granted to the Group as at 31 December 2014.

38. OBLIGATIONS UNDER FINANCE LEASES

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

	Minimum lease payments		Present value of minimum lease payments	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Amounts payable under finance leases				
Within one year	**1,017,202**	732,840	**931,826**	654,197
More than one year, but not exceeding two years	**512,579**	547,287	**473,687**	496,928
More than two years, but not exceeding five years	**478,226**	485,338	**410,542**	402,245
More than five years	**404,307**	618,926	**321,773**	517,149
	2,412,314	2,384,391	**2,137,828**	2,070,519
Less: future finance charges	**(274,486)**	(313,872)	**N/A**	N/A
Present value of lease obligations	**2,137,828**	2,070,519	**2,137,828**	2,070,519
Less: Amount due for settlement within one year (shown under current liabilities)			**(931,826)**	(654,197)
Amount due for settlement after one year			**1,206,002**	1,416,322

Finance lease arrangements in the PRC

The Group entered into several finance lease agreements with third party financial institutions with lease terms of 3 to 5 years, pursuant to which the Group agreed to sell certain plants and equipment to the financial institutions, and concurrently lease the assets back for terms ranging from 3 to 5 years with quarterly rent payments. At the end of the lease term, the Group has the option to purchase the assets at nominal value. As the lease terms have covered major part of the useful lives of the relevant assets, the sale and leaseback arrangement resulted in finance leases.

During the year ended 31 December 2013, the Group entered into a lease agreement with an independent third party to lease certain property, plant and equipment in the PRC. The lease terms have covered major part of the useful lives of the relevant assets and such lease arrangement resulted in a finance lease. As at 31 December 2014, the carrying value of the related property, plant and equipment is HK$371,070,000 (2013: HK$445,583,000).

At 31 December 2014, such finance leases have outstanding obligations of HK$1,617,201,000 (2013: HK$1,504,625,000). The average effective interest rate of these leases is 6.82% (2013: 5.77%) per annum after adjusting the effect of initial direct costs. The Group's obligations under finance lease arrangements in the PRC are secured by pledged and restricted deposits of approximately HK$123,311,000 (2013: HK$205,775,000) made to lessors at the inception of the lease.

38. OBLIGATIONS UNDER FINANCE LEASES (Continued)

Finance lease arrangements in the USA

GCL Solar Energy Inc. ("GCL Solar"), an indirect wholly-owned subsidiary of the Company, and its subsidiaries (collectively the "Project Companies"), entered into master lease agreements and various related agreements with Wells Fargo & Company ("Wells Fargo") and Bank of America Merrill Lynch ("Bank of America") (collectively the "Lease Agreements") to fund solar photovoltaic power projects ("Solar Projects"). Pursuant to the Lease Agreement, the Project Companies will design, construct and build the Solar Projects, and upon completion of which, sell the Solar Projects to Wells Fargo and Bank of America who in turn, lease back the Solar Projects to the Project Companies. Separately, Project Companies entered into power purchase agreements with end customers, who buy electricity directly from the Project Companies.

During the years ended 31 December 2012 and 2011, the Project Companies sold 1MW Solar Projects to Bank of America, and 4.9MW to Bank of America and 11MW to Wells Fargo, respectively. Concurrent with the sale, the Project Companies entered into agreements to lease the Solar Projects back from Wells Fargo and Bank of America at a predetermined basis rent for terms of 17 to 25 years. At the end of the lease term, the Project Companies have the option to purchase the Solar Projects at market price, renew the lease, or dispose the Solar Projects. The sale and leaseback of the thirteen Solar Projects resulted in finance leases and accordingly the profit on the sale of these thirteen Solar Projects is deferred and amortised over the lease terms.

At 31 December 2014, such finance leases have outstanding obligations of US$35,815,000 (equivalent to HK$277,791,000) (2013: US$39,842,000, equivalent to HK$308,971,000). The average effective interest rate of these leases was 6.59% per annum after adjusting the effect of initial direct cost. The Group's obligations under finance lease are secured by pledged and restricted bank deposits of approximately HK$78,441,000 (2013: HK$45,574,000) made to lessors at the inception of the lease.

Finance lease arrangements in Hong Kong

During the year ended 31 December 2013, the Group entered into a sale and leaseback agreement with a financial institution to sell an aircraft for an amount of US$35,000,000 (equivalent to HK$272,831,000), and concurrently lease the aircraft back for a term of 7 years. At the end of the lease term, the Group has the option to purchase the aircraft at nominal value. The sale and finance leaseback arrangement resulted in a finance lease and the average effective interest rate is a floating rate of 3 months LIBOR with a margin per annum.

The Group also entered into several finance lease agreements with third party financial institutions with lease terms of 3 years, pursuant to which the Group agreed to sell certain plants and equipments to the financial institutions, and concurrently lease the assets back for terms ranging from 3 to 5 years by with monthly rental payments. At the end of the lease term, the Group has the opinion to purchase the assets at nominal value. As the lease terms have covered major part of the useful lives of the relevant assets, the sales and leaseback arrangement resulted in finance leases.

At 31 December 2014, such finance leases have outstanding obligations of HK$242,836,000 (2013: HK$256,923,000). The average effective interest rate of these leases is 4.29% (2013: 4.25%) per annum after adjusting the effect of initial direct costs. The Group's obligations under finance lease arrangement in Hong Kong are secured by a pledged and restricted deposit of approximately HK$23,994,000 (2013: HK$38,775,000) made to lessors at the inception of the lease.

39. NOTES PAYABLES

The carrying amounts of the Group's notes payables are as follows:

	2014 HK$'000	2013 HK$'000
7.05% fixed rate notes due 2018 (Note a)	**1,901,382**	1,907,911
6.9% fixed rate notes due 2015 (Note b)	**507,035**	508,776
5.77% fixed rate notes due 2015 (Note b)	**760,553**	763,164
5.8% fixed rate notes due 2014 (Note c)	**—**	763,164
5.23% fixed rate notes due 2015 (Note c)	**507,035**	—
6.05% fixed rate notes due 2015 (Note d)	**507,035**	—
Less: Unamortised issuance costs	**(14,306)**	(20,236)
Net carrying amount	**4,168,734**	3,922,779
Less: Amounts due within one year shown under current liabilities	**(2,278,404)**	(761,330)
Amounts due for settlement after one year shown under non-current liabilities	**1,890,330**	3,161,449

Notes:

(a) On 15 November 2011, Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. ("Jiangsu Zhongneng"), a wholly-owned subsidiary of the Group, issued RMB1,500,000,000 notes due on 14 November 2018 (the "Notes") in the PRC unless there is earlier resale pursuant to the terms of the Notes. The Notes bear interest at a fixed rate of 7.05% per annum for the first five years, payable annually in arrears on 15 November each year, commencing from 15 November 2012.

Jiangsu Zhongneng has the absolute right (but not the obligation) to adjust upward the annual interest rate within the range from 0 to 100 basis point upon the end of five years from the date of issue. The interest rate for the last two years will be 7.05% per annum plus any of the upward adjustment.

Any investors of the Notes has the right to register within 5 business days from the date of announcement of any upward adjustment of the interest rate upon the end of five years from the date of issue in order to qualify for resale of the whole or part of the Notes held by them to Jiangsu Zhongneng at par.

(b) 保利協鑫有限公司 GCL-Poly Limited* ("GCL"), a wholly-owned subsidiary of the Group, completed the registration of RMB1,000,000,000 notes with a tenor of three years with the National Association of Financial Market Institutional Investors ("NAFMI") of the PRC. GCL has issued RMB400,000,000 (the "First Tranche Notes") and RMB600,000,000 (the "Second Tranche Notes") in the PRC on 16 February 2012 and 10 May 2012, which mature on 16 February 2015 and 10 May 2015, respectively. The First Tranche Notes bear interest at a fixed rate of 6.9% per annum, payable annually in arrears on 16 February each year, commencing from 16 February 2013. The Second Tranche Notes bear interest at a fixed rate of 5.77% per annum, payable annually in arrears on 10 May each year, commencing from 10 May 2013.

(c) On 13 May 2013, GCL completed the registration of RMB1,000,000,000 short term notes with NAFMI, and such registered amount will be valid for a period of two years until 12 May 2015. On 11 July 2013, GCL issued the first tranche notes in an aggregate principal amount of RMB600,000,000 out of the registered RMB1,000,000,000 short term notes with interest at 5.8% per annum. The first tranche notes were matured and redeemed on 12 July 2014. On 20 October 2014, GCL issued the second tranche notes in an aggregate principal amount of RMB400,000,000 out of the registered RMB1,000,000,000 short term notes, which mature on 22 October 2015 and bear interest at 5.23% per annum. The interest is payable together with the principal upon date of redemption.

(d) On 25 June 2014, GCL issued notes payable in an aggregate principal amount of RMB400,000,000. The notes payable mature on 25 June 2015 and bear interest at a rate of 6.05% per annum, which is payable together with the principal upon the maturity date.

* English name for identification only

40. CONVERTIBLE BONDS PAYABLE

On 29 November 2013, the Company issued US$200 million (equivalent to HK$1,550,680,000) convertible bonds payable (the "Convertible Bonds Payable") that are in registered form in the denomination of US$200,000 each and integral multiples. The Convertible Bonds bear interest at a fixed rate of 0.75% per annum and payable semi-annually. The maturity date will be 29 November 2018.

The bonds entitle the holders to convert into ordinary shares of the Company at any time after six months of the date of issue to the maturity date at an initial conversion price of HK$3.125 per share, but will be subject to adjustment of anti-dilution protection. If the bonds have not been converted, they will be redeemed at 109.7% of its principal amount upon maturity. The Company will, at the option of the bonds holders, redeem all or some of the holder's bonds as requested on 29 November 2016, at 105.7% of the principal amount of the bonds when a relevant event has occurred or may occur. If at anytime that 90% of the bonds have been converted and/or redeemed and/or cancelled, the Company may redeem the remaining bonds in whole together with the unpaid interest.

The announcements of the Company dated 15 November 2013, 20 November 2013 and 29 November 2013 set out the details of the issuance of the convertible bonds.

The Directors have designated the Convertible Bonds Payable as FVTPL and initially recognised at fair value. In subsequent periods, the Convertible Bonds Payable is measured at fair value with changes in fair value recognised in profit or loss.

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

	HK$'000
At initial recognition	1,550,680
Change in fair value changed to profit or loss (note 9)	(17,969)
Effect of foreign currency exchange difference	9,301
As at 31 December 2013 and 1 January 2014	1,542,012
Change in fair value charged to profit or loss (note 9)	(87,543)
Payments to interests	(11,631)
Effect of foreign currency exchange differences	250
As at 31 December 2014	1,443,088

41. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	20,000,000	2,000,000

	Number of shares '000	Amount HK$'000
Issued and fully paid:		
At 1 January 2013	15,476,076	1,547,607
Exercise of share options (Note a)	7,147	715
At 31 December 2013 and 1 January 2014	15,483,223	1,548,322
Exercise of share options (Note b)	5,984	598
At 31 December 2014	15,489,207	1,548,920

Notes:

(a) During the year ended 31 December 2013, share option holders exercised their rights to subscribe for 5,762,000, 2,880,000 and 1,097,000 ordinary shares in the Company at HK$0.59, HK$1.054 and HK$1.642 per share, respectively, with the net proceeds of HK$5,504,000.

(b) During the year ended 31 December 2014, share option holders exercised their rights to subscribe for 890,000, 246,000 and 4,848,000 ordinary shares in the Company at HK$0.59, HK$1.054 and HK$1.642 per share, respectively, with the net proceeds of HK$8,749,000.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the current year.

All shares issued during the years ended 31 December 2013 and 2014 rank pari passu in all respects.

42. ACQUISITIONS OF SUBSIDIARIES

Year ended 31 December 2014

(i) Acquisition of GCL New Energy

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

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

The acquisition has been accounted for using the purchase method.

Assets and liabilities recognised at the date of acquisition

	HK$'000
Non-current assets	
Property, plant and equipment	677,696
Prepaid lease payments	37,741
Deferred tax assets	39,702
Other non-current assets	6,420
Current assets	
Inventories	200,638
Trade and other receivables	380,890
Pledged bank deposit	5,045
Cash and cash equivalents	244,665
Current liabilities	
Trade and other payables	(479,813)
Amount due to a related party	(20,000)
Obligations under finance leases	(28,209)
Tax payables	(48,769)
Bank borrowings	(243,285)
Non-current liabilities	
Obligation under finance leases	(30,546)
Bank borrowings	(50,451)
Deferred tax liabilities	(13,765)
Net assets of GCL New Energy before share subscription by the Group	677,959
Share subscription by the Group	1,440,000
Total identifiable net assets acquired	2,117,959

42. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(i) Acquisition of GCL New Energy (Continued)

Assets and liabilities recognised at the date of acquisition (Continued)

The fair values of trade and other receivables amounted to approximately HK$380,890,000, representing the gross contractual amounts at the date of acquisition and the contractual cashflows are expected to be fully collected.

