GCL

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)

Interim Report 2015

Contents

Financial Highlights

	Six months ended 30 June 2015 HK$'000 (unaudited)	2014 HK$'000 (unaudited)	Change	% of change
Revenue				
Sales of wafer	**9,921,055**	10,049,129	(128,074)	–1%
Sales of electricity	**2,394,934**	2,130,031	264,903	12%
Tariff adjustment	**453,353**	195,353	258,000	132%
Sales of coal	**2,020,213**	1,816,134	204,079	11%
Sales of polysilicon	**908,362**	1,275,038	(366,676)	–29%
Sales of steam	**861,415**	918,789	(57,374)	–6%
Sales of printed circuit boards	**782,336**	270,457	511,879	189%
Others (comprising the sales of ingots, modules and processing fees)	**597,493**	567,106	30,387	5%
	17,939,161	17,222,037	717,124	4%
Profit attributable to owners of the Company	**825,664**	900,353	(74,689)	–8%

	HK Cents	HK Cents	Change	% of change
Earnings per share				
— Basic	**5.33**	5.81	(0.48)	–8%
— Diluted	**5.18**	5.81	(0.63)	–11%

	HK$'000	HK$'000	Change	% of change
EBITDA*	**4,766,336**	4,606,170	160,166	3%

* The following items were excluded in the calculation of earnings before interest expenses, tax, depreciation and amortization ("EBITDA"): (i) Impairment losses on property, plant and equipment; (ii) Reversal of impairment loss on deposits for acquisitions of property, plant and equipment; (iii) Impairment losses on available-for-sale investment; (iv) Loss on disposal of available-for-sale investment; (v) Gain/loss on fair value change of convertible bonds receivable; (vi) Gain/loss on fair value change of convertible bonds payables; (vii) Gain/loss on fair value change of held for trading investments; (viii) Gain on disposal of joint ventures; (ix) Provision for pipelines reinstallation charge; (x) Compensation income; (xi) Bargain purchase on business combination and (xii) Impairment loss on goodwill.

Financial Highlights (continued)

	30 June 2015 HK$'000 (unaudited)	31 December 2014 HK$'000 (audited)	Change	% of change
Extracts of condensed consolidated statement of financial position				
Equity attributable to owners of the Company	**19,264,812**	18,405,624	859,188	5%
Total assets	**99,903,095**	90,003,835	9,899,260	11%
Bank balances and cash, pledged and restricted bank deposits	**22,069,929**	17,496,331	4,573,598	26%
Indebtedness (bank and other borrowings, obligations under finance leases, notes payables, convertible bonds payables and bonds payable)	**52,481,218**	43,955,277	8,525,941	19%
Key financial ratios				
Current ratio	**0.77**	0.71	0.06	8%
Quick ratio	**0.72**	0.65	0.07	11%
Net debt to equity attributable to owners of the Company	**157.9%**	143.8%	14.1%	10%

Chairman's Statement

On behalf of the Board of Directors, I am pleased to announce the following results of GCL-Poly in the first half of 2015. For the six months ended 30 June 2015, GCL-Poly's revenue reached HK$17.94 billion, representing a 4.2% increase as compared with the same period in 2014; gross profit was approximately HK$3.89 billion, an approximately 5.9% increase as compared with the same period in 2014, profit attributable to owners of the Company amounted to approximately HK$0.83 billion; basic earnings per share amounted to approximately HK5.33 cents. The operating environment of photovoltaic("PV") industry saw a significant improvement during the period. The installed capacity of global PV market in 2015 is expected to increase by 20% from 2014 to 53 GW. The outperforming results of GCL-Poly in the first half of 2015 were attributed to its strategy of consistently focusing on customers as well as the trend of market demand, and continuously improving its leading competitive edges at the up and downstream of the industry value chain, including technology innovation, developing and promoting higher efficiency products, refining manufacturing efficiency; and hence, achieving better cost control. Particularly, the significant amount of GCL's higher efficiency products were introduced to the market, which has led the PV Industry to an era of higher efficiency.

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

According to industry analysis and forecast, it is expected that the global PV market will continue to grow and the estimated global solar installation demand could reach approximately 32 GW in the second half of 2015. In particular, PV installed capacity in China market will continue to lead the global market. The China National Energy Administration has confirmed the target for 17.8 GW of PV installation connected to the grid by the end of 2015 in China. Furthermore, those emerging markets (including Japan, the U.S., India, South Africa and Southeast Asia) have been increasing growing. The rise of these markets has become a major highlight in the global market.

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

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

It is notable that the recovery of the PV industry has also encountered the challenges of trading disputes. The European Union and the U.S. has adopted in succession the anti-dumping and anti-countervailing measures against the silicon-based solar PV products from China. Furthermore, in early July, the U.S. Department of Commerce significantly increased the anti-dumping and anti-countervailing tax rate imposed on China's polysilicon-based solar cells in its announcement of the final judgement of first administrative review. Though China's polysilicon and wafer products were not directly involved, solar cell/modules exports has been negatively impacted. On the other hand, owing to the midstream production shrinkage in their domestic markets, major polysilicon manufacturers in the U.S., Germany and Korea are now heavily relying on and has been dumping enormous volume to China market, by taking advantage of processing trade policy to avoid the anti-dumping taxes imposed by the Chinese Ministry of Commerce. Therefore, the polysilicon price in China dropped persistently in the first half of this year, causing huge losses across global polysilicon industry. As a result, GCL-Poly was forced to decrease polysilicon products shipment and increase the production and sales to meet the significantly increased demand in raw materials from domestic PV customers.

Looking forward to the full year of 2015, despite of the global trade war barriers, market shrinkage in traditional major markets like Europe, and decreasing solar energy subsidies in countries like Japan, the global PV market should continue to grow, mainly due to the continuously decreasing cost of solar power energy, more newly introduced favorable policies by the Chinese government, as well as those rapidly emerged new markets.

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

In the first half of the year, facing the complexities including global economic growth slowdown, more stringent measures against China taken by the U.S., difficult financing environment for the PV industry, and re-activation of some backward capacities, the Company's solar material business still managed to secure satisfactory outcome thanks to its strengthened core competitiveness with continuous efforts in differentiation. In the first half of the year, polysilicon production increased by 13.7% as compared with the same period in 2014 to 36,768 MT. Apart from internal shipment to wafer business, the external shipment was 7,005 MT; the production and shipment of wafer products were 7,102 MW and 7,061 MW, representing an increase of 17.5% and 19.8%, respectively, as compared with the same period in 2014.

In the first half of 2015, the Company continued to adjust the product mix according to customers' demand, further decreased polysilicon shipments and increased production and shipment of high efficiency wafer products. As a result, the revenue of solar material business only decreased slightly by 4.0% on period-on-period basis despite of the persistent drop in products prices. Meanwhile, polysilicon products sales contribution to total revenue dropped to 8.0% while that of wafer products increased to 86.9%. With its optimized product mix in dealing with seasonally slowing polysilicon but stable wafer markets, the Company was able to maintain the operating results by leveraging competitive edges to meet customer demands.

Regarding technology research and development, the Company has continuously increased its R&D investment in the first half of 2015 through prioritizing key projects. As at the end of June 2015, the Company had 92 ongoing R&D projects, and its 14 subsidiaries have applied for 394 patents, and received 230 licensed patents. The Company had 4 research papers published in global journals (included in SCI). It also participated in the preparation of 3 international standards, 12 national standards and 6 industry standards. It obtained 8 new high-tech product certifications in Jiangsu Province.