Non-controlling interests

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

Goodwill arising on acquisition

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

Net cash inflow arising on acquisition

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

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

Impact of acquisition on the results of the Group

Included in the profit and revenue of the Group for the year ended 31 December 2014 were approximately a loss of HK$175,178,000 and HK$1,024,024,000, respectively, generated from GCL New Energy.

Had the acquisition of GCL New Energy been effected at the beginning of the current year, the total amount of revenue of the Group for the year ended 31 December 2014 would have been increased by HK$766,619,000, and the amount of the profit for the year of the Company would have been increased by HK$14,395,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the current year, nor is it intended to be a projection of future results.

42. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(i) Acquisition of GCL New Energy (Continued)

In determining the "pro-forma" revenue and profit of the Group had GCL New Energy been acquired at the beginning of the current year, the Directors calculated depreciation and amortisation of property, plant and equipment acquired on the basis of fair values arising in the initial accounting for the business combination rather than the carrying amounts.

(ii) Acquisition of 德令哈協合光伏發電有限公司 ("Delingha")

On 3 December 2014, GCL New Energy Group, Yinhua Century Concord New Energy Investment Limited* (銀華協合新能源投資有限公司) ("Yinhua") and Century Concord Wind Power Investment Co., Ltd.* (協合風電投資有限公司) ("Century Concord") entered into a sale and purchase agreement pursuant to which GCL New Energy Group acquired 100% equity interest in Delingha at a consideration of RMB232,590,000 (equivalent to approximately HK$294,828,000) in cash.

In addition, GCL New Energy Group conditionally agreed to acquire through Delingha, and Yinhua conditionally agreed to procure the Shineng minority shareholders to sell to Delingha, the 40% equity interest in Shineng that is owned by the Shineng minority shareholders, for a consideration of not more than RMB36,000,000 (equivalent to approximately HK$45,633,000) in cash.

The acquisition of 100% equity interest in Delingha was completed on 31 December 2014. As at 31 December 2014, the acquisition of the 40% equity interest in Shineng was yet to be completed and Shineng was accounted for as a joint venture of the Group as disclosed in note 19.

The acquisition was accounted for using purchase method.

Assets and liabilities recognised at the date of acquisition

	HK$'000
Non-current assets	
Property, plant and equipment	849,920
Investment in a joint venture	41,166
Deferred tax assets	3,725
Non-current deposits and prepayments	15,120
Amount due from joint venture — non-current	27,296
Current assets	
Trade receivables	84,431
Prepayments and other receivables	73,555
Amount due from a joint venture — current	29,060
Cash and cash equivalents	77,096
Current liabilities	
Trade and other payables	(96,906)
Borrowings	(817,594)
Total identifiable net assets acquired	286,869

* English name for identification only

42. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(ii) Acquisition of 德令哈協合光伏發電有限公司 ("Delingha") (Continued)

Goodwill arising on acquisition

	HK$'000
Consideration payable	294,828
Less: fair values of identifiable net assets acquired	(286,869)
Goodwill arising on acquisition	7,959
Less: impairment of goodwill (note 17)	(7,959)
	—

Net cash inflow arising on acquisition

	HK$'000
Consideration paid in cash	63,380
Less: cash and cash equivalents acquired	(77,096)
Net cash inflow arising on acquisition	(13,716)

Included in the cash consideration is an instalment of RMB25,000,000 (equivalent to approximately HK$31,550,000) which would only be paid by GCL New Energy Group to Yinhua upon the occurrence of certain conditions. The Directors expect that such conditions will occur within 2015.

Impact of acquisition on the results of GCL New Energy Group

As Delingha was acquired on 31 December 2014, no profit or loss from Delingha was included in the loss for the nine months ended 31 December 2014 of GCL New Energy Group.

Had the acquisition of Delingha been effected at the beginning of the period, the total amounts of revenue and the loss for the period of GCL New Energy Group would have been increased by HK$134,309,000 and decreased by HK$27,508,000, respectively. Such pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the above pro-forma financial information, depreciation and amortisation of the plant and equipment was calculated based on their recognised amounts of at the date of the acquisition.

42. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(iii) Acquisition of other subsidiaries

During the year ended 31 December 2014, the Group acquired controlling equity interests in several companies through GCL New Energy Group. These companies, as detailed below, did not operate any business prior to the respective dates of acquisitions. Therefore, the Group considers the nature of these acquisitions as acquisitions of assets in substance and the considerations should be attributable to the individual assets acquired and liabilities assumed based on the relative fair values of the individual items.

Acquisition of 金湖正輝太陽能電力有限公司 ("Jinhu Zhenghui")

On 26 August 2014, the Group entered into a subscription agreement with 江蘇正輝太陽能電力有限公司 ("Jiangsu Zhenghui") pursuant to which (i) the Group and Jiangsu Zhenghui agreed to increase the share capital of Jinhu Zhenghui from approximately HK$10,094,000 (equivalent to RMB8,000,000) to approximately HK$202,645,000 (equivalent to RMB160,600,000) and (ii) the Group agreed to subscribe new shares equivalent to 95.02% of the equity interest in Jinhu Zhenghui. The total capital commitment to be made by the Group is approximately HK$192,556,000 (equivalent to RMB152,600,000). As at 31 December 2014, the Group injected approximately HK$107,256,000 (equivalent to RMB85,000,000) of capital with outstanding investment commitment of approximately HK$85,300,000 (equivalent to RMB67,600,000). The acquisition was completed on 4 September 2014. Jinhu Zhenghui owns a 100MW solar farm project under development.

Pursuant to the above subscription agreement, the Group has an obligation to purchase the remaining 4.98% equity interest in Jinhu Zhenghui at approximately HK$10,094,000 (equivalent to RMB8,000,000) within one year and two months after the completion of the development project and grid connection testing. Accordingly, other payable of approximately HK$10,094,000 (equivalent to RMB8,000,000) had been recognised as at 31 December 2014 in this regard.

Acquisition of 正藍旗國電光伏發電有限公司 ("Zheng Lan Qi")

On 22 September 2014, the Group acquired 93.75% equity interest in Zheng Lan Qi at a consideration of approximately HK$18,927,000 (equivalent to RMB15,000,000). Zheng Lan Qi owns a 50MW solar farm project under development.

Pursuant to the acquisition agreement, the Group has an obligation to purchase the remaining 6.25% equity interest in Zheng Lan Qi at approximately HK$1,261,000 (equivalent to RMB1,000,000) after grid connection and generation of electricity. Accordingly, other payable of HK$1,261,000 had been recognised as at 31 December 2014 in this regard.

Acquisition of 浙江舒奇蒙能源科技股份有限公司 ("Zhejiang Shuqimeng")

On 29 September 2014, the Group acquired 91% equity interest in Zhejiang Shuqimeng at a consideration of approximately HK$11,483,000 (equivalent to RMB9,100,000). Zhejiang Shuqimeng owns a 17.5MW solar farm project under development.

Following the transfer of the equity interest, both the Group and the vendor further injected capital to Zhejiang Shuqimeng by increasing its total registered capital from approximately HK$12,676,000 (equivalent to RMB10,000,000) to approximately HK$36,003,000 (equivalent to RMB28,403,000) at the same time maintaining their respective ownership of 91% (attributable to the Group) and 9% (attributable to the vendor) of the total equity interests in Zhejiang Shuqimeng.

42. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(iii) Acquisition of other subsidiaries (Continued)

Acquisition of 浙江舒奇蒙能源科技股份有限公司 ("Zhejiang Shuqimeng") (Continued)

Pursuant to the acquisition agreement, the Group has an obligation to acquire the remaining 9% equity interest in Zhejiang Shuqimeng at approximately HK$3,240,000 (equivalent to RMB2,556,000) three years after the agreement date of 8 August 2014. Accordingly, other payable of HK$3,240,000 had been recognised as at 31 December 2014 in this regard.

Acquisition of 哈密耀輝光伏電力有限公司 ("Hami Yaohui")

On 25 September 2014, the Group acquired 100% equity interest in Hami Yaohui at a consideration of approximately HK$12,618,000 (equivalent to RMB10,000,000). Hami Yaohui owns a 60MW solar farm project under development.

Acquisition of 榆林市榆神工業區東投能源有限公司 ("YuShen")

On 25 September 2014, the Group acquired 100% equity interest in YuShen at a consideration of approximately HK$1,261,000 (equivalent to RMB1,000,000). YuShen is a 100MW solar farm project under development.

Acquisition of 內蒙古香島新能源發展有限公司 ("Inner Mongolia Xiangdao")

On 6 October 2014, the Group entered into an investment agreement with the seller, 內蒙古香島生態農業開發有限公司 ("Inner Mongolia Xiangdao Agricultural Development Company Limited"*, the "Seller"). Pursuant to and subject to the terms and conditions of the investment agreement, the Seller agrees to sell to Suzhou GCL New Energy Investment Company Limited*, a wholly owned subsidiary of GCL New Energy, 90.10% of the issued share capital of 內蒙古香島新能源開發有限公司 ("Inner Mongolia Xiangdao New Energy Development Company Limited"*, "Inner Mongolia Xiangdao") at a consideration of approximately HK$57,105,000 (equivalent to RMB45,050,000). The acquisition was completed on 22 October 2014.

Following the transfer of the equity interest, both the Group and the Seller further injected capital to Inner Mongolia Xiangdao by increasing its total registered capital from approximately HK$63,380,000 (equivalent to RMB50,000,000) to approximately HK$346,812,000 (equivalent to RMB273,600,000) at the same time maintaining their respective ownership of 90.10% (attributable to the Group) and 9.90% (attributable to the Seller) of the total equity interests in Inner Mongolia Xiangdao.

Pursuant to the investment agreement, the Group can acquire the remaining 9.90% equity interest in Inner Mongolia Xiangdao at approximately HK$34,334,000 (equivalent to RMB27,086,000). Accordingly, other payable of HK$34,334,000 had been recognised as at 31 December 2014 in this regard.

Inner Mongolia Xiangdao has two solar farm projects under development in the city of Hohhot in the Inner Mongolia Autonomous Region: (i) a 31MW photovoltaic power generation project and (ii) a 130MW building-integrated photovoltaic project.

* *English name for identification only*

42. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(iii) Acquisition of other subsidiaries (Continued)

Acquisition of 橫山晶合太陽能發電有限公司 ("Hengshan")

On 28 August 2014, the Group entered into a subscription agreement with 西安黃河光伏科技有限公司 ("Huanghe Solar"). Pursuant to the agreement and subject to the terms and conditions of the agreement, the Group agreed to subscribe for 91% equity interest in Hengshan at a total consideration of approximately HK$103,815,000 (equivalent to RMB81,900,000). Huanghe Solar will own the remaining 9% of Hengshan following the completion of the agreement. The acquisition was completed on 5 November 2014. Hengshan has a 150 MW photovoltaic power generation project under development in Xian, the PRC.

Pursuant to the acquisition agreement, the Group has an obligation to acquire the remaining 9% equity interest in Hengshan at approximately HK$10,267,000 (equivalent to RMB8,100,000) one year after connecting to the grid. Accordingly, other payable of HK$10,267,000 had been recognised as at 31 December 2014 in this regard.

Acquisition of 尚義元辰新能源開發有限公司 ("Shangyi")

On 13 November 2014, the Group acquired 95% equity interest in Shangyi at a consideration of approximately HK$2,408,000 (equivalent to RMB1,900,000). Shangyi owns a 50MW solar farm project under development.

Following the transfer of the equity interest above, Shangyi increased its total registered capital from approximately HK$2,535,000 (equivalent to RMB2,000,000) to approximately HK$103,106,000 (equivalent to RMB81,340,000) with same shareholding percentage.

Acquisition of 哈密歐瑞光伏發電有限公司 ("Ouri")

On 29 October 2014, the Group acquired 100% equity interest in Ouri at a consideration of approximately HK$12,676,000 (equivalent to RMB10,000,000). Ouri owns a 20MW solar farm project under development.

Acquisition of 山西佳盛能源股份有限公司 ("Jiasheng")

On 17 November 2014, the Group acquired 93.33% equity interest in Jiasheng at a consideration of approximately HK$35,492,000 (equivalent to RMB28,000,000). Jiasheng owns a 20MW solar farm project under development.

Pursuant to the acquisition agreement, the Group can acquire the remaining 6.67% equity interest in Jiasheng at approximately HK$2,535,000 (equivalent to RMB2,000,000) after connecting to the grid. Accordingly, other payable of HK$2,535,000 had been recognised as at 31 December 2014 in this regard.

Acquisition of 宿遷綠能電力有限公司 ("Suqian")

On 13 November 2014, the Group acquired 90.50% equity interest in Suqian at a consideration of approximately HK$2,294,000 (equivalent to RMB1,810,000). Suqian owns a 22MW solar farm project under development.

Pursuant to the acquisition agreement, the Group has an obligation to acquire the remaining 9.50% equity interest in Suqian at initial investment cost within three years from the date of acquisition agreement. Accordingly, other payable of approximately HK$241,000 (equivalent to RMB190,000) had been recognised as at 31 December 2014 in this regard.

42. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(iii) Acquisition of other subsidiaries (Continued)

Acquisition of 寧夏盛景太陽能科技有限公司 ("Shengjing")

On 29 October 2014, the Group acquired 90.10% equity interest in Shengjing at a consideration of approximately HK$58,590,000 (equivalent to RMB46,221,000). Shengjing owns a 30MW solar farm project under development.

Pursuant to the acquisition agreement, the minority shareholders have an option to sell the remaining 9.90% equity interest in Shengjing at initial investment cost. Accordingly, other payable of approximately HK$6,438,000 (equivalent to RMB5,079,000) had been recognised as at 31 December 2014 in this regard.

Acquisition of 盂縣晉陽新能源發電有限公司 ("Jinyang")

On 27 October 2014, the Group acquired 98.86% equity interest in Jinyang at a consideration of approximately HK$110,027,000 (equivalent to RMB86,800,000). Jinyang owns a 50MW solar farm project under development.

Pursuant to the acquisition agreement, the Group has an obligation to acquire the remaining 1.14% equity interest in Shengjing at initial investment cost. Accordingly, other payable of approximately HK$1,268,000 (equivalent to RMB1,000,000) had been recognised as at 31 December 2014 in this regard.

Acquisition of 海南天利科新能源項目投資有限公司 ("Tianlike")

On 11 October 2014, the Group acquired 76.47% equity interest in Tianlike at a consideration of approximately HK$41,678,000 (equivalent to RMB32,880,000). Tianlike owns a 25MW solar farm project under development.

Pursuant to the acquisition agreement, the Group can acquire the remaining 23.53% equity interest in Tianlike at initial investment cost within three years from the date of connecting the grid. Accordingly, other payable of approximately HK$12,828,000 (equivalent to RMB10,120,000) had been recognised as at 31 December 2014 in this regard.

Acquisition of 海南意晟新能源有限公司 ("Yicheng")

On 12 October 2014, the Group acquired 76.74% equity interest in Yicheng at a consideration of approximately HK$41,830,000 (equivalent to RMB33,000,000). Yicheng owns a 25MW solar farm project under development. As at 31 December 2014, the Group paid consideration of approximately HK$20,281,000 (equivalent to RMB16,000,000) with outstanding payable of approximately HK$21,549,000 (equivalent to RMB17,000,000).

Pursuant to the acquisition agreement, the minority shareholders have an option to sell the remaining 23.26% equity interest in Yicheng at initial investment cost within three years from the date of connecting the grid. Accordingly, other payable of approximately HK$12,676,000 (equivalent to RMB10,000,000) had been recognised as at 31 December 2014 in this regard.

42. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(iii) Acquisition of other subsidiaries (Continued)

The relative fair values of assets acquired and liabilities assumed at the acquisition dates are analysed as follows:

	Jinhu Zhenghui HK$'000	Zheng Lan Qi HK$'000	Zhejiang Shuqimeng HK$'000	Hami Yaohui HK$'000	YuShen HK$'000
Consideration paid/payable as at acquisition date	90,852	18,927	11,483	12,618	1,261
Assets and liabilities					
Property, plant and equipment	252	—	4,519	—	1,224
Non-current deposits and prepayments	909	—	2,000	230	7,659
Amount due from former owner	7,851	—	5,930	—	—
Prepayments and other receivables	1,033	—	—	—	1,211
Receivable from a shareholder	—	1,261	—	—	—
Cash and cash equivalents	90,901	18,927	169	12,630	—
Trade and other payables	—	—	—	(242)	(8,833)
Total identifiable net assets acquired	100,946	20,188	12,618	12,618	1,261
Consideration payable to former owner	(10,094)	(1,261)	(1,135)	—	—
	90,852	18,927	11,483	12,618	1,261
Consideration paid in cash	90,852	18,927	11,483	12,618	1,261
Cash and cash equivalents acquired	(90,901)	(18,927)	(169)	(12,630)	—
Net cash (inflow) outflow	(49)	—	11,314	(12)	1,261

42. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(iii) Acquisition of other subsidiaries (Continued)

	Inner Mongolia Xiangdao HK$'000	Hengshan HK$'000	Shangyi HK$'000	Ouri HK$'000	Jiasheng HK$'000
Consideration paid/payable as at acquisition date	57,105	103,815	2,408	12,676	35,492
Assets and liabilities					
Property, plant and equipment	2,698	7,037	959	—	257
Non-current deposits and prepayments	60,680	—	—	—	—
Receivable from a shareholder	—	9,634	127	—	2,491
Cash and cash equivalents	2	103,847	2,408	12,676	35,591
Trade and other payables	—	(6,436)	(959)	—	(312)
Total identifiable net assets acquired	63,380	114,082	2,535	12,676	38,027
Consideration payable to former owner	(6,275)	(10,267)	(127)	—	(2,535)
	57,105	103,815	2,408	12,676	35,492
Consideration paid in cash	57,105	103,815	2,408	12,676	35,492
Cash and cash equivalents acquired	(2)	(103,847)	(2,408)	(12,676)	(35,591)
Net cash outflow (inflow)	57,103	(32)	—	—	(99)

42. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(iii) Acquisition of other subsidiaries (Continued)

	Suqian HK$'000	Shengjing HK$'000	Jinyang HK$'000	Tianlike HK$'000	Yicheng HK$'000
Consideration paid/payable as at acquisition date	2,294	58,590	110,027	41,678	20,281
Assets and liabilities					
Property, plant and equipment	—	—	—	6,608	2,579
Non-current deposits and prepayments	—	1,268	—	6,219	9,913
Prepayments and other receivables	—	—	—	—	179
Receivable from a shareholder	241	5,158	—	—	21,549
Cash and cash equivalents	2,294	58,602	111,295	41,679	20,286
Total identifiable net assets acquired	2,535	65,028	111,295	54,506	54,506
Consideration payable to former owner	(241)	(6,438)	(1,268)	(12,828)	(34,225)
	2,294	58,590	110,027	41,678	20,281
Consideration paid in cash	2,294	58,590	110,027	41,678	20,281
Cash and cash equivalents acquired	(2,294)	(58,602)	(111,295)	(41,679)	(20,286)
Net cash inflow	—	(12)	(1,268)	(1)	(5)

42. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2013

On 23 April 2013, the Group entered into a share purchase agreement to acquire 51% equity interest in 霍城縣圖開新能源科技開發有限公司 Huocheng Xian Tu Kai New Energy Technology Development Co., Ltd.* ("Huocheng Solar Power Plant") for a cash consideration of RMB2,550,000 (equivalent to approximately HK$3,188,000). The acquisition would result in Huocheng Solar Power Plant becoming a non wholly-owned subsidiary of the Group. The acquisition of Huocheng Solar Power Plant was completed on 13 May 2013.

Huocheng Solar Power Plant is principally engaged in the development, construction, management and operation of a solar power plant for generation and sale of electricity in XinJiang, the PRC. It was acquired with the objective of expanding their market share of the solar power plant industry in the PRC.

The acquisition of Huocheng Solar Power Plant has been accounted for as acquisition of assets and assumption of liabilities.

* English name for identification only

Assets and liabilities recognised at the dates of acquisition

	HK$'000
Property, plant and equipment	2,579
Deposit for acquisition of property, plant and equipment and prepaid lease payments	9,438
Other receivables	372
Cash and cash equivalents	1
Other payables	(6,139)
	6,251

Non-controlling interests

The non-controlling interests of 49% in Huocheng Solar Power Plant recognised at the acquisition date amounted to approximately HK$3,063,000 and were measured at the non-controlling interest's proportionate share of Huocheng Solar Power Plant's identifiable net assets.

Net cash outflow arising on acquisition

	HK$'000
Consideration paid in cash	3,188
Less: cash and cash equivalents	(1)
Net cash outflow arising on acquisition	3,187

43. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2013.

The capital structure of the Group consists of net debt, which mainly includes loan from a related company, bank borrowings, obligations under finance leases, notes payables and convertible bonds payable disclosed in notes 34, 37, 38, 39 and 40, respectively, net of cash and cash equivalents, and equity attributable to owners of the company, comprising issued share capital and reserves.

The Directors review the capital structure on a periodical basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debt.

44. FINANCIAL INSTRUMENTS

44a. Categories of financial instruments

	2014 HK$'000	2013 HK$'000
Financial assets		
FVTPL:		
Held for trading investment	**21,750**	12,470
Convertible bonds receivable	**174,841**	246,426
Available-for-sale investment	**—**	291,818
Held-to-maturity investment	**15,306**	—
Loans and receivables (including cash and cash equivalents)	**29,656,020**	24,415,983
Financial liabilities		
FVTPL:		
Convertible bonds payable	**1,443,088**	1,542,012
Amortised cost	**61,249,066**	51,060,605

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies

The Chief Financial Officer provides services to the business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Chief Financial Officer reports periodically to the Directors who monitor risks and policies implemented to mitigate exposures.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Market risk

Foreign currency risk management

The Group's exposure to foreign currency risk arose from certain bank deposits and balances, bank borrowings, obligations under finance leases, trade and other receivables and payables, available-for-sale investment, held for trading investment, convertible bonds receivable and payable of the Group that are denominated in foreign currencies. The Group currently does not have a currency risk hedging policy. However, the management monitors foreign currency risk exposure by closely monitoring the movement of foreign currency rate and considers hedging against it should the need arise.

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

	Assets		Liabilities	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Euro ("EUR")	**20,804**	27,432	**32,469**	36,163
HK$	**308,813**	584,888	**4,145**	41,466
United States dollar ("US$")	**1,981,519**	3,376,656	**14,940,175**	10,702,384
Swiss Franc ("CHF")	**—**	173,437	**2**	23,319
South African Rand ("ZAR")	**2,758**	42,165	**—**	—

The foreign currency assets in 2014 and 2013 mainly relate to the HK$ denominated convertible bonds receivable, and the US$ denominated trade and other receivables, pledged and restricted bank deposits and bank balances as set out in notes 23, 27 and 31.

The foreign currency liabilities in 2014 and 2013 mainly relate to the US$ denominated bank borrowings and convertible bonds payable as set out in notes 37 and 40.

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency sensitivity analysis

The following sensitivity analysis details the Group's sensitivity to a 5% (2013: 5%) increase and decrease in functional currency of respective entities against the relevant foreign currencies. 5% (2013: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2013: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit (2013: a decrease in post-tax loss), where functional currency of foreign respective entities had strengthened 5% (2013: 5%) against the foreign relevant currency. For a 5% (2013: 5%) weakening of functional currency of respective entities against the foreign relevant currency, there would be an equal and opposite impact on the profit for the year (2013: loss for the year).

	EUR	**HK$**	**US$**	**CHF**	**ZAR**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2014					
Increase (decrease) in profit for the year	**437**	**(11,425)**	**485,950**	**—**	**(103)**
2013					
Decrease (increase) in loss for the year	327	(20,378)	274,715	(5,629)	(1,581)

Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to fixed-rate, interest-bearing held-to-maturity investment, loan to a related company, pledged and restricted bank deposits, loan from a related company, bank borrowings, obligations under finance leases, notes payables and convertible bonds payable (see notes 21, 29, 31, 34, 37, 38, 39 and 40 for details of the above financial instruments, respectively). The Group currently has not entered into interest rate swaps to hedge against its exposure to changes in fair values of the loans to related companies, pledged and restricted bank deposits, bank borrowings, obligations under finance leases, notes payables and convertible bonds payables.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 37).