In respect of crystal growing and wafer slicing process, the Company has been continuously improving ingoting technology of high-efficiency GCL Multi-Wafer products and making progress in the R&D of new products. As at the end of June 2015, S3 product capacity was ramped up to 110 million pieces per month. On 28 April 2015, the R&D of the new generation of high-efficiency polycrystalline silicon wafer product, "GCL Multi-Wafer S4" has achieved success, marking that GCL-Poly's polycrystalline technologies has stepped up to a new level. Trial data from customers have shown that the average conversion efficiency of "GCL Multi-Wafer S4" was further improved as compared with previous generation of GCL Multi-Wafer products. The successful R&D of "GCL Multi-Wafer S4" narrows down the conversion efficiency spread between multi wafer and mono wafer products, thus strengthening the cost effectiveness of multi wafer products as well as further enhances the Company's influences and leading position in the PV Market.

Regarding production and operation, the Company has further promoted GPW, established, improved and refined production systems, as well as increased operation efficiency, resulting in a significant decrease in production cost. In June 2015, the Modified Siemens method based polysilicon production cost decreased by approximately 8.9% as compared with the same period in 2014, further strengthening its global cost leading position. Furthermore, the non-silicon cost of wafer products, which contributed majority of total revenue, decreased by approximately 13.0% on a period on period basis, offsetting the negative impact of period on period 14.3% drop in the selling price.

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

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

The Company will continue to maintain its global leading position and advantages in polysilicon, crystal growing and wafer slicing technology, cost and service, implement the application of high efficiency products and systems by leveraging on our advantages of raw materials manufacturing capabilities at the upstream of the value chain, thus form the strategic synergies at the up and downstream of the industry chain, and further maximize business profitability.

Stable Power Business Development Outperformed Peers

In the first half of 2015, the power business continued to record stable performance. The Company has continued to maximise the efficiencies of existing resources with centralized management and cost control, assuring the healthy development of its power and steam businesses. As at the end of June 2015, the Company sold 3,192 GWh of electricity, with a period-on-period increase of 5.7%, and 4,092,619 tonnes of steam, with a period-on-period decrease of 3.0%. While ensuring stable growth of the business, the Company also adopted various measures including cost control of coal procurement, bulk procurement of supplies, expansion of steam supply, and vigorous efforts in steam price adjustment. These combined measures have helped us to achieve encouraging results in terms of the overall operational and financial indicators in the first half of 2015 when compared with the industry average.

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

Zhu Gongshan
Chairman

Hong Kong, 28 August 2015

Management Discussion and Analysis

Overview

Benefited from the supportive national policies from the PRC, the demand for solar products continued to grow modestly in the first half of 2015. The Group was able to capture this favourable market condition and the Group continued to operate at full capacity of polysilicon and wafer manufacturing facilities and further reduced our fundamental production costs to an extremely competitive level.

For the six months ended 30 June 2015, the Group recorded growth of 4.2% in revenue to approximately HK$17,939.2 million. Profit attributable to owners of the Company is HK$825.7 million as compared to HK$900.4 million during the same period in 2014.

Segment Information

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

— Solar Material Business

— Power Business

— Solar Farm Business

— New Energy Business

The following table sets forth the Group's operating results by business segments:

	2015			2014		
	Revenue from external customers HK$ million	**Segment profit (loss) HK$ million**	**EBITDA* HK$ million**	Revenue from external customers HK$ million	Segment profit (loss) HK$ million	EBITDA* HK$ million
Solar Material Business	**11,412**	**992**	**3,761**	11,888	1,135	3,780
Power Business	**5,008**	**232**	**646**	4,736	81	659
Solar Farm Business	**384**	**(74)**	**167**	327	59	210
Corporate**	**—**	**N/A**	**(96)**	—	N/A	(70)
Sub-total	**16,804**	**1,150**	**4,478**	16,951	1,275	4,579
New Energy Business	**1,135**	**90**	**288**	271	(2)	28
Total	**17,939**	**1,240**	**4,766**	17,222	1,273	4,607

* 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) Reversal of impairment loss on deposits for acquisitions of property, plant and equipment; iii) Impairment losses on available-for-sale investment; iv) Loss on disposal of available-for-sale investment; v) Gain/loss on fair value change of convertible bonds receivable; vi) Gain/loss on fair value change of convertible bonds payables; vii) Gain/loss on fair value change of held for trading investments; viii) Gain on disposal of joint ventures; ix) Provision for pipelines reinstallation charge; x) Compensation income; xi) Bargain purchase on business combination and xii) Impairment loss on goodwill.

EBITDA is included because it is used by management and, we expect, certain investors to use to measure the Group's operating performance. EBITDA is not an item recognised by IFRSs, and should not be considered as an alternative to profit, operating profit, or any other indicator of a Group's operating performance required by IFRS. When analysing the Group's operating performance, investors should use EBITDA in addition to, and not as an alternative for, profit, operating profit, or any other performance measure presented in accordance with IFRS. It is a metric that is sometimes used to compare the results of companies by removing the effects of different factors that might otherwise make comparisons inaccurate or inappropriate. We believe that the Group's EBITDA reflects an additional way of viewing aspects of the Group's operations that, when viewed with the Group's IFRS results, provides a more complete understanding of factors and trends affecting the Group's business.

** The corporate segment primarily included the elimination of inter-segment profit, unallocated income and unallocated expenses.

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.

With further technical improvement during the first half of 2015, our annual polysilicon production capacity was reached at 70,000 MT. During the six months ended 30 June 2015, GCL-Poly operated its polysilicon business at full capacity and produced approximately 36,768 MT of polysilicon, representing an increase of 13.7% as compared to 32,341 MT for the same period in 2014.

During the six months ended 30 June 2015, GCL-Poly continued to adopt various technological improvements on application of advanced ingot furnace facility and wafer slicing process. GCL-Poly's annual wafer production capacity has increased to 14 GW as at 30 June 2015. For the six months ended 30 June 2015, GCL-Poly produced approximately 7,102 MW of wafers (including processing business with supplied materials) were produced, representing an increase of 17.5% from 6,042 MW for the same period in 2014. During the first half of 2015, GCL-Poly successfully launched the fourth generation, high-efficiency multi-crystalline silicon wafer "GCL Multi-Wafer S4", which demonstrated a significant performance improvement with increment in the conversion efficiency of solar cells.

Sales Volume and Revenue

Despite significant decrease of average selling price of polysilicon and wafer during the first half of 2015 as compared to the same period in 2014, revenue from external customers of our Solar Material Business for the six months ended 30 June 2015 amounted to approximately HK$11,412.0 million, representing a slight decrease of 4.0% from HK$11,888.3 million for the six months ended 30 June 2014.

For the six months ended 30 June 2015, GCL-Poly sold 7,005 MT of polysilicon and 7,061 MW of wafer (including processing business with supplied materials), a decrease of 6.1% and an increase of 19.8% respectively, as compared to 7,463 MT of polysilicon and 5,896 MW of wafer for the same period in 2014.

The average selling prices of polysilicon and wafer were approximately HK$133.4 (US$17.2) per kilogram and HK$1.51 (US$0.195) per W respectively for the six months ended 30 June 2015. The corresponding average selling prices of polysilicon and wafer for the six months ended 30 June 2014 were HK$171.0 (US$22.1) per kilogram and HK$1.75 (US$0.225) 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 six months ended 30 June 2015, GCL-Poly continued to make effort on cost reduction and control measures.

Attributed to the 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. With a full capacity utilisation rate and reduction in costs for the six months ended 30 June 2015 for both polysilicon and wafer production, our operating performance continuously improved. Therefore, despite the significant decrease of average selling price of polysilicon and wafer, the net profit margin of our Solar Material Business for the six months ended 30 June 2015 still maintained at 8.7% as compared to net profit margin of 9.5% in the same period in 2014.