The management has considered the Group's exposure to cash flow interest rate risk in relation to variable-rate pledged and restricted bank deposits and bank balances (see note 31) to be limited because the current market interest rates on general deposits are relatively low and stable.

It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk. The Group's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The following sensitivity analysis is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Variable-rate borrowings

If interest rates had been 50 basis points higher/lower on LIBOR and lending benchmark interest rate stipulated by the Benchmark Rate and all other variables were held constant, the Group's profit for the year ended 31 December 2014 would increase/decrease by approximately HK$77,547,000 (2013: HK$70,688,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable-rate borrowings.

Other price risks

The Group is exposed to equity price risk through its investment in listed equity securities, convertible bonds receivable and convertible bonds payable. The Group's equity price risk is mainly concentrated on equity instruments operating in solar, and securities and financing industries sector quoted on the Stock Exchange. In addition, the Group has monitored the price risk and will consider hedging the risk exposure should the need arise.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date. If the equity prices had been 5% higher/lower (2013: 5%):

- post-tax profit for the year ended 31 December 2014 would increase/decrease by HK$13,850,000 and HK$13,859,000 respectively (2013: post-tax loss would increase/decrease by HK$12,023,000 and HK$12,136,000) as a result of the changes in fair value of held-for-trading investment, convertible bonds receivables, convertible bonds payables; and

- revaluation reserve would increase/decrease by HK$Nil (2013: HK$13,132,000) for the Group as a result of the changes in fair value of available-for-sale investment.

The Group's sensitivity to held-for-trading investments, convertible bonds receivable and convertible bonds payable has not changed significantly from the prior year.

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Credit risk management

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 49.

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade debt periodically to ensure that adequate impairment losses are made for irrecoverable amounts. Each major operating business has a policy of credit control in place under which credit evaluations of customers are performed on all customers requiring credit.

The Group has limited credit risk on amounts due from an associate and other financial liabilities recognised for financial guarantees contracts in respect of banking facilities of an associate. Management periodically monitors the financial position of the associate to ensure it is financially viable to settle the debts due to the Group and the banking facilities drawn from the banks.

Credit terms are mainly granted to customers in the PRC which were either secured by letters of credit issued by banks or good credit quality customers. The management of the Group also has monitoring procedures to ensure the follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of its financial assets including trade and other receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Credit risk on sales of electricity is concentrated on a limited number of the local electric power bureaus. However, the management considers that the local electric power bureaus are state-owned and have good repayment history and accordingly, there is no significant credit risk on respective sales.

Credit risk on sales of steam and coal is dispersed since the customers are large in number and spread across different industries. Accordingly, the Group has no significant concentration of such credit risk.

Credit risk on sales of polysilicon and wafer products is not significant as the Group generally requires deposits received from customers or letter of credit before delivery of goods and the major customers are listed entities with good repayment history.

Credit risk on pledged and restricted bank deposits and bank balances is limited because the counterparties are reputable banks in the PRC, Hong Kong and the USA.

The Group has concentration of credit risk on convertible bonds receivable amounting to HK$174,841,000 (2013: HK$246,426,000). Credit risk is considered as limited because the counterparty is a company listed on the Stock Exchange with strong financial position, and the convertible bonds receivable can be redeemed as marketable securities.

As at 31 December 2013, the Group also had concentration of credit risk on loan to a related company amounting to HK$66,949,000 (2014: Nil). Credit risk is considered as limited because the associate is with positive operating results/cash flows.

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings to ensure unutilised banking facilities are adequate and ensures compliance with loan covenants.

The Group finances its capital intensive operations by short-term and long-term bank borrowings and shareholders' equity. The Group earned a profit of HK$2,155 million from operations for the year ended 31 December 2014, and the Group's current liabilities exceeded its current assets by HK$13,753 million as at 31 December 2014. As at the same date, the Group had cash and cash equivalents of HK$5,529 million with bank borrowings due within one year amounted to HK$21,951 million.

The Group successfully renewed banking facilities that were due during the year. In addition, management maintains continuous communication with the Group's principal banks on the renewal of existing banking facilities that will fall due in the coming twelve months and the grant of additional banking facilities. The Directors have reviewed the Group's bank loans and banking facilities available to the Group and are of the opinion that the bank loans and banking facilities would be renewed when their current terms expire. The Directors have evaluated all the relevant facts available to them and are of the opinion that there are good track records or relationship with the relevant banks which enhance the Group's ability to renew the current bank loans upon expiry. Up to the date of approval of these financial statements, the Directors are not aware of any intention of the Group's principal banks to withdraw their banking facilities granted or request early repayment of the utilised facilities within the next twelve months from the end of the reporting period.

Uncertainties and measures mentioned in note 2, the Directors believe that the Group will be able to generate sufficient cash flows to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

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

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

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

Liquidity and interest risk tables

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2014								
Trade and other payables	—	12,962,721	7,164,298	—	—	—	20,127,019	20,127,019
Amounts due to related companies	—	734,786	—	—	—	—	734,786	734,786
Loan from a related company	6.00	13,093	—	—	—	—	13,093	12,900
Bank borrowings								
— fixed-rate	5.41	4,694,600	9,579,454	1,482,141	—	—	15,756,195	15,526,403
— variable-rate	4.87	957,713	7,771,116	6,173,817	5,012,091	3,250,802	23,165,539	20,679,224
Notes payables	6.46	572,344	1,911,430	136,899	2,163,654	—	4,784,327	4,168,734
Convertible bonds payable	0.75	2,909	8,726	1,645,514	—	—	1,657,149	1,443,088
Obligations under finance leases	6.50	304,920	712,282	512,579	478,226	404,307	2,412,314	2,137,828
Financial guarantee contracts	—	126,759	—	—	—	—	126,759	—
		20,369,845	27,147,306	9,950,950	7,653,971	3,655,109	68,777,181	64,829,982
At 31 December 2013								
Trade and other payables	—	9,446,367	3,700,673	—	—	—	13,147,040	13,147,040
Amounts due to related companies	—	734,880	—	—	—	—	734,880	734,880
Bank borrowings								
— fixed-rate	5.45	4,622,749	9,821,158	130,763	5,088	—	14,579,758	14,405,683
— variable-rate	5.31	2,040,902	9,350,196	2,749,843	5,274,121	1,156,245	20,571,307	18,850,223
Notes payables	6.54	57,029	934,762	1,420,665	2,286,393	—	4,698,849	3,922,779
Convertible bonds payable	0.75	2,908	8,724	11,632	1,649,995	—	1,673,259	1,542,012
Obligations under finance leases	5.69	221,961	510,879	547,287	485,338	618,926	2,384,391	2,070,519
Financial guarantee contracts	—	127,194	—	—	—	—	127,194	—
		17,253,990	24,326,392	4,860,190	9,700,935	1,775,171	57,916,678	54,673,136

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable-rate borrowings is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

45. FAIR VALUE MEASUREMENTS

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets and financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2014 HK$'000	2013 HK$'000				
1) Listed equity securities classified as available-for-sale investment	**N/A**	Listed equity securities in HK –291,818	Level 3	Quoted bid price in an active market, adjusted by marketability discount for the twelve-month lock-up period.	Discount for a lack of marketability.	The higher the discount rate the lower the fair value.
2) Convertible bonds receivable (Note a)	**174,841**	246,426	Level 3	Binomial model, the key inputs are: underlying share price, exercise price, risk free interest rate, share price volatility and, dividend yield.	Share price volatility of 50% (2013: 50%), taking into account the historical share price of United Photovoltaics and comparable companies for the period of time close to the expected time to exercise.	The higher the volatility the higher the fair value.
					Dividend yield of 0% (2013: 0%), taking into account management's experience and knowledge of the dividend to be paid.	The higher the dividend yield the lower the fair value.
					Probability of CMNE failed to meet the Profit Guarantee Requirement.	The higher the probability the lower the fair value.
3) Convertible bonds payable (Note b)	**1,443,088**	1,542,012	Level 3	Binomial model, the key inputs are: underlying share price, exercise price, risk free interest rate, share price volatility, risky interest rate, and dividend yield.	Share price volatility of 79.6% (2013: 66.14%), taking into account the historical share price of the Company for the period of time close to the expected time to exercise.	The higher the volatility the higher the fair value.
					Dividend yield of 0% (2013: 0%), taking into account management's experience and knowledge of the dividend to be paid.	The higher the dividend yield the lower the fair value.
4) Listed equity securities classified as held for trading investment	**Listed equity securities in HK –21,750**	Listed equity securities in HK –12,470	Level 1	Quoted bid price in an active market.	N/A	N/A

45. FAIR VALUE MEASUREMENTS (Continued)

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

Notes:

(a) If the volatility of the United Photovoltaics shares was 5% higher/lower while all the other variables were held constant, the carrying amount of the convertible bonds receivable would increase by approximately HK$2,171,000/decrease by approximately HK$2,192,000.

If the dividend yield of the shares was 5% higher while all the other variables were held constant, the carrying amount of the convertible bonds receivable would decrease by approximately HK$8,649,000.

(b) If the volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the carrying amount of the convertible bonds payable would increase by approximately HK$309,311,000/decrease by approximately HK$299,829,000.

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

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

Included in other expenses, gains and losses set out in note 9, a gain of HK$26,374,000 is related to financial assets and financial liabilities designated as at FVTPL held in 2014 (2013: a gain of HK$22,483,000).

Included in the "revaluation reserve" of the other comprehensive income, an amount of HK$63,234,000 is being a realisation of fair value change of available-for-sale investment upon disposal (2013: gain on fair value change of HK$63,234,000).

Fair value measurements and valuation processes

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

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

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

46. TRANSFER OF FINANCIAL ASSETS

During the current year, the Group endorsed certain bills receivable for the settlement of trade and other payables; and discounted certain bills receivable to banks for raising of cash.

The following were the Group's bills receivable as at 31 December 2014 and 2013 that were transferred to banks or creditors by discounting or endorsing those receivables, respectively, on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (see note 37) or the amounts outstanding with the creditors remain to be recognised as trade and other payables and amount due to related companies, respectively. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

At 31 December 2014

	Bills receivable discounted to banks with full recourse HK$'000	**Bills receivable endorsed to creditors with full recourse HK$'000**	**Total HK$'000**
Bills receivable from third parties	**909,980**	**1,335,874**	**2,245,854**
Bills receivable from group entities	**8,444,504**	**—**	**8,444,504**
Carrying amount of transferred assets	**9,354,484**	**1,335,874**	**10,690,358**
Carrying amount of associated liabilities	**(9,354,484)**	**(1,335,874)**	**(10,690,358)**
Net position	**—**	**—**	**—**

At 31 December 2013

	Bills receivable discounted to banks with full recourse HK$'000	Bills receivable endorsed to creditors with full recourse HK$'000	Total HK$'000
Bills receivable from third parties	775,696	1,720,599	2,496,295
Bills receivable from group entities	7,433,021	—	7,433,021
Carrying amount of transferred assets	8,208,717	1,720,599	9,929,316
Carrying amount of associated liabilities	(8,208,717)	(1,720,599)	(9,929,316)
Net position	—	—	—

46. TRANSFER OF FINANCIAL ASSETS (Continued)

Further, in the opinion of the Directors, the Group has transferred the significant risks and rewards relating to certain endorsed or discounted bills receivable, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the endorsed and discounted bills receivable is low because those endorsed and discounted bills receivable are issued and guaranteed by reputable PRC banks. Accordingly, the relevant assets and liabilities were not recognised in the consolidated financial statements. As at 31 December 2014, the maximum exposure to the Group that may result from default of these endorsed or discounted bills receivable is HK$1,290,046,000 and HK$1,717,419,000 respectively (2013: HK$2,268,747,000 and HK$1,329,159,000, respectively), and aggregate of HK$3,007,465,000 (2013: HK$3,597,906,000).

Maturity analysis of the derecognised endorsed or discounted bills receivables is as follows:

	2014 HK$'000	2013 HK$'000
Within 3 months	**1,748,947**	1,948,753
Over 3 months but within 6 months	**1,258,518**	1,649,153
	3,007,465	3,597,906

The Directors consider that the carrying amounts of the endorsed and discounted bills receivable approximate their fair values.

The undiscounted cash outflows that may be required to repurchase derecognised bills receivable discounted to banks and endorsed to creditors are approximately their carrying amounts.

The finance costs recognised for bills receivable discounted to banks are HK$1,051,994,000 for the year ended 31 December 2014 (2013: HK$445,574,000).