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 30 June 2015 and 31 December 2014, the Group operated 21 power plants in the PRC (including subsidiaries and associates) as follows:

	30 June 2015			31 December 2014		
		Capacity (MW)			Capacity (MW)	
	Quantity	**Installed**	**Attributable installed**	Quantity	Installed	Attributable installed
Power plants						
Coal-fired cogeneration plants and resources comprehensive utilisation cogeneration plants	**13**	**444.0**	**352.2**	13	444.0	352.2
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**	21	1,459.5	888.8

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 30 June 2015 and 31 December 2014, total steam extraction and attributable steam extraction were 2,339.0 tonne/h and 1,755.9 tonne/h respectively.

Sales Volume

For the six months ended 30 June 2015, total electricity and steam sales volume were 3,192,479 MWh and 4,092,619 tonnes, respectively, representing an increase of 5.7% and a decrease of 3.0%, respectively, as compared to 3,019,168 MWh and 4,218,838 tonnes for the same period in 2014. The increase of electricity sales was mainly contributed by Suzhou Cogeneration Plant — Northern. The decrease of steam sales was mainly due to the discontinued operation of Xuzhou Cogeneration Power Plant.

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

Plants	Electricity Sales MWh 30.06.2015	Electricity Sales MWh 30.06.2014	Steam Sales tonne 30.06.2015	Steam Sales tonne 30.06.2014
Subsidiary plants				
Kunshan Cogeneration Plant	**179,946**	197,812	**336,677**	307,550
Haimen Cogeneration Plant	**87,380**	75,620	**106,348**	139,280
Rudong Cogeneration Plant	**87,655**	81,082	**407,226**	374,160
Huzhou Cogeneration Plant	**60,595**	59,451	**207,980**	183,762
Taicang Poly Cogeneration Plant *(Note 1)*	**60,668**	106,762	**170,444**	173,810
Jiaxing Cogeneration Plant	**101,917**	112,239	**447,179**	378,564
Lianyungang Xinneng Cogeneration Plant	**49,780**	52,009	**129,159**	214,635
Puyuan Cogeneration Plant	**112,686**	90,438	**341,940**	328,564
Fengxian Cogeneration Plant *(Note 2)*	**72,946**	50,881	**931,612**	908,542
Yangzhou Cogeneration Plant	**202,929**	212,335	**149,395**	132,514
Dongtai Cogeneration Plant	**83,559**	47,545	**166,211**	245,480
Peixian Cogeneration Plant	**87,802**	75,987	**111,003**	114,986
Xuzhou Cogeneration Plant *(Note 3)*	**N/A**	56,480	**N/A**	113,180
Suzhou Cogeneration Plant — Blue Sky	**999,070**	1,001,300	**410,689**	409,803
Suzhou Cogeneration Plant — Northern	**714,078**	506,441	**N/A**	N/A
Baoying Cogeneration Plant	**66,361**	66,509	**110,615**	115,065
Lianyungang Xiexin Cogeneration Plant	**69,190**	80,079	**66,141**	78,943
Taicang Incineration Plant	**38,779**	39,855	**N/A**	N/A
Xuzhou Incineration Plant	**69,410**	65,562	**N/A**	N/A
Subtotal	**3,144,751**	2,978,387	**4,092,619**	4,218,838
Guotai Wind Power Plant	**47,728**	40,781	**N/A**	N/A
Total of subsidiaries	**3,192,479**	3,019,168	**4,092,619**	4,218,838
Associated power plants				
Funing Cogeneration Plant	**93,121**	86,028	**29,436**	34,565
China Resources Beijing Cogeneration Plant	**301,685**	342,630	**218,709**	177,239
Grand total	**3,587,285**	3,447,826	**4,340,764**	4,430,642

Note 1: Taicang Poly Cogeneration Plant has ceased operation in July 2015.

Note 2: It included the steam sales of its subsidiary, Fengxian Xincheng Environmental Cogeneration Co., Ltd.

Note 3: Xuzhou Cogeneration Plant has ceased operation in June 2014.

Revenue

For the six months ended 30 June 2015, the revenue from external customers for the Power Business was HK$5,007.5 million, representing an increase of 5.7% as compared to HK$4,736.3 million in the same period in 2014. The increase was mainly due to increase in the sales of electricity and coal during the period.

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 six months ended 30 June 2015, the average utilisation hour of the power plants (excluding Taicang Poly Cogeneration Plant, Xuzhou Cogeneration Plant and Suzhou Cogeneration Plant–Northern) was 2,820 hours, representing a decrease of 3.1% as compared to the 2,911 hours for the same period in 2014.

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 environmental equipment has been installed. As at 30 June 2015, the approved on-grid tariff of the Group's cogeneration plants ranged from approximately HK$603.0/MWh to HK$961.5/MWh (31 December 2014: HK$628.6/MWh to HK$959.4/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 30 June 2015, the approved steam price of the Group's cogeneration plants ranged from HK$188.8/tonne to HK$388.8/tonne (31 December 2014: HK$208.3/tonne to HK$353.4/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 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$316.7/MWh and HK$92.5/tonne respectively for the six months ended 30 June 2015. The average unit fuel costs for electricity sales and steam sales were HK$360.8/MWh and HK$109.9/tonne respectively for the same period in 2014. The decrease was mainly due to a decrease in coal price during the period.

For the Group's two Suzhou cogeneration plants, natural gas was the major component of the cost of sales. The average unit fuel cost for electricity sales and steam sales were HK$704.6/MWh and HK$215.7/tonne respectively for the six months ended 30 June 2015. The corresponding average unit fuel cost for electricity sales and steam sales for the same period in 2014 were HK$651.5/MWh and HK$203.2/tonne respectively. The increase was mainly due to an increase in natural gas price during the second half of 2014.

Solar Farm Business

As at 30 June 2015, 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 30 June 2015, the Group's total installed capacity of solar farms in the United States remained at 18 MW. For the six months ended 30 June 2015, the total amount of sales of electricity is approximately HK$41.6 million. Besides, 150 MW solar farms in South Africa, which was partnered with CAD fund, commenced operation in 2014 with the total effective ownership of 9.7% owned by the Group.

PRC Solar Farms

As at 30 June 2014 and 2015, the Group operated 10 solar farms in the PRC (excluding the new energy business) and the installed capacity and attributable installed capacity were remained unchanged at 353.0 MW and 289.3 MW, respectively.

Sales Volume and Revenue

Revenue for Solar Farm Business was HK$384.4 million and HK$327.0 million for the six months ended 30 June 2015 and 2014 respectively.

For the six months ended 30 June 2015, the electricity sales volume of Solar Farm Business in overseas and the PRC were 16,377 MWh and 281,547 MWh respectively.

New Energy Business

The Group's New Energy Business represents a listed company, GCL New Energy Holdings Limited ("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.

For the six months ended 30 June 2015, GCL New Energy continuously expanded into solar farm business through joint developments of solar farms projects in different regions of the PRC. As at 30 June 2015, GCL New Energy's aggregate installed capacity and grid-connected capacity were 772.5 MW and 645.3 MW respectively (including the solar farms of joint ventures). GCL New Energy has a pipeline of more than 776.0 MW of solar farms under development or construction.

Revenue

For the six months ended 30 June 2015, revenue contributed by the New Energy Business amounted to HK$1,135.2 million. As the solar farms achieved the on-grid connection starting from December 2014, the Solar Energy Business started to contribute revenue to the Group in the first half of 2015.

Outlook

Following the solar industry recovered in full swing in 2014, we experienced a seasonal slowdown in the first half of 2015, dampened by the increasing volumes of polysilicon import into China, ahead of the final cut-off date of August 31st Import Duty Levy on foreign import as "trade processing" loophole. At the same time, we continue to see weaker players suffered from the seasonal swing, and continue to exit the industry, and as a result solar product selling prices are expected to remain stable in the long run, and we managed to maintain our utilization relatively high to sustain our cost reduction and believe that cost should continue to come down in 2015.

We anticipate that 2015 global PV solar demand to grow modestly to approximately 50–55GW from 47–48GW in 2014, with demand in emerging markets such as China, the U.S., Japan, UK, India, Korea, Australia and Brazil will continue to increase. These emerging markets will play a more important role in the solar industry development, resulting in 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. In addition, if there were a minimal decrease in ground-mounted Feed-In-Tariff ("FiT") in China for 2016, we expect a second half 2015 installation could surge. We believe that an increasing amount of installations in 2015 will be supported by the roof-top/distributed generation subsidy announced in August 2013 as the investment environment of distributed energy becoming more mature and interest rate in China continued to ease. In Japan, the second largest market to-date, has recently adjusted the current subsidy to 33–35yen/KWh for residential projects, down from 37yen/KWh in the previous year. However, we believe that the declining incentives in Japan will shift the market to focus on price performance of PV components such as those made by our customers, instead of a pure focus on highest conversion efficiency. With over 50GW of the approved pipeline, Japanese market should remain robust in coming years, following an estimated 9GW of installation of solar farms in 2014. For the European markets, UK was the fastest growing country in deploying solar country with close to 3GW installed in 2014. We expect the UK remain the bright spot in the European market this few years. On the other hand, India government has officially announced a target of 100GW of solar installations by 2020. With rich sunlight resources and the availability of government incentives such as the National Solar Mission and State Programs, 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 into China 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 resilient in the second half 2015. We are optimistic that our manufacturing cost will continue to decrease as capacity utilisation continues to increase. As we recently have commissioned, operation of our captive power plant, we expect the Group 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. Following the launch of "GCL S3+" wafer in November 2014, we launched the "S4" Multicrystalline wafer in May 2015, with an average efficiency close to 18.3%. We believe with our continued effort in raising our wafer conversion efficiency, 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.

Employees

We consider our employees to be our most important resource. As at 30 June 2015, 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 six months ended 30 June 2015 amounted to HK$17,939.2 million, representing an increase of 4.2% as compared to HK$17,222.0 million for the six months ended 30 June 2014. The increase in revenue was mainly due to additional revenue contributed by New Energy Business during the period.

Gross Profit Margin

The Group's overall gross profit margin for the six months ended 30 June 2015 was 21.7%, as compared to 21.4% for the six months ended 30 June 2014.

Gross profit margin for the Solar Material Business decreased from 24.7% for the six months ended 30 June 2014 to 24.1% for the six months ended 30 June 2015. The slight decrease was due to the fact that the decrease in average selling price in the first half of 2015 of polysilicon and wafer products was substantially offset by the decrease in our production costs as a result of high utilisation of manufacturing facilities and the effective method on raw materials recycling together with technology innovation.

For the Power Business, the gross profit margin increase slightly from 11.5% for the six months ended 30 June 2014 to 11.9% for the six months ended 30 June 2015.

The gross profit margin for the Solar Farm Business was 51.4% for the six months ended 30 June 2015 and 55.1% for the corresponding period in 2014.

For New Energy Business, the gross profit margin for the six months ended 30 June 2015 was 28.9%.

Other Income

Other income mainly comprised government grants of HK$112.9 million, sales of scrap materials of HK$153.3 million, bank interest income of HK$197.3 million.

Distribution and Selling Expenses

Distribution and selling expenses amounted to HK$49.3 million for the six months ended 30 June 2015, representing an increase of 45.4% from HK$33.9 million for the six months ended 30 June 2014. Increase in distribution and selling expenses were due to more sales and marketing activities were carried out during the period.

Administrative Expenses

Administrative expenses amounted to HK$1,465.0 million for the six months ended 30 June 2015, representing an increase of 30.0% from HK$1,127.1 million for the six months ended 30 June 2014. Increase in administrative expenses was primarily due to expansion of our New Energy Business.

Other Expenses, Gains and Losses, Net

Other expenses, gains and losses, net for the six months ended 30 June 2015 were HK$51.2 million, representing a decrease of 88.0% from HK$428.4 million for the six months ended 30 June 2014. The decrease was mainly due to the decrease in exchange loss, loss on fair value change of convertible bonds receivable and payables, provision for pipelines reinstallation charge and the increase in compensation income during the period.

Finance Costs

Finance costs of the Group for the six months ended 30 June 2015 were HK$1,487.9 million, increased by 5.9% as compared to HK$1,405.6 million for the corresponding period in 2014. Increase mainly related to more bank and other borrowings during the period.

Share of Profits of Associates

The Group's share of profit of associates for the six months ended 30 June 2015 was HK$3.6 million, which was mostly derived from the Power Business.

Share of Losses of Joint Ventures

The Group's share of losses of joint ventures for the six months ended 30 June 2015 was HK$56.0 million, which was mostly derived from a joint venture in the United States.

Income Tax Expense

Income tax expense for the six months ended 30 June 2015 was HK$393.7 million, representing an increase of 36.7% as compared to HK$288.1 million for the six months ended 30 June 2014. The increase was mainly due to less tax losses being utilised during the period.

Profit attributable to Owners of the Company

Profit attributable to owners of the Company amounted to HK$825.7 million for the six months ended 30 June 2015 as compared to a profit of HK$900.4 million for the six months ended 30 June 2014.

Liquidity and Financial Resources

As at 30 June 2015, the total assets of the Group were about HK$99,903.1 million, of which the aggregate restricted and unrestricted cash and bank balances amounted to approximately HK$22,069.9 million. The bank interest received for the six months ended 30 June 2015 was HK$197.3 million.

For the six months ended 30 June 2015, the Group's main source of funding was cash generated from financing activities. During the current period, the net cash from financing activities for the current period was HK$6.9 billion, compared to HK$2.0 billion in the corresponding period in 2014. Increase in net cash from financing activities was mainly due to raise of bank and other borrowings, proceeds from new sales and finance lease back arrangements and issuance of convertible bonds payable.

For the six months ended 30 June 2015, the net cash used in investing activities was HK$8.2 billion, primarily related to the deposits paid for and purchase of property, plant and equipment of HK$4.2 billion (which was mainly attributable to GCL New Energy Group of HK$2.3 billion), and outflow of HK$14.6 billion for placing of pledged bank deposits to secure new bank borrowings and bills payable.

For the six months ended 30 June 2015, the net cash from operating activities was HK$2.2 billion, compared with HK$5.0 billion in the same period in 2014. The decrease was primarily due to the deferred settlement from customers as a result of the longer sales cycle of the solar business industry. However, subsequent to the reporting date, approximately HK$3.8 billion out of the HK$6.9 billion trade receivables was settled up to 20 August 2015.

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$12,176 million as at 30 June 2015 and the Group had cash and cash equivalents of HK$6,421 million against the Group's bank and other borrowings due within one year of HK$27,291 million as at that date. The Directors have evaluated the Group's current undrawn banking facilities and renewable bank borrowings. In order to improve liquidity, the Group has negotiated with certain banks, who have indicated that they do not foresee any reasons to withdraw the existing facilities in the foreseeable future, and will continue to negotiate with other banks to obtain revolving banking facilities to ensure the Group's bank borrowings can be renewed on an on-going basis. The Directors believe that the Group will be able to renew the banking facilities upon maturity dates.