Except for the offsetting in relation to endorsed and discounted bills receivable mentioned above, no other financial assets and financial liabilities were offset or settled on a net basis during both years.

47. OPERATING LEASES

The Group as lessee

	2014 HK$'000	2013 HK$'000
Minimum lease payments paid under operating leases during the year:		
Buildings	**87,941**	62,192
Natural gas transmission network	**9,868**	10,954
Staff quarters	**12,692**	2,314
Motor vehicles	**17,572**	6,617
Others	**27,265**	2,260
	155,338	84,337

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2014 HK$'000	2013 HK$'000
Within one year	**118,612**	79,846
In the second to fifth year inclusive	**186,071**	129,513
After five years	**239,103**	2,194
	543,786	211,553

Operating lease payments represent rentals payable by the Group for certain pieces of land, properties, natural gas transmission network and other assets. Leases are negotiated and rentals are fixed for terms ranging from 16 to 33 years for those pieces of land and ranging from 1 to 3 years for the other properties.

The Group as lessor

	2014 HK$'000	2013 HK$'000
Within one year	**8,883**	620
In the second to fifth years inclusive	**19,576**	299
After five years	**—**	4
	28,459	923

Operating lease income represents property rental income earned during the year.

48. CAPITAL COMMITMENTS

	2014 HK$'000	2013 HK$'000
Capital expenditure in respect of acquisitions of property, plant and equipment:		
Contracted for but not provided	**5,617,875**	1,188,104
Authorised but not contracted for	**2,483,155**	5,802,712
	8,101,030	6,990,816
Construction cost in respect of project assets:		
Contracted for but not provided	**505,378**	915,381
Commitment to contribute share capital to a joint venture:		
Contracted for but not provided	**66,041**	—
Authorised but not contracted for	**116,877**	—
	182,918	—
Acquisition of subsidiaries:		
Contracted for but not provided	**—**	1,440,000
	8,789,326	9,346,197

On 30 December 2014, GCL New Energy Group entered into equity purchase agreements with 中利騰輝光伏科技有限公司 ("Zhongli Solar Technology") and 常熟中利騰輝光伏材料有限公司 ("Changshu Zhongli Solar"), pursuant to which GCL New Energy Group agreed to acquire two solar farm project companies (the "Target Companies") for a total consideration of HK$18,698,000 (equivalent to approximately RMB15,000,000). On the same date, two wholly owned subsidiaries of the Target Companies entered into services agreements for engineering, procurement and construction ("EPC Agreement") with Zhongli Solar Technology under which Zhongli Solar Technology was engaged to provide the engineering, procurement and construction services in relation to the photovoltaic solar power stations in Baotou City, Inner Mongolia Autonomous Region, the PRC and Gonghe County, Qinghai Province, the PRC, respectively. The aggregate consideration under the various agreements (including the above equity purchase agreements) is approximately HK$1,020,260,000 (equivalent to RMB818,500,000). Up to the date of approval of these consolidated statements, the transactions have not been completed.

49. CONTINGENT LIABILITIES

(i) Contingent liability

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

49. CONTINGENT LIABILITIES (Continued)

(i) Contingent liability (Continued)

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

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

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

In the current year, the Group has fulfilled their obligations under the Amendment Agreement and purchased certain equipment from the Claimant. The Directors consider that their liability in relation to the Arbitration has been discharged by fulfilling the obligation under the Amendment Agreement and no provision is recognised for the Arbitration as at 31 December 2014.

Two subsidiaries of the Group were named as co-defendants in a lawsuit filed for alleged racketeering and fraud in connection with the Group's solar farm project in Puerto Rico. The named subsidiaries of the Group were deemed improper parties to the dispute by the judge, and were subsequently dismissed from the case pursuant to an order dated 11 February 2015. On 27 February 2015, the plaintiff filed a motion to reconsider the decision to dismiss the named subsidiaries of the Group with the trial judge. The Company has vigorously defended and will continue to defend vigorously its position.

While the outcome of these litigation matters cannot be predicted with certainty, the Directors do not believe that the outcome of any of these matters, individually or in the aggregate, will result in losses that are material to the consolidated financial statements. Accordingly, no accrual has been made for these matters.

49. CONTINGENT LIABILITIES (Continued)

(ii) Financial guarantees contracts

At 31 December 2014, the Group provided a total guarantees of HK$126,759,000 (2013: HK$127,194,000) to the banks in respect of banking facilities of an associate, which will be expired on 28 April 2015 and 31 December 2015 (2013: on 10 September 2014 and 29 October 2014). The associate had utilised HK$126,759,000 (2013: HK$63,597,000) in total of such banking facilities at the end of the reporting period. The Directors consider that the fair value of the financial guarantees at date of inception and at the end of the reporting period is insignificant.

50. PLEDGE OF ASSETS

At 31 December 2014, the Group has pledged buildings with carrying values of approximately HK$2,192,433,000 (2013: HK$2,183,703,000) and plant and machinery with carrying values of approximately HK$19,326,978,000 (2013: HK$13,097,002,000) to secure bank borrowings granted to the Group.

The Group has pledged prepaid lease payments with carrying values of approximately HK$513,756,000 (2013: HK$497,694,000) at 31 December 2014 to secure banking facilities granted to the Group.

The Group has pledged bank deposits and bills receivable with carrying value of approximately HK$2,620,514,000 and HK$1,810,397,000 respectively (2013: HK$987,354,000 and HK$775,696,000) at 31 December 2014 to secure bank borrowings granted to the Group and obligations under finance leases.

The Group has pledged held-to-maturity investment with carrying value of approximately HK$15,306,000 (2013: Nil) at 31 December 2014 to secure obligations under finance leases.

51. SHARE-BASED PAYMENT TRANSACTIONS

51a. The Company

Equity settled share option scheme

On 22 October 2007, a Pre-IPO Share Option Scheme ("Pre-IPO Share Option Scheme") and a Share Option Scheme ("Share Option Scheme") were approved by the resolution of the sole shareholder and were adopted by the Company. Pursuant to the schemes, the Company may grant option to directors, employees of the Company and its subsidiaries and qualifying grantees to subscribe for shares of the Company. Options granted are exercisable during the period after respective vesting date to the last day of the ten-year period after grant date.

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

At 31 December 2014, the number of shares in respect of which options had been granted and remained outstanding under the schemes is 237,688,000 (2013: 168,352,000) shares, representing 1.53% (2013: 1.09%) of the issued share capital of the Company at that date.

51. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

51a. The Company (Continued)

Equity settled share option scheme (Continued)

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

(i) Pre-IPO Share Option Scheme

	Exercise price	Date of grant	Number of share options					
			Outstanding at 1 January 2014	During the year				Outstanding at 31 December 2014
				Granted	Exercised	Forfeited	Transferred (Note)	
Directors	HK$4.1	13.11.2007	6,000,000	—	—	—	(1,500,000)	4,500,000
Employees and others	HK$4.1	13.11.2007	19,060,000	—	—	—	1,500,000	20,560,000
			25,060,000	—	—	—	—	25,060,000
Exercisable at the end of the year			25,060,000					25,060,000
Weighted average exercise price (HK$)			4.10	—	—	—	—	4.10

	Exercise price	Date of grant	Number of share options				
			Outstanding at 1 January 2013	During the year			Outstanding at 31 December 2013
				Granted	Exercised	Forfeited	
Directors	HK$4.1	13.11.2007	6,000,000	—	—	—	6,000,000
Employees and others	HK$4.1	13.11.2007	20,340,000	—	—	(1,280,000)	19,060,000
			26,340,000	—	—	(1,280,000)	25,060,000
Exercisable at the end of the year			26,340,000				25,060,000
Weighted average exercise price (HK$)			4.10	—	—	4.10	4.10

51. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

51a. The Company (Continued)

Equity settled share option scheme (Continued)

(ii) Share Option Scheme

	Exercise price	Date of grant	Number of share options					
			Outstanding at 1 January 2014	During the year				Outstanding at 31 December 2014
				Granted	Exercised	Forfeited	Transferred (Note)	
Directors	HK$0.59	16.02.2009	7,000,000	—	—	—	(1,500,000)	5,500,000
	HK$4.1	15.07.2011	2,000,000	—	—	(500,000)	—	1,500,000
	HK$2.888	24.03.2014	—	8,800,000	—	—	(1,700,000)	7,100,000
Employees and others	HK$0.59	16.02.2009	7,341,000	—	(890,000)	—	1,500,000	7,951,000
	HK$1.054	24.04.2009	1,248,000	—	(246,000)	—	—	1,002,000
	HK$3.32	12.01.2011	15,000,000	—	—	—	—	15,000,000
	HK$4.1	15.07.2011	68,700,000	—	—	(1,300,000)	—	67,400,000
	HK$1.642	05.07.2013	42,003,000	—	(4,848,000)	(480,000)	—	36,675,000
	HK$2.888	24.03.2014	—	68,800,000	—	—	1,700,000	70,500,000
			143,292,000	77,600,000	(5,984,000)	(2,280,000)	—	212,628,000
Exercisable at the end of the year			74,532,000					108,196,000
Weighted average exercise price (HK$)			2.92	2.89	1.46	3.58	—	2.94

	Exercise price	Date of grant	Number of share options				
			Outstanding at 1 January 2013	During the year			Outstanding at 31 December 2013
				Granted	Exercised	Forfeited	
Directors	HK$0.59	16.02.2009	7,000,000	—	—	—	7,000,000
	HK$4.1	15.07.2011	2,000,000	—	—	—	2,000,000
Employees and others	HK$0.59	16.02.2009	13,103,000	—	(5,762,000)	—	7,341,000
	HK$1.054	24.04.2009	1,536,000	—	(288,000)	—	1,248,000
	HK$3.32	12.01.2011	17,000,000	—	—	(2,000,000)	15,000,000
	HK$4.1	15.07.2011	87,600,000	—	—	(18,900,000)	68,700,000
	HK$1.642	05.07.2013	—	44,600,000	(1,097,000)	(1,500,000)	42,003,000
			128,239,000	44,600,000	(7,147,000)	(22,400,000)	143,292,000
Exercisable at the end of the year			55,807,000				74,532,000
Weighted average exercise price (HK$)			3.41	1.64	0.77	3.87	2.92

Note: Mr. Yu Baodong resigned as an executive director and remains as an employee of the Company during the year ended 31 December 2014.

51. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

51a. The Company (Continued)

Equity settled share option scheme (Continued)

The fair value of the options measured at the date of grant on 24 March 2014 is HK$1.59 per option, which is calculated based on the weighted average fair value of options for each tranche of options to be vested from the grant date. The fair value of option for each tranche of options to be vested in 0.17 year, 1 year, 2 years, 3 years and 4 years from the grant date are HK$1.573, HK$1.576, HK$1.589, HK$1.605 and HK$1.619 per option, respectively.

The following inputs were used to derive the fair value of the share options, using the Binomial model:

	24 March 2014
Spot price (closing price of grant date)	HK$2.79
Exercise price	HK$2.888
Expected volatility	58.27%
Dividend yield	1.4%
Risk-free interest rate	2.34%
Suboptimal exercise factor	3.342

Expected volatility was determined by using the volatility of the stock return of the Company and comparable listed companies as at the valuation date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Binominal model has been used to estimate the fair value of the options. The variables and assumptions used in estimating the fair value of the share options are based on the Director's best estimate. Change in subjective input assumptions can materially affected the fair value.

The weighted average closing price of the Company's shares at dates on which the options were exercised during the year was HK$2.86 (2013: HK$2.12) per share.

51b. Share option plan of GCL New Energy

Equity settled share option scheme

GCL New Energy adopted a new share option scheme on 15 October 2014 ("New Share Option Scheme"). On 23 October 2014, GCL New Energy granted 134,210,000 share options at exercise price of HK$4.75 per share option, subject to acceptance by the grantees, to subscribe for an aggregate of 134,210,000 shares under the New Share Option Scheme, and of which 35,000,000 share options were granted to the directors of GCL New Energy. These share options are subject to a vesting scale in five even tranches on 24 November 2014 and the first, second, third and fourth anniversary dates of the grant date, respectively. The share options granted are exercisable during the period after the respective vesting date to the last day of the ten-year period after the grant date.

51. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

51b. Share option plan of GCL New Energy (Continued)

Equity settled share option scheme (Continued)

As a result of the share subdivision, the exercise price per share option granted and the number of subdivided shares falling to be issued upon exercise of the options granted had been adjusted to HK$1.1875 per share option and 536,840,000 share options, respectively.