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

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

Indebtedness

The indebtedness of the Group mainly comprises bank and other borrowings, obligations under finance leases, notes payables, convertible bonds payables and bonds payable. As at 30 June 2015, the Group's total bank and other borrowings amounted to HK$43,430.8 million (31 December 2014: HK$36,205.6 million), obligations under finance leases amounted to HK$3,167.9 million (31 December 2014: HK$2,137.8 million), notes payables amounted to HK$3,488.8 million (31 December 2014: HK$4,168.7 million), convertible bonds payables amounted to HK$2,243.7 million (31 December 2014: HK$1,443.1 million) and bonds payable amounted to HK$150.1 million (31 December 2014: Nil). Below is a table showing the bank and other borrowing structure and maturity profile of the Group's bank and other borrowings:

	As at 30 June 2015 HK$ million	As at 31 December 2014 HK$ million
Secured	**31,034.1**	27,850.0
Unsecured	**12,396.7**	8,355.6
	43,430.8	36,205.6
Maturity profile of bank borrowings		
On demand or within one year	**27,291.2**	21,951.3
After one year but within two years	**6,280.1**	7,063.7
After two years but within five years	**4,658.2**	4,211.7
After five years	**3,941.9**	2,978.9
Other loan		
After three years but within five years	**1,259.4**	—
Group's total bank and other borrowings	**43,430.8**	36,205.6
Bank and other borrowings are denominated in the following currencies		
RMB	**31,288.8**	23,550.2
USD	**12,142.0**	12,655.4
	43,430.8	36,205.6

As at 30 June 2015, RMB bank borrowings carried 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 notes payables bear interest at a rate of 4.95%–7.05% per annum and the convertible bonds payables issued by the Company and GCL New Energy bear interest at a fixed rate of 0.75% and 6% per annum, respectively.

Key Financial Ratios of the Group

	As at 30 June 2015	As at 31 December 2014
Current ratio	**0.77**	0.71
Quick ratio	**0.72**	0.65
Net debt to equity attributable to owners of the Company	**157.9%**	143.8%

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

Foreign Currency Risk

Most of the Group's revenue, cost of sales and operating expenses are denominated in RMB, US dollar and Hong Kong dollar. Most of the Group's business is located in the PRC while the presentation currency of the unaudited condensed interim consolidated financial statements is Hong Kong dollar. The Group's exposure to foreign currency risk arose from monetary assets and monetary liabilities as well as the non-monetary assets and non-monetary liabilities of the Group that are denominated in foreign currencies.

The following sensitivity analysis details the Group's sensitivity to a simultaneous and uniform 3.5% decrease in RMB against the relevant foreign currencies. The sensitivity analysis includes all outstanding foreign currency denominated assets and liabilities and assumes their translation as at 30 June 2015 for a 3.5% change in foreign currency rates.

	HK$ million
Decrease in profit for the six months ended 30 June 2015	382
Decrease in equity attributable to owners of the Company	653

For the six months ended 30 June 2015, the Group did not purchase any material foreign currency or interest rate derivatives or related hedging instruments.

In light of the depreciation of RMB subsequent to the reporting date, the Company is actively considering the effective measures to reduce the foreign currency risk exposure, including the additional investment of assets denominated in foreign currencies, currency derivatives as well as other related hedging instruments. The Directors are of the opinion that, with the successful implementation of the above measures, the abovementioned foreign currency risk exposure can be reduced.

Pledge of Assets

As at 30 June 2015, property, plant and equipment and prepaid lease payments with a carrying value of approximately HK$20,976.6 million and HK$643.8 million respectively, were pledged as security for certain banking facilities and borrowings granted to the Group (31 December 2014: HK$21,519.4 million and HK$513.8 million respectively). Apart from these, bank deposits, bill receivables and held-to-maturity investment of HK$3,646.0 million (31 December 2014: HK$2,620.5 million), HK$3,034.4 million (31 December 2014: HK$1,810.4 million) and HK$35.1 million (31 December 2014: HK$15.3 million), respectively, were pledged to the banks to secure borrowings and finance leases granted to the Group.

Capital Commitments

As at 30 June 2015, the Group's capital commitments in respect of purchase of property, plant and equipment, construction costs in respect of project assets, and share capital commitment to a joint venture contracted for but not provided amounted to HK$4,596.8 million, HK$553.5 million and HK$45.7 million, respectively (31 December 2014: HK$5,617.9 million, HK$505.4 million and HK$66.0 million, 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$2,393.0 million and Nil, respectively (31 December 2014: HK$2,483.2 million and HK$116.9 million, respectively).

Contingencies

Contingent liability

Same as disclosed in the Company's 2014 annual report, there is no material change for the six months ended 30 June 2015, except for the following:

Two subsidiaries of the Group were named as a co-defendant 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 party 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 court denied reconsideration on 6 April 2015 and the plaintiff has not filed any motions challenging the dismissal which has become a final order.

As a result, the Directors considered that their liabilities in relation to these litigation matters have been discharged and accordingly, no accrual has been made for these matters.

Financial guarantees contracts

At 30 June 2015, the Group provided total guarantees of HK$127 million (31 December 2014: HK$127 million) to the banks in respect of banking facilities of an associate. The associate had utilised HK$127 million (31 December 2014: HK$127 million) 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 the date of inception and at the end of the reporting period is insignificant.

Events After the End of The Interim Period

On 8 July 2015, a wholly-owned subsidiary of GCL New Energy completed an issue of bonds of principal amount of RMB239,200,000 (equivalent to approximately HK$303,322,000) with a repayment term of one year and an interest rate of 6.7% per annum.

On 20 July 2015, a captive power plant of 350 MW owned by Jiangsu Zhongneng Polysilicon Technology Co., Ltd. ("Jiangsu Zhongneng"), a wholly-owned subsidiary of the Company, has commenced operation and connected to the grid on 20 July 2015. The captive power plant will serve and supply electricity and steam directly to Jiangsu Zhongneng to meet part of its energy demand for the production of polysilicon.

On 20 July 2015, GCL New Energy completed the issue of convertible bonds at an interest rate of 6% per annum amounting to HK$200,000,000. The bonds will mature in three years from the date of issuance and redeemable at its nominal value of HK$200,000,000 plus accrued interest or can be converted into ordinary shares of GCL New Energy at conversion price of HK$1.20 per share, subject to adjustments, after six months from the date of issuance to the date of maturity. Further details on the issuance of the convertible bonds have been set out in the announcement of GCL New Energy dated 20 July 2015.

On 20 July 2015, GCL-Poly (Suzhou) New Energy Co., Ltd.* ("GCL-Poly Suzhou"), a wholly-owned subsidiary of the Group, issued the (i) first tranche short term notes in the principal amount of RMB650,000,000 (equivalent to approximately HK$810,550,000) due 2016 (the "First Tranche Short Term Notes"); and (ii) first tranche medium term notes in the principal amount of RMB500,000,000 (equivalent to approximately HK$623,500,000) due 2018 (the "First Tranche Medium Term Notes") to financial institutions in the PRC. The First Tranche Short Term Notes bear interest at a fixed rate of 5.5% per annum and the maturity date will be 20 July 2016. The First Tranche Medium Term Notes bear interest at a fixed rate of 7% per annum and the maturity date will be 20 July 2018.

The net proceeds from the issue of the First Tranche Short Term Notes and the First Tranche Medium Term Notes, after deduction of underwriting commissions and other estimated expenses, amounted to approximately RMB1,142,000,000 (equivalent to approximately HK$1,424,000,000) and will be used for the Group's general working capital and repayment of its existing bank borrowings.