At 31 December 2014, the number of shares falling to be issued in respect of the share options had been granted under the New Share Option Scheme and remained outstanding was 536,840,000 shares, representing 3.9% of the issued share capital of GCL New Energy at that date.

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

			Number of share options			
			Outstanding	During the year		Outstanding at
	Exercise price (Note b)	Date of grant	at 1 January 2014	Granted (Note a)	Share subdivision (Note b)	31 December 2014 (Note c)
Directors	HK$1.1875	23.10.2014	—	35,000,000	105,000,000	140,000,000
Employees and others	HK$1.1875	23.10.2014	—	99,210,000	297,630,000	396,840,000
			—	134,210,000	402,630,000	536,840,000
Exercisable at the end of the year			—			107,368,000
Weighted average exercise price (HK$)			—	4.75	—	1.1875

Notes:

(a) The number of shares and average exercise price presented were before the effect of the share subdivision.

(b) It represented the adjustment for effect of the share subdivision.

(c) The number of shares and average exercise price presented were after the effect of the share subdivision.

The fair value of the options was measured at the date of grant on 23 October 2014 is HK$0.643 per option, which is calculated based on the weighted average fair value of options for each tranche of options to be vested from the grant date. The fair value of each share option to be vested in 0.09 year, 1 year, 2 years, 3 years and 4 years from the grant date were HK$0.599, HK$0.621, HK$0.650, HK$0.668 and HK$0.677, respectively.

51. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

51b. Share option plan of GCL New Energy (Continued)

The following inputs were used to derive the fair value of the share options, using the Binomial model:

	23 October 2014
Spot price (closing price at grant date, adjusted by the effect of the share subdivision)	HK$1.188
Exercise price	HK$1.1875
Expected volatility	74%
Dividend yield	1.02%
Risk-free interest rate	1.741%
Option life	10 years

Expected volatility was determined by using the volatility of the stock return of GCL New Energy and comparable listed companies as at the valuation date. The expected life used in the model had been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The variables and assumptions used in estimating the fair value of the share options were based on the Director's best estimate. Change in subjective input assumptions can materially affected the fair value.

During the current year, share-based payment expense of HK$161,368,000 (2013: HK$25,943,000) has been recognised in profit or loss. In addition, certain share options granted to employees have been forfeited after the vesting period, and respective share option reserve of approximately HK$2,254,000 (2013: HK$19,424,000) are transferred to the Group's accumulated profits.

At each reporting date, the Group revises its estimates of the number of options that are expected to ultimately rest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the share options reserve.

52. EVENTS AFTER REPORTING PERIOD

(a) Agreements for engineering, procurement and construction service

On 6 January 2015, GCL New Energy entered into agreements with two contractors which undertook to provide design, procurement and construction services of photovoltaic power plants with an aggregate capability of 200MW in Shangyi city in Hebei Province, Yulin city in Shaanxi Province and Zhenglanqi in Inner Mongolia Autonomous Region, the PRC. The aggregate consideration for the services under these agreements is approximately HK$1,491,559,000 (equivalent to RMB1,195,255,000).

(b) Solar module purchase agreement

On 12 February 2015, GCL New Energy entered into an agreement with a supplier in relation to supply of 100MW of solar modules at the unit price of RMB4 for a total consideration of approximately HK$505,720,000 (equivalent to RMB400,000,000).

52. EVENTS AFTER REPORTING PERIOD (Continued)

(c) Cooperation agreement of Yuanmou Project ("the Cooperation Agreement")

On 2 March 2015, GCL New Energy, 昆明綠電科技有限公司 (the "Vendor") and 元謀綠電新能源開發有限公司 (the "Target Company") entered into a cooperation agreement, pursuant to which the parties have agreed to cooperate in relation to phase one of the development of a photovoltaic power station project with a capacity of 50MW in Hewai of Yuanmou County, the PRC (the "Yuanmou Project Phase I"). The Yuanmou Project Phase I is part of a 100MW photovoltaic power station project in Hewai of Yuanmou County, the PRC (the "Yuanmou Project"), which is solely owned by the Target Company. Under the Cooperation Agreement, GCL New Energy will be responsible for the land rental of the Yuanmou Project Phase I up to a maximum of approximately HK$6,723,000 (equivalent to RMB5,333,000).

Pursuant to the Cooperation Agreement:

(i) GCL New Energy and the Vendor entered into an equity purchase agreement under which GCL New Energy conditionally agreed to acquire 30% equity interest of the Target Company at a cash consideration of approximately HK$7,564,000 (equivalent to RMB6,000,000). After completion of the equity purchase agreement, the Vendor will continue to hold 70% equity interest in the Target Company;

(ii) GCL New Energy and the Vendor entered into a share pledge agreement, pursuant to which the Vendor agreed to pledge the remaining 70% equity interest of the Target Company to GCL New Energy to guarantee its performance of its duties and obligations under the Cooperation Agreement and the equity purchase agreement;

(iii) an EPC Agreement was entered into between the Target Company and the Vendor, under which the the Target Company agreed to engage the Vendor as the contractor to provide engineering, procurement and construction services in relation to the Yuanmou Project Phase I at a cash consideration of approximately HK$535,755,000 (equivalent to RMB425,000,000); and

(iv) the Vendor will enter into a module sales agreement with GCL New Energy Group for the supply of modules for the Yuanmou Project Phase I at a price of RMB4 per watt for a total consideration of approximately HK$252,120,000 (equivalent to RMB200,000,000).

(d) Acquisition of Jinshanqiao Cogeneration Plant

On 25 March 2015, the Company and Mr. Zhu Gongshan, Mr. Zhu Yufeng and Highexcel Investments Limited (collectively referred to as the "Covenants") entered into a conditional deed of agreement pursuant to which the Company would acquire from the Covenants all the issued shares in Honour Faith Group Limited for nil consideration as a proposed settlement in respect of possible claims against Mr. Zhu Gongshan and Mr. Zhu Yufeng. Honour Faith Group Limited is a company incorporated in the BVI and owns indirectly the entire interest in a cogeneration plant located in Jinshanqiao Development Zone, Xuzhou, the PRC ("Jinshanqiao Cogeneration Plant"). Jinshanqiao Cogeneration Plant is a key steam supplier of the polysilicon manufacturing business of the Group. The Directors are assessing the financial impact of this transaction.

Details of this transaction were set out in the announcement of the Company dated 25 March 2015.

53. RETIREMENT BENEFITS SCHEME

(a) The PRC

The Group's full-time employees in the PRC are covered by a government sponsored defined contribution pension scheme, and are entitled to a monthly pension from their retirement dates. The PRC Government is responsible for the pension liability to these retired employees. The Group is required to make annual contributions to the retirement plan at a rate of 8% to 22% (2013: 14% to 22%) of employees' salaries, which are charged to profit or loss as an expense when the contributions are due.

During the year ended 31 December 2014, the total amounts contributed by the Group to the scheme in the PRC and charged to profit or loss, which represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme, are as follows:

	2014 HK$'000	2013 HK$'000
Amounts contributed and expensed	101,877	54,146

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Scheme Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

During the year ended 31 December 2014, the total amounts contributed by the Group to the scheme in Hong Kong and charged to profit or loss, which represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme, are as follows:

	2014 HK$'000	2013 HK$'000
Amounts contributed and expensed	3,057	1,824

54. RELATED PARTY DISCLOSURES

During the current year, the Group has entered into the following transactions with related parties:

	2014 HK$'000	2013 HK$'000
Transactions with companies in which Mr. Zhu Gongshan and his family have control:		
Construction-related services expense	**14,097**	22,417
Consultancy service fee income	**—**	1,193
Consultancy service fee expense	**3,802**	1,606
Management income	**24,762**	19,277
Management expense	**24,303**	7,285
Purchase of property, plant and equipment	**12,720**	—
Purchase of steam	**993,369**	904,108
Rental expense	**21,844**	22,135
Sales of coal	**365,165**	210,694
Transactions with associates:		
Interest income	**3,196**	3,485
Sales of coal	**13,272**	20,606

Details of balances and other arrangements with related parties are disclosed in the consolidated statement of financial position on pages 68 and 69 and notes 28, 29, 33, 34, 42 and 49.

55. PARTICULARS OF SUBSIDIARIES

55a. General information of subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Place of operation	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2014 %	2013 %	Principal activity
Directly held:					
Incorporated in the Cayman Islands					
GCL Solar Energy Technology Holdings Inc. 協鑫光伏電力科技控股有限公司	Hong Kong	US$10,500	**100**	100	Investment holding
Indirectly held:					
Power Business ***Established in the PRC***					
Huzhou Golden Concord Environmental Protection Cogen-Power Co., Ltd. 湖州協鑫環保熱電有限公司	PRC	US$10,710,000	**94.77**	94.77	Operation of a power station
Tongxiang City Wu Town Xiexin Thermal Power Company Limited* 桐鄉市烏鎮協鑫熱力有限公司	PRC	RMB3,000,000	**94.77**	94.77	Operation of boilers and trading of steam
Fengxian Xinyuan Biological Environmental Heat and Power Co-generation Co., Ltd 豐縣鑫源生物質環保熱電有限公司	PRC	RMB100,000,000	**51**	51	Operation of a power station
Haimen Xinyuan Environmental Protection Co-generation Co., Ltd. 海門鑫源環保熱電有限公司	PRC	US$8,000,000	**51**	51	Operation of a power station
Kunshan Xinyuan Environmental Protection Cogen-Power Co., Ltd.* 昆山鑫源環保熱電有限公司	PRC	RMB116,200,000	**51**	51	Operation of a power station
Yangzhou Harbour Sludge Power Co., Ltd. 揚州港口污泥發電有限公司	PRC	US$14,068,000	**51**	51	Operation of a power station
Suzhou Industrial Park Blue Sky Gas Cogen-Power Co., Ltd. 蘇州工業園區藍天燃氣熱電有限公司	PRC	RMB530,000,000	**51**	51	Operation of a power station

55. PARTICULARS OF SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of operation	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2014 %	2013 %	Principal activity
Indirectly held: (Continued)					
Power Business (Continued) *Established in the PRC (Continued)*					
Fengxian Xincheng Environmental Cogeneration Co., Ltd.* 豐縣鑫成環保熱電有限公司	PRC	RMB46,000,000	**40.8**	40.8	Production and sale of steam
Jiaxing Golden Concord Environmental Cogeneration Co., Ltd. 嘉興協鑫環保熱電有限公司	PRC	RMB98,400,000	**95**	95	Operation of a power station
Shanghai GCL-Poly Electricity Operating Management Co., Ltd.* 上海保利協鑫電力運行管理有限公司	PRC	RMB4,000,000	**100**	100	Provision of management service
Suzhou Industrial Park Northern Gas Turbine Cogen-Power Co., Ltd.* 蘇州工業園區北部燃機熱電有限公司	PRC	RMB325,000,000	**37.23**	37.23	Operation of a power station
Taicang Xiexin Refuse Incineration Power Co., Ltd.* 太倉協鑫垃圾焚燒發電有限公司	PRC	RMB88,000,000	**100**	100	Operation of a power station
Lianyungang Xinneng Sludge Power Co., Ltd.* 連雲港鑫能污泥發電有限公司	PRC	US$9,550,000	**100**	100	Operation of a power station
Dongtai Suzhong Environmental Protection Co-generation Co., Ltd. 東台蘇中環保熱電有限公司	PRC	US$8,000,000	**100**	100	Operation of a power station
Tongxiang Puyuan Xiexin Environmental Protection Co-generation Co., Ltd.* 桐鄉濮院協鑫環保熱電有限公司	PRC	US$16,600,000	**100**	100	Operation of a power station
GCL-Poly Power Fuel Co., Ltd. 保利協鑫電力燃料有限公司	PRC	RMB100,000,000	**100**	100	Coal trading and investment holding

55. PARTICULARS OF SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of operation	Issued and fully paid share/ registered capital	Attributable equity interest of the Group		Principal activity
			2014 %	2013 %	
Indirectly held: (Continued)					
Power Business (Continued)					
Established in the PRC (Continued)					
Xilingol Guotai Wind Power Generation Co., Ltd.* 錫林郭勒國泰風力發電有限公司	PRC	RMB100,000,000	100	100	Operation of a wind power station
Peixian Mine-site Environmental Cogen-Power Co., Ltd. 沛縣坑口環保熱電有限公司	PRC	US$8,000,000	100	100	Operation of a power station
Taicang Poly Xiexin Thermal Power Co., Ltd. 太倉保利協鑫熱電有限公司	PRC	US$15,200,000	100	100	Operation of a power station
Baoying Xiexin Biomass Electric-Power Generation Co., Ltd.* 寶應協鑫生物質發電有限公司	PRC	US$17,700,000	100	100	Operation of a power station
Lianyungang Xiexin Biomass Electric-Power Generation Co., Ltd. 連雲港協鑫生物質發電有限公司	PRC	RMB105,500,000	100	100	Operation of a power station
Rudong Golden Concord Environmental Protection Cogen-Power Co., Ltd.* 如東協鑫環保熱電有限公司	PRC	RMB81,960,000	100	100	Operation of a power station
GCL-Poly Limited* 保利協鑫有限公司	PRC	RMB1,083,000,000	100	100	Investment holding and coal trading
Xuzhou GCL-Poly Renewable Energy Company Ltd.* 保利協鑫(徐州)再生能源發電有限公司	PRC	US$21,500,000	100	100	Operation of a power station
Solar Material Business					
Established in the PRC					
Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* 江蘇中能硅業科技發展有限公司	PRC	RMB5,493,927,800	100	100	Manufacture and sale of polysilicon
Jiangsu GCL Silicon Material Technology Development Co., Ltd. 江蘇協鑫硅材料科技發展有限公司	PRC	RMB2,549,650,000	100	100	Manufacture and sale of ingot and wafer

55. PARTICULARS OF SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of operation	Issued and fully paid share/ registered capital	Attributable equity interest of the Group		Principal activity
			2014 %	2013 %	
Indirectly held: (Continued)					
Solar Material Business (Continued)					
Established in the PRC (Continued)					
Konca Solar Cell Co., Ltd. 高佳太陽能股份有限公司	PRC	RMB1,184,570,000	**70.19**	70.19	Manufacture and sale of ingot and wafer
Changzhou GCL Photovoltaic Technology Co., Ltd.* 常州協鑫光伏科技有限公司	PRC	US$61,000,000	**100**	100	Manufacture and sale of wafer
Suzhou GCL Photovoltaic Technology Co., Ltd. 蘇州協鑫光伏科技有限公司	PRC	US$98,330,000	**100**	100	Manufacture and sale of wafer
GCL-Poly (Suzhou) New Energy Limited* 保利協鑫(蘇州)新能源有限公司	PRC	RMB2,600,000,000	**100**	100	Investment holding and trading of wafer
Henan GCL Photovoltaic Technology Co., Ltd.* 河南協鑫光伏科技有限公司	PRC	RMB273,500,000	**100**	100	Manufacture and sale of silicon seed rod
GCL (Nanjing) Solar Energy Technology Co., Ltd. 協鑫(南京)太陽能科技有限公司	PRC	RMB250,000,000	**100**	100	Manufacture and sales of frameworks, trackers, combiners and inverters of solar equipments
Taicang GCL Photovoltaic Technology Co., Ltd. 太倉協鑫光伏科技有限公司	PRC	US$69,640,000	**100**	100	Manufacture and sale of wafer
Yangzhou GCL Photovoltaic Technology Company Limited* 揚州協鑫光伏科技有限公司	PRC	US$30,800,000	**100**	100	Manufacture and sale of wafer
GCL-CSI (Suzhou) Photovoltaic Technology Co., Ltd*. 協鑫阿特斯(蘇州)光伏科技有限公司	PRC	RMB166,300,000	**90**	90	Manufacture and sale of wafer
GCL-Poly Solar System Integration (China) Co., Ltd. 保利協鑫光伏系統集成(中國)有限公司	PRC	US$34,000,000	**100**	100	Trading of wafer, solar cell and module

55. PARTICULARS OF SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of operation	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2014 %	Attributable equity interest of the Group 2013 %	Principal activity
Indirectly held: (Continued)					
Solar Material Business (Continued)					
Incorporated in Hong Kong					
GCL Solar Energy Technology Holdings Limited 協鑫光伏電力科技控股有限公司	Hong Kong	HK$1	100	100	Investment holding
Konca Solar Cell (H.K.) Co., Ltd. 高佳太陽能(香港)有限公司	Hong Kong	HK$20,000,000	70.19	70.19	Trading of wafer
GCL Solar Energy Trading Limited 協鑫光伏貿易有限公司	Hong Kong	HK$1	100	100	Trading of wafer and solar module
Solar Farm Business					
Established in the PRC					
GCL-Poly (Sangri) Solar Power Co., Ltd.* 保利協鑫(桑日)光伏電力有限公司	PRC	RMB42,000,000	100	100	Operation of a solar farm
Xuzhou GCL Solar Energy Co., Ltd.* 徐州協鑫光伏電力有限公司	PRC	RMB84,000,000	100	100	Operation of a solar farm
Jiangsu Guoneng Solar Technology Co., Ltd.* 江蘇國能新能源科技有限公司	PRC	RMB10,000,000	100	100	Operation of a solar farm
Suzhou GCL-Poly Solar Energy Investment Ltd.* 蘇州保利協鑫光伏電力投資有限公司	PRC	RMB422,000,000	100	100	Investment holding
Datong Xian GCL Solar Energy Co., Ltd.* 大同縣協鑫光伏電力有限公司	PRC	RMB144,600,000	100	100	Operation of a solar farm
Baoying Xingneng Renewable Energy Co., Ltd.* 寶應興能可再生能源有限公司	PRC	RMB52,800,000	100	100	Operation of a solar farm
Funing Xinneng Solar Energy Co., Ltd.* 阜寧新能光伏電力有限公司	PRC	RMB52,800,000	100	100	Operation of a solar farm
Ningxia Qingyang New Energy Co., Ltd.* 寧夏慶陽新能源有限公司	PRC	RMB170,000,000	51	51	Operation of a solar farm

55. PARTICULARS OF SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of operation	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2014 %	2013 %	Principal activity
Indirectly held: (Continued)					
Solar Farm Business (Continued)					
Established in the PRC (Continued)					
Huocheng Xian Tukai New Energy Technology Development Co., Ltd.* 霍城縣圖開新能源科技開發有限公司	PRC	RMB49,380,000	**51**	51	Operation of a solar farm
Ningxia Hengyang New Energy Co., Ltd. 寧夏恒陽新能源有限公司#	PRC	RMB49,800,000	**100**	—	Operation of a solar farm
Datong Xian Xinneng Solar Energy Co., Ltd.* 大同縣鑫能光伏電力有限公司	PRC	RMB5,000,000	**100**	100	Operation of a solar farm
GCL Solar System (Suzhou) Limited* 協鑫太陽能系統集成(蘇州)有限公司	PRC	US$2,200,000	**100**	100	Trading of solar cell and module
Incorporated in Hong Kong					
GCL Solar Energy Limited 協鑫光伏有限公司	Hong Kong	HK$1	**100**	100	Investment holding
Incorporated in the United States					
GCL Solar Energy, Inc.	USA	US$2,000,000	**100**	100	Construction and sales of solar farm projects
Incorporated in Luxembourg					
Berimor Investments S.a.r.l.	Luxembourg	US$2,000,000	**100**	100	Investment holding
New Energy Business					
Established in the PRC					
Dongguan Red Board Limited* 東莞紅板多層線路板有限公司	PRC	HK$250,000,000	**62.28**	—	Manufacture and sale of printed circuit boards
Red Board (Jiangxi) Limited* 紅板(江西)有限公司	PRC	HK$373,969,000	**62.28**	—	Manufacture and sale of printed circuit boards
GCL New Energy Investment (China) Co., Ltd.* 協鑫新能源投資(中國)有限公司#	PRC	USD299,000,000	**62.28**	—	Investment holding
Nanjing GCL New Energy Development Co., Ltd.* 南京協鑫新能源發展有限公司#	PRC	USD200,000,000	**62.28**	—	Investment holding

55. PARTICULARS OF SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of operation	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2014 %	2013 %	Principal activity
Indirectly held: (Continued)					
New Energy Business (Continued) ***Established in the PRC (Continued)***					
Suzhou GCL New Energy Investment Co., Ltd.* 蘇州協鑫新能源投資有限公司#	PRC	RMB3,000,000,000	**62.28**	—	Investment holding
Nanjing GCL New Energy Technology Co., Ltd.* 南京協鑫新能源科技有限公司#	PRC	RMB300,000,000	**62.28**	—	Investment holding
Delingha Century Concord Photovoltaic Power Co., Ltd.* 德令哈協合光伏發電有限公司#	PRC	RMB222,000,000	**62.28**	—	Operation of solar farm
Licheng GCL Solar Energy Ltd.* 黎城協鑫光伏電力有限公司#	PRC	RMB52,540,000	**62.28**	—	Operation of solar farm
Suqian Luneng Solar Power Co., Ltd.* 宿遷綠能電力有限公司#	PRC	RMB2,000,000	**56.36**	—	Operation of solar farm
Zhejiang Shuqimeng Electricity Science and Technology Co., Ltd.* 浙江舒奇蒙電力科技有限公司#	PRC	RMB28,402,500	**56.67**	—	Operation of solar farm
Hami Ourui Photovoltaic Power Co., Ltd.* 哈密歐瑞光伏發電有限公司#	PRC	RMB36,000,000	**62.28**	—	Operation of solar farm
Hengshan Jinghe Solar Energy Co., Ltd.* 橫山晶合太陽能發電有限公司#	PRC	RMB90,000,000	**56.67**	—	Operation of solar farm
Zhenglanqi State Power Photovoltaic Co., Ltd.* 正藍旗國光伏發電有限公司#	PRC	RMB85,000,000	**58.39**	—	Operation of solar farm
Jinhu Zhenhui Photovoltaic Co., Ltd.* 金湖正輝太陽能電力有限公司#	PRC	RMB160,600,000	**59.18**	—	Operation of solar farm
Hami Yaohui Photovoltaic Co., Ltd.* 哈密耀輝光伏發電有限公司#	PRC	RMB118,600,000	**62.28**	—	Operation of solar farm
Yulin City Yushen Industrial Zone Dongtou Energy Co., Ltd.* 榆林市榆神工業區東投能源有限公司#	PRC	RMB170,000,000	**62.28**	—	Operation of solar farm
Shangyi Yuanchen New Energy Development Co., Ltd.* 尚義元辰新能源開發有限公司#	PRC	RMB81,340,000	**62.28**	—	Operation of solar farm

55. PARTICULARS OF SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of operation	Issued and fully paid share/ registered capital	Attributable equity interest of the Group		Principal activity
			2014 %	2013 %	
Indirectly held: (Continued)					
New Energy Business (Continued) ***Established in the PRC (Continued)***					
Baoying Xinyuan Photovoltaic Power Generation Co., Ltd.* 寶應鑫源光伏發電有限公司#	PRC	RMB10,000,000	**62.28**	—	Operation of solar farm
Ningxia Shengjing Solar Power Technology Co., Ltd.* 寧夏盛景太陽能科技有限公司#	PRC	RMB51,300,000	**56.11**	—	Operation of solar farm
Yu County Jinyang New Energy Power Generation Co., Ltd.* 盂縣晉陽新能源發電有限公司#	PRC	RMB87,800,000	**61.57**	—	Operation of solar farm
Inner Mongolia Xiangdao New Energy Development Co., Ltd.* 內蒙古香島新能源發展有限公司#	PRC	RMB273,600,000	**56.11**	—	Operation of solar farm
Jiuquan GCL New Energy Ltd.* 酒泉協鑫新能源有限公司#	PRC	RMB2,000,000	**62.28**	—	Operation of solar farm
Shuozhou GCL Solar Energy Limited* 朔州市協鑫光伏電力有限公司#	PRC	RMB2,000,000	**62.28**	—	Operation of solar farm
Shanxi Jiasheng Energy Holding Ltd.* 山西佳盛能源股份有限公司#	PRC	RMB10,000,000	**58.13**	—	Operation of solar farm
Hainan Yisheng New Energy Co., Ltd.* 海南意晟新能源有限公司#	PRC	RMB43,000,000	**47.79**	—	Operation of solar farm
Hainan Tianlike New Energy Project Investment Co., Ltd.* 海南天利科新能源項目投資有限公司#	PRC	RMB43,000,000	**47.63**	—	Operation of solar farm

55. PARTICULARS OF SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of operation	Issued and fully paid share/ registered capital	Attributable equity interest of the Group		Principal activity
			2014 %	2013 %	
Indirectly held: (Continued)					
New Energy Business (Continued)					
Incorporated in Hong Kong					
Red Board Limited	Hong Kong	HK$4	**62.28**	—	Sale of printed circuit boards
Incorporated in BVI					
Same Time International (B.V.I.) Limited	BVI	US$50,000	**62.28**	—	Investment holding
Same Time Electronics (B.V.I.) Limited	BVI	US$1	**62.28**	—	Property holding

* English name for identification only
\# Newly established in 2014

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

55. PARTICULARS OF SUBSIDIARIES (Continued)

55b. Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of a non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal and place of business	Proportion of ownership interests and voting rights held by non-controlling interests 2014	Loss allocated to interests non-controlling 2014 HK$'000	Accumulated non-controlling interests 2014 HK$'000
GCL New Energy (Note)	Bermuda and Hong Kong	37.72%	64,857	1,106,617
Individually immaterial subsidiaries with non-controlling interests				1,850,944
				2,957,561

Note: GCL New Energy is listed on the Stock Exchange and was acquired by the Company on 9 May 2014.