On 22 July 2015, the Company has completed the issue of convertible bonds due 2019 (the "2019 Convertible Bonds") pursuant to which all of the conditions precedent to the issue of the 2019 Convertible Bonds in the aggregate principal amount of US$225,000,000 (equivalent to approximately HK$1,744,313,000), at the interest rate of 0.75% per annum with an initial conversion price of HK$2.6 per share under the subscription agreement has been satisfied. The proceeds of the issuance of the 2019 Convertible Bonds was used for the settlement of the amount payable by the Company, with carrying value of HK$1,526,903,000 at 30 June 2015, in respect of the redemption of the US$200,000,000 0.75% convertible bonds due 2018 issued by the Company on 29 November 2013 (the "Existing Convertible Bonds"). The net proceeds (net of the redemption price for the existing convertible bonds, fees, commissions and expenses) from the issue of the 2019 Convertible Bonds are approximately US$17,000,000 (equivalent to approximately HK$131,793,000). The 2019 Convertible Bonds are designated as fair value through profit or loss. On 23 July 2015, the Company has completed the cancellation of the Existing Convertible Bonds, which has been exchanged by the holders thereof with the Company for the 2019 Convertible Bonds.

On 24 July 2015, GCL New Energy has granted 473,460,000 share options to directors and employees with exercise price of HK$0.61, subject to acceptance by the grantees, to subscribe for an aggregate of 473,460,000 shares under the existing share option plan of GCL New Energy. These share options will be vested when the performance conditions are met until 23 July 2025.

On 31 July 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 140MW in Tianchang city in Anhui province, Menghai county in Xishuangbanna Dai Autonomous Prefecture and Yangquan city in Shanxi province, the PRC. The aggregate consideration for the services rendered for GCL New Energy Group under these agreements is RMB1,024,323,000 (equivalent to approximately HK$1,298,913,000).

On 12 August 2015, GCL New Energy Group entered into a cooperation agreement (the "Cooperation Agreement") with Shanghai Lvjing Investment Management Company Limited* (上海綠璟投資管理有限公司) ("Lvjing Investment") and Shaanxi Province Shenmu County Guoxiang Lvhua Shengtai Company Limited* (陝西省神木縣國祥綠化生態有限責任公司) ("Shaanxi Lvhua") regarding certain solar farm projects in an aggregate of 360MW in Shenmu County, Shaanxi Province, the PRC.

Pursuant to the Cooperation Agreement, on 12 August 2015, GCL New Energy Group as lender entered into loan agreements with an aggregate principal amount of RMB460 million with four wholly-owned subsidiaries of Lvjing Investment and Shaanxi Lvhua.

Pursuant to the Cooperation Agreement, GCL New Energy Group shall have the right (but not the obligation) to acquire from Lvjing Investment and/or Shaanxi Lvhua any or all of the equity interests of the four subsidiaries mentioned above in the event of any default under the loan agreements (the "Call Option") at the exercise price and terms to be agreed among the relevant parties with reference to the then valuation of the relevant equity interests. The exercise of the Call Option shall be at the discretion of GCL New Energy Group and subject to the requirements of any applicable laws, rules and regulations.

* English name for identification only

Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

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

Introduction

We have reviewed the condensed consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 71, which comprises the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 August 2015

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	NOTES	Six months ended 30 June 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Revenue	3	**17,939,161**	17,222,037
Cost of sales		**(14,044,773)**	(13,544,162)
Gross profit		**3,894,388**	3,677,875
Other income	4	**603,185**	618,034
Distribution and selling expenses		**(49,296)**	(33,904)
Administrative expenses		**(1,465,013)**	(1,127,116)
Finance costs	5	**(1,487,869)**	(1,405,602)
Other expenses, gains and losses, net	6	**(51,218)**	(428,373)
Share of profits of associates		**3,583**	1,605
Share of losses of joint ventures		**(56,024)**	(1,052)
Profit before tax		**1,391,736**	1,301,467
Income tax expense	7	**(393,680)**	(288,071)
Profit for the period	8	**998,056**	1,013,396
Other comprehensive income (expense), net of income tax:			
Item that will not be reclassified to profit or loss:			
Exchange differences arising from translation to presentation currency		**4,197**	(170,112)
Item that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investment		**—**	(63,234)
		4,197	(233,346)
Total comprehensive income for the period		**1,002,253**	780,050
Profit for the period attributable to:			
Owners of the Company		**825,664**	900,353
Non-controlling interests		**172,392**	113,043
		998,056	1,013,396
Total comprehensive income for the period attributable to:			
Owners of the Company		**828,791**	684,892
Non-controlling interests		**173,462**	95,158
		1,002,253	780,050
		HK cents	HK cents
Earnings per share	10		
Basic		**5.33**	5.81
Diluted		**5.18**	5.81

Unaudited Condensed Consolidated Statement of Financial Position

At 30 June 2015

	NOTES	As at 30 June 2015 HK$'000 (Unaudited)	As at 31 December 2014 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	**53,071,949**	50,611,803
Prepaid lease payments		**1,788,983**	1,773,240
Goodwill		**613,567**	633,615
Other intangible assets		**168,481**	172,834
Interests in joint ventures		**223,534**	310,191
Interests in associates	12	**272,966**	252,033
Held-to-maturity investments		**31,536**	15,306
Convertible bonds receivable	13	**147,159**	174,841
Deferred tax assets		**88,990**	94,173
Deposits, prepayments and other non-current assets	15	**2,068,022**	1,461,052
Amount due from a related company	16	**—**	27,296
Pledged and restricted bank deposits		**268,635**	158,183
		58,743,822	55,684,567
CURRENT ASSETS			
Inventories	14	**2,547,458**	2,695,748
Project assets		**414,633**	418,106
Trade and other receivables	15	**15,025,576**	13,658,345
Amounts due from related companies	16	**1,256,088**	125,033
Prepaid lease payments		**41,741**	41,149
Tax recoverable		**37,393**	20,989
Held for trading investment		**35,090**	21,750
Pledged and restricted bank deposits		**15,380,603**	11,809,191
Bank balances and cash		**6,420,691**	5,528,957
		41,159,273	34,319,268
CURRENT LIABILITIES			
Trade and other payables	17	**21,122,394**	20,832,540
Amounts due to related companies	16	**1,168,496**	734,786
Loan from a related company		**3,109**	12,900
Advances from customers		**639,189**	973,473
Bank and other borrowings — due within one year	18	**27,291,185**	21,951,325
Obligations under finance leases — due within one year	19	**981,188**	931,826
Notes payables — due within one year	21	**1,596,324**	2,278,404
Bonds payable	22	**150,119**	—
Deferred income		**131,209**	122,340
Tax payables		**251,563**	234,391
		53,334,776	48,071,985
NET CURRENT LIABILITIES		**(12,175,503)**	(13,752,717)
TOTAL ASSETS LESS CURRENT LIABILITIES		**46,568,319**	41,931,850

Unaudited Condensed Consolidated Statement of Financial Position (continued)

At 30 June 2015

	NOTES	As at 30 June 2015 HK$'000 (Unaudited)	As at 31 December 2014 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Advances from customers		**450,379**	646,954
Bank and other borrowings — due after one year	18	**16,139,572**	14,254,302
Obligations under finance leases — due after one year	19	**2,186,685**	1,206,002
Notes payables — due after one year	21	**1,892,476**	1,890,330
Convertible bonds payables	20	**2,243,669**	1,443,088
Deferred income		**607,814**	603,514
Deferred tax liabilities		**625,824**	524,475
Other non-current liability	23	**20,000**	—
		24,166,419	20,568,665
NET ASSETS		**22,401,900**	21,363,185
CAPITAL AND RESERVES			
Share capital	24	**1,548,947**	1,548,920
Reserves		**17,715,865**	16,856,704
Equity attributable to owners of the Company		**19,264,812**	18,405,624
Non-controlling interests		**3,137,088**	2,957,561
TOTAL EQUITY		**22,401,900**	21,363,185

The unaudited condensed interim consolidated financial statements on pages 24 to 71 were approved and authorised for issue by the Board of Directors on 28 August 2015 and are signed on its behalf by:

Zhu Gongshan
DIRECTOR

Yeung Man Chung, Charles
DIRECTOR

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000	Capital reserve HK$'000	Statutory reserve fund HK$'000	Special reserves HK$'000	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 2014 (Audited)	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	—	—	—	—	—	—	—	—	(152,227)	—	(152,227)	(17,885)	(170,112)
Fair value change of available-for-sale investment	—	—	—	—	—	—	—	(63,234)	—	—	(63,234)	—	(63,234)
Profit for the period	—	—	—	—	—	—	—	—	—	900,353	900,353	113,043	1,013,396
Total comprehensive (expense) income for the period	—	—	—	—	—	—	—	(63,234)	(152,227)	900,353	684,892	95,158	780,050
Recognition of share-based payment expenses in respect of share options	—	—	—	—	—	—	51,346	—	—	—	51,346	—	51,346
Forfeitures of share options	—	—	—	—	—	—	(1,404)	—	—	1,404	—	—	—
Exercise of share options	288	5,605	—	—	—	—	(1,862)	—	—	—	4,031	—	4,031
Acquisitions of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	677,959	677,959
Transfer to reserves	—	—	—	—	33,472	—	—	—	—	(33,472)	—	—	—
Dividend declared to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	(83,760)	(83,760)
At 30 June 2014 (Unaudited)	1,548,610	6,927,856	2,428,409	62,470	1,791,776	(2,680,931)	196,095	—	1,665,163	4,946,881	16,886,329	2,548,383	19,434,712
At 1 January 2015 (Audited)	**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**
Exchange differences arising from translation to presentation currency	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3,127**	**—**	**3,127**	**1,070**	**4,197**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**825,664**	**825,664**	**172,392**	**998,056**
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3,127**	**825,664**	**828,791**	**173,462**	**1,002,253**
Recognition of share-based payment expenses in respect of share options	**—**	**—**	**—**	**—**	**—**	**—**	**15,052**	**—**	**—**	**—**	**15,052**	**61,660**	**76,712**
Forfeitures of share options	**—**	**—**	**—**	**—**	**—**	**—**	**(22,123)**	**—**	**—**	**37,203**	**15,080**	**(15,080)**	**—**
Exercise of share options	**27**	**336**	**—**	**—**	**—**	**—**	**(98)**	**—**	**—**	**—**	**265**	**—**	**265**
Contribution from non-controlling interest	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**124,730**	**124,730**
Transfer to reserves	**—**	**—**	**—**	**—**	**60,956**	**—**	**—**	**—**	**—**	**(60,956)**	**—**	**—**	**—**
Dividend declared to non-controlling shareholders	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(165,245)**	**(165,245)**
At 30 June 2015 (Unaudited)	**1,548,947**	**6,934,786**	**2,767,194**	**62,470**	**1,954,355**	**(2,680,931)**	**204,024**	**—**	**1,771,252**	**6,702,715**	**19,264,812**	**3,137,088**	**22,401,900**

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**2,186,295**	5,046,336
NET CASH USED IN INVESTING ACTIVITIES		
Interest received	**211,569**	154,123
Dividend received from associates	**11,115**	10,653
Dividend received from joint ventures	**46,409**	—
Proceeds from disposal of joint ventures	**—**	147,827
Proceeds from disposal of an associate	**15,688**	—
Proceeds from disposal of available-for-sale investment	**—**	106,768
Proceeds from disposal of property, plant and equipment	**32,357**	137,641
Addition of property, plant and equipment	**(3,558,820)**	(2,593,984)
Deposits paid for acquisitions of property, plant and equipment	**(597,292)**	(231,450)
Refund of deposits received for a proposed disposal of business	**(506,073)**	—
Investments in joint ventures	**(22,622)**	(4,307)
Investment in associates	**(32,895)**	—
Addition of held-to-maturity investment	**(16,230)**	—
Addition of held for trading investment	**—**	(15,276)
Addition of prepaid lease payments	**(36,831)**	(3,558)
Addition of other intangible assets	**(7,366)**	—
Acquisition of subsidiaries	**(28,005)**	244,665
Withdrawal of pledged and restricted bank deposits	**10,883,497**	8,134,623
Placement of pledged and restricted bank deposits	**(14,552,842)**	(9,511,691)
Addition of entrusted loans receivable	**(63,259)**	—
Receipt of repayment from entrusted loans receivable	**—**	164,270
Receipt of government grants related to depreciable assets	**70,724**	5,098
Repayment from related companies	**—**	56,260
Advances to related companies	**(21,203)**	—
	(8,172,079)	(3,198,338)

Unaudited Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
NET CASH FROM FINANCING ACTIVITIES		
Interest paid	**(1,546,257)**	(1,336,511)
New bank borrowings raised	**23,902,984**	20,856,157
Repayment of bank borrowings	**(16,706,075)**	(18,252,976)
Proceeds from sale and finance lease back arrangements	**1,691,842**	612,761
Repayment of obligations under finance leases	**(688,694)**	(288,297)
Proceeds from issuance of convertible bonds payable	**775,100**	—
Proceeds from issuance of notes payables	**1,086,058**	503,348
Repayment of notes payables	**(1,771,255)**	—
Proceeds from issuance of bonds payable	**150,119**	—
Proceeds from exercise of share options	**265**	4,031
Contribution from non-controlling shareholders	**124,730**	—
Dividends paid to non-controlling shareholders	**(64,509)**	(68,761)
Repayment of loan from a related company	**(9,772)**	—
Repayment of advance from related companies	**(78,928)**	—
	6,865,608	2,029,752
NET INCREASE IN CASH AND CASH EQUIVALENTS	**879,824**	3,877,750
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**5,528,957**	6,168,814
Effect of exchange rate changes on the balance of bank balances and cash held in foreign currencies	**11,910**	(52,496)
CASH AND CASH EQUIVALENTS AT 30 JUNE represented by bank balances and cash	**6,420,691**	9,994,068

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2015

1. Basis of Preparation

The unaudited condensed interim consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") and with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting issued by International Accounting Standard Board ("IASB"). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of International Financial Reporting Standards financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2014.

The directors of the Company (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$12,176 million as at 30 June 2015 and the Group had cash and cash equivalents of HK$6,421 million against the Group's bank and other borrowings due within one year of HK$27,291 million as at that 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 ended 31 December 2014, the Group acquired GCL New Energy Holdings Limited ("GCL New Energy"), whose shares are listed on the Stock Exchange. As at 30 June 2015, certain subsidiaries of the Company provided financial guarantee of HK$3,792 million to certain subsidiaries of GCL New Energy, which has been utilised. 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$6,341 million to finance the solar energy projects undertaken by the Company and its subsidiaries. Up to the date of approval of these unaudited condensed interim consolidated financial statements, approximately HK$2,416 million were drawn down by the Company and its subsidiaries other than any members of GCL New Energy, and approximately HK$1,129 million were drawn down by GCL New Energy and its subsidiaries (collectively referred to as "GCL New Energy Group"). The remaining undrawn facility of approximately HK$2,796 million is available for 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 loan drawdowns. 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 further approval of the bank upon further application by GCL New Energy Group, and provision of guarantees from the Company and GCL-Poly Subsidiaries provided on a borrowing-by-borrowing basis.

1. Basis of Preparation *(Continued)*

The Directors have given careful consideration to the going concern status of GCL New Energy Group in preparing these unaudited condensed interim consolidated financial statements, in light of the fact that, as at 30 June 2015, GCL New Energy Group's current liabilities exceeded its current assets by HK$3,742 million; and it had net cash outflow from operating activities of HK$413 million for the six months ended 30 June 2015. In addition, GCL New Energy Group had existing commitments and entered into new agreements during the six months ended 30 June 2015 and up to the date of approval of these unaudited condensed interim consolidated financial statements to acquire several solar energy farm sites and construct solar farms which will involve total capital expenditures of approximately HK$8,292 million to be settled within the next twelve months from 30 June 2015. This included payables of approximately HK$3,616 million that have been recognised as current liabilities at 30 June 2015 (note 17).