Summarised financial information in respect of GCL New Energy is set out below. The summarised financial information below represents amounts before intragroup eliminations and fair value adjustments arising from the acquisition of GCL New Energy.

	31 December 2014 HK$'000
Current assets	**2,106,908**
Non-current assets	**7,861,139**
Current liabilities	**(5,079,932)**
Non-current liabilities	**(1,986,960)**
Equity attributable to owners of the Company	**(2,900,714)**
Non-controlling interests	**441**

55. PARTICULARS OF SUBSIDIARIES (Continued)

55b. Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

	For the period 9 May 2014 to 31 December 2014 HK$'000
Revenue	**1,024,024**
Expenses	**(1,199,202)**
Loss for the period	**(175,178)**
Loss attributable to owners of the Company	**(175,113)**
Loss attributable to the non-controlling interests	**(65)**
Loss for the period	**(175,178)**
Other comprehensive income attributable to owners of the Company	**11,193**
Other comprehensive income attributable to the non-controlling interests	**2**
Other comprehensive income for the period	**11,195**
Total comprehensive expense attributable to owners of the Company	**(163,920)**
Total comprehensive expense attributable to the non-controlling interests	**(63)**
Total comprehensive expense for the period	**(163,983)**
Dividends paid to non-controlling interests	**—**
Net cash outflow from operating activities	**(524,619)**
Net cash outflow from investing activities	**(1,566,412)**
Net cash inflow from financing activities	**2,815,594**
Net cash inflow	**724,563**

56. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position

	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	18,318,397	18,381,306
Loan to subsidiaries	6,256,810	6,278,297
Held-to-maturity investment	15,306	—
Restricted bank deposits	23,994	38,775
	24,614,507	24,698,378
CURRENT ASSETS		
Prepayments and deposits	5,405	15,354
Amounts due from subsidiaries	9,611,942	7,029,559
Bank balances and cash	130,662	1,896,954
	9,748,009	8,941,867
CURRENT LIABILITIES		
Other payables	49,406	71,945
Bank borrowings — due within one year	387,818	4,234,380
	437,224	4,306,325
NET CURRENT ASSETS	9,310,785	4,635,542
TOTAL ASSETS LESS CURRENT LIABILITIES	33,925,292	29,333,920
NON-CURRENT LIABILITIES		
Bank borrowings — due after one year	7,135,860	3,334,605
Convertible bonds payables	1,443,088	1,542,012
	8,578,948	4,876,617
NET ASSETS	25,346,344	24,457,303
CAPITAL AND RESERVES		
Share capital (see note 41)	1,548,920	1,548,322
Reserves	23,797,424	22,908,981
TOTAL EQUITY	25,346,344	24,457,303

56. SUMMARY FINANCIAL INFORMATION OF THE COMPANY (Continued)

Movement in reserves

	Share capital	Share premium	Capital reserve	Share options reserve	Translation reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2013	1,547,607	33,055,403	19,110	162,131	3,120,756	(14,283,075)	23,621,932
Exchange differences arising from translation to presentation currency	—	—	—	—	741,237	—	741,237
Profit for the year	—	—	—	—	—	62,687	62,687
Total comprehensive income for the year	—	—	—	—	741,237	62,687	803,924
Exercise of share options (note 51a)	715	6,942	—	(2,153)	—	—	5,504
Recognition of share-based payment expenses in respect of share options (note 51a)	—	—	—	25,943	—	—	25,943
Forfeitures of share options	—	—	—	(19,424)	—	19,424	—
At 31 December 2013	1,548,322	33,062,345	19,110	166,497	3,861,993	(14,200,964)	24,457,303
Exchange differences arising from translation to presentation currency	—	—	—	—	(79,293)	—	(79,293)
Profit for the year	—	—	—	—	—	890,105	890,105
Total comprehensive income for the year	—	—	—	—	(79,293)	890,105	810,812
Exercise of share options (note 51a)	598	12,199	—	(4,048)	—	—	8,749
Recognition of share-based payment expenses in respect of share options (note 51a)	—	—	—	69,480	—	—	69,480
Forfeitures of share options	—	—	—	(2,254)	—	2,254	—
At 31 December 2014	1,548,920	33,074,544	19,110	229,675	3,782,700	(13,308,605)	25,346,344

Note: Differences between the reserves of the Company and of the Group, as disclosed in the consolidated statement of changes in equity, represented the consolidation adjustments arising from the reverse acquisition by GCL Solar in 2009. For more details, please refer to 2009 annual report of the Group.

CORPORATE INFORMATION

CHAIRMAN & CHIEF EXECUTIVE OFFICER

Zhu Gongshan

EXECUTIVE DIRECTORS

Zhu Gongshan
Zhu Zhanjun *(Executive President)*
Ji Jun
Zhu Yufeng
Yeung Man Chung, Charles *(Chief Financial Officer)*

NON-EXECUTIVE DIRECTOR

Shu Hua

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ho Chung Tai, Raymond
Xue Zhongsu
Yip Tai Him

COMPOSITION OF BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

Ho Chung Tai, Raymond *(Chairman)*
Yip Tai Him
Zhu Yufeng

Nomination Committee

Xue Zhongsu *(Chairman)*
Yeung Man Chung, Charles
Ho Chung Tai, Raymond

Corporate Governance Committee

Ho Chung Tai, Raymond *(Chairman)*
Yip Tai Him
Yeung Man Chung, Charles

Strategic Planning Committee

Ho Chung Tai, Raymond *(Chairman)*
Zhu Gongshan
Xue Zhongsu
Yip Tai Him
Ji Jun
Yeung Man Chung, Charles

COMPANY SECRETARY

Chan Yuk Chun

AUTHORIZED REPRESENTATIVES

Yeung Man Chung, Charles
Chan Yuk Chun

AUDITOR

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

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1703B–1706, Level 17
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law

Freshfields Bruckhaus
Deringer
11th Floor,
Two Exchange Square
Hong Kong

Hebert Smith Freehills
23rd Floor,
Gloucester Tower
15 Queen's Road Central
Hong Kong

As to Cayman Islands law

Conyers Dill & Pearman
Boundary Hall, 2nd Floor
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

As to PRC law

Grandall Legal Group (Beijing)
9th Floor, Taikang Financial Tower
No. 38 North Road East Third Ring
Chaoyang District
Beijing, 100026
PRC

COMPANY'S WEBSITE

www.gcl-poly.com.hk

INFORMATION FOR INVESTORS

LISTING INFORMATION

Listing: Main Board of The Hong Kong Stock Exchange Limited
Stock Code: 3800

SHARE INFORMATION

Board Lot Size: 1,000 shares
Shares Outstanding as at 31 December 2014: 15,489,207,268 shares

FINANCIAL CALENDAR

26 March 2015:	Announcement of 2014 Annual Results
29 April 2015:	Publication of Annual Report
5 June 2015:	Annual General Meeting

ENQUIRIES CONTACT

Investor Relations Department

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E-mail:	info@gcl-poly.com.hk
Address:	Unit 1703B–1706, Level 17 International Commerce Centre 1 Austin Road West Kowloon, Hong Kong

"Baoying Cogeneration Plant"	寶應協鑫生物質發電有限公司 (Baoying Xiexin Biomass Electric Power Generation Co., Ltd.*)
"Board" or "Board of Directors"	our board of Directors
"China" or "PRC"	the People's Republic of China, but for the purposes of this report, excludes Hong Kong and Macau Special Administrative Region of the PRC
"China Resources Beijing Cogeneration Plant"	華潤協鑫(北京)熱電有限公司 (China Resources Golden Concord (Beijing) Co-generation Power Co., Ltd.*)
"Company, GCL-Poly"	GCL-Poly Energy Holdings Limited
"Director(s)"	director(s) of the Company or any one of them
"Dongtai Cogeneration Plant"	東台蘇中環保熱電有限公司 (Dongtai Suzhong Environmental Protection Co-generation Co., Ltd.)
"Fengxian Cogeneration Plant"	豐縣鑫源生物質環保熱電有限公司 (Fengxian Xinyuan Biological Environmental Heat and Power Co., Ltd.)
"Funing Cogeneration Plant"	阜寧協鑫環保熱電有限公司 (Funing Golden Concord Environmental Protection Co-generation Co., Ltd.)
"GCL New Energy"	GCL New Energy Holdings Limited, a limited liability company incorporated in Bermuda with its shares listed in the Stock Exchange Hong Kong Limited (Stock Code: 451)
"GCL New Energy Group"	GCL New Energy Holdings Limited and its subsidiaries
"Group"	the Company and its subsidiaries
"Guotai Wind Power Plant"	錫林郭勒國泰風力發電有限公司 (Xilingol Guotai Wind Power Generation Co., Ltd.*)
"GW"	gigawatts
"Haimen Cogeneration Plant"	海門鑫源環保熱電有限公司 (Haimen Xinyuan Environmental Protection Co-generation Co., Ltd.)
"Huzhou Cogeneration Plant"	湖州協鑫環保熱電有限公司 (Huzhou Golden Concord Environmental Protection Cogen-Power Co., Ltd.)
"Jiaxing Cogeneration Plant"	嘉興協鑫環保熱電有限公司 (Jiaxing Golden Concord Environmental Cogeneration Co., Ltd.)
"Kunshan Cogeneration Plant"	昆山鑫源環保熱電有限公司 (Kunshan Xinyuan Environmental Protection Cogen-Power Co., Ltd.)

"kWh"	Kilowatt hour
"Lianyungang Xiexin Cogeneration Plant"	連雲港協鑫生物質發電有限公司 (Lianyungang Xiexin Biomass Electric-Power Generation Co., Ltd.)
"Lianyungang Xinneng Cogeneration Plant"	連雲港鑫能污泥發電有限公司 (Lianyungang Xinneng Sludge Power Co., Ltd.*)
"MT"	metric tonnes
"MW"	megawatts
"Peixian Cogeneration Plant"	沛縣坑口環保熱電有限公司 (Peixian Mine-site Environmental Cogen-Power Co., Ltd.)
"Puyuan Cogeneration Plant"	桐鄉濮院協鑫環保熱電有限公司 (Tongxiang Puyuan Xiexin Environmental Protection Cogeneration Co., Ltd.*)
"PV"	photovoltaic
"Rudong Cogeneration Plant"	如東協鑫環保熱電有限公司 (Rudong Golden Concord Environmental Protection Cogen-Power Co. Ltd.*)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Suzhou Cogeneration Plant — Blue Sky"	蘇州工業園區藍天燃氣熱電有限公司 (Suzhou Industrial Park Blue Sky Gas Cogen-Power Co., Ltd.)
"Suzhou Cogeneration Plant — Northern"	蘇州工業園區北部燃機熱電有限公司 (Suzhou Industrial Park Northern Gas Turbine Cogeneration Co., Ltd.*)
"Taicang Incineration Plant"	太倉協鑫垃圾焚燒發電有限公司 (Taicang Xiexin Refuse Incineration Power Co. Ltd.*)
"Taicang Poly Cogeneration Plant"	太倉保利協鑫熱電有限公司 (Taicang Poly Xiexin Thermal Power Co., Ltd.)
"W"	watts
"Xuzhou Cogeneration Plant"	徐州西區環保熱電有限公司 (Xuzhou Western Environmental Protection Co-generation Power Co., Ltd.)
"Xuzhou Incineration Plant"	保利協鑫(徐州)再生能源有限公司 (Xuzhou GCL-Poly Renewable Energy Company Ltd*)
"Yangzhou Cogeneration Plant"	揚州港口污泥發電有限公司 (Yangzhou Harbour Sludge Power Co., Ltd.)

* *For identification only*

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