In addition, subject to the availability of further financial resources, 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 farm investments or expanding the investments in the existing solar farms in the coming twelve months from 30 June 2015, significant additional cash outflows will be required to settle further committed capital expenditures. As at 30 June 2015, GCL New Energy Group's total borrowings comprising bank and other borrowings, convertible bonds, bonds and obligations under finance leases amounted to HK$7,279 million in total, out of which approximately HK$2,430 million will be due in the next twelve months from 30 June 2015. GCL New Energy Group is required to comply with certain restrictive financial covenant and undertaking requirements under certain of the borrowing agreements (note 18). GCL New Energy Group's pledged bank deposits and cash and cash equivalents amounted to approximately HK$878 million and HK$2,132 million as at 30 June 2015, respectively. The financial resources available to GCL New Energy Group as at 30 June 2015 and up to the date of approval of these unaudited condensed interim consolidated financial statements are not sufficient to satisfy all of the above financial obligations and committed capital expenditures. GCL New Energy Group is actively pursuing additional sources of financing including, but not limited to, equity and debt financing from banks, financial institutions and private investors.

The Directors are of the opinion that GCL New Energy Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures relating to the solar farms, that will be due in the next twelve months from 30 June 2015 upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for GCL New Energy Group:

(i) Subsequent to 30 June 2015:

- GCL New Energy Group completed the issuance of bonds of approximately HK$303 million to certain private investors (note 31);

- GCL New Energy Group obtained new borrowings with an aggregate amount of approximately HK$61 million from a bank in the PRC, of which approximately HK$56 million have a repayment term of more than twelve months from the date of drawdown; and

- GCL New Energy Group completed the issuance of convertible bonds of approximately HK$200 million to an overseas investment company with a repayment term of three years from the date of issuance (note 31).

1. Basis of Preparation *(Continued)*

(ii) GCL New Energy Group has been actively negotiating with the PRC creditor banks for renewal of its current borrowings as necessary when they fall due in the coming twelve months from 30 June 2015; and, if needed, to obtain waiver from the relevant lenders from complying with the covenant requirements. Based on the past experience, GCL New Energy Group did not encounter significant difficulties in renewing the borrowings and the Directors are confident that all borrowings can be renewed and the waiver, if needed, can be obtained upon GCL New Energy Group's application when necessary;

(iii) 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$1,527 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$9,543 million to GCL New Energy Group;

(iv) 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. During the six months ended 30 June 2015, GCL New Energy Group completed the issue of new convertible bonds to a non-banking financial institution with a nominal amount of approximately HK$775 million, and the issue of bonds to certain private investors of approximately HK$153 million; and

(v) GCL New Energy Group has completed the construction of 20 solar farms with approval for on-grid connection up to the date of approval of these unaudited condensed interim 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 1,549MW and are expected to generate operating cash inflows to GCL New Energy Group.

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

2. Principal Accounting Policies

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

Except as described below, the accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

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

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle

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

3. Segment Information

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 in 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.

3. Segment Information *(Continued)*

Segment revenue and results

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

Six months ended 30 June 2015

	Solar material business HK$'000 (Unaudited)	Power business HK$'000 (Unaudited)	Solar farm business HK$'000 (Unaudited)	New energy business HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Segment revenue					
Revenue	11,412,016	5,009,152	384,433	1,135,237	17,940,838
Inter-segment sales *(Note a)*	—	(1,677)	—	—	(1,677)
Revenue from external customers	11,412,016	5,007,475	384,433	1,135,237	17,939,161
Segment profit (loss)	992,249	231,906	(74,609)	90,205	1,239,751
Elimination of inter-segment profit					(59,721)
Unallocated income					26,260
Unallocated expenses					(81,609)
Fair value adjustments *(Note b)*					(3,427)
Impairment loss on goodwill					(20,243)
Loss on fair value change of convertible bonds receivable					(27,000)
Loss on fair value change of convertible bonds payable issued by the Company					(89,404)
Gain on fair value change of held for trading investment					13,449
Profit for the period					998,056

3. Segment Information *(Continued)*

Segment revenue and results *(Continued)*

Six months ended 30 June 2014

	Solar material business HK$'000 (Unaudited)	Power business HK$'000 (Unaudited)	Solar farm business HK$'000 (Unaudited)	New energy business HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Segment revenue					
Revenue	11,888,321	4,752,151	327,007	270,457	17,237,936
Inter-segment sales *(Note a)*	—	(15,899)	—	—	(15,899)
Revenue from external customers	11,888,321	4,736,252	327,007	270,457	17,222,037
Segment profit (loss)	1,135,021	81,325	59,061	(2,183)	1,273,224
Unallocated income					8,527
Unallocated expenses					(80,587)
Fair value adjustments *(Note b)*					(14,976)
Loss on disposal of available-for-sale investment					(19,251)
Impairment loss on available-for-sale investment					(4,508)
Loss on fair value change of convertible bonds receivable					(85,308)
Loss on fair value change of convertible bonds payable issued by the Company					(67,045)
Gain on fair value change of held for trading investment					3,320
Profit for the period					1,013,396

3. Segment Information *(Continued)*

Segment revenue and results *(Continued)*

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.

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

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

3. Segment Information *(Continued)*

Segment assets and liabilities

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

	As at 30 June 2015 HK$'000 (Unaudited)	As at 31 December 2014 HK$'000 (Audited)
Segment assets		
Solar material business	**63,634,991**	60,684,597
Power business	**11,693,889**	11,262,981
Solar farm business	**6,253,022**	6,330,646
New energy business	**16,418,533**	9,951,941
Total segment assets	**98,000,435**	88,230,165
Fair value adjustments *(Note)*	**266,649**	271,693
Goodwill	**613,567**	633,615
Convertible bonds receivable	**147,159**	174,841
Held for trading investment	**35,090**	21,750
Held-to-maturity investments	**31,536**	15,306
Unallocated bank balances and cash	**551,233**	294,909
Unallocated corporate assets	**257,426**	361,556
Consolidated assets	**99,903,095**	90,003,835
Segment liabilities		
Solar material business	**49,877,655**	47,746,778
Power business	**8,255,224**	7,977,281
Solar farm business	**5,002,148**	5,005,366
New energy business	**12,425,632**	6,058,753
Total segment liabilities	**75,560,659**	66,788,178
Fair value adjustments *(Note)*	**98,334**	100,729
Convertible bonds payable issued by the Company	**1,526,903**	1,443,088
Unallocated corporate liabilities	**315,299**	308,655
Consolidated liabilities	**77,501,195**	68,640,650

3. Segment Information *(Continued)*

Segment assets and liabilities *(Continued)*

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

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

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

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

Revenue from major products

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

	Six months ended 30 June	
	2015 **HK$'000** **(Unaudited)**	2014 HK$'000 (Unaudited)
Sales of wafer	**9,921,055**	10,049,129
Sales of electricity	**2,394,934**	2,130,031
Tariff adjustment *(Note)*	**453,353**	195,353
Sales of coal	**2,020,213**	1,816,134
Sales of polysilicon	**908,362**	1,275,038
Sales of steam	**861,415**	918,789
Sales of printed circuit boards	**782,336**	270,457
Others (comprising the sales of ingots, modules and processing fees)	**597,493**	567,106
	17,939,161	17,222,037

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

4. Other Income

	Six months ended 30 June	
	2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Government grants *(Note)*	**112,931**	187,483
Sales of scrap materials	**153,251**	160,996
Bank interest income	**197,315**	141,132
Interest income from a related party	**17,041**	—
Waste processing management fee	**40,169**	43,061
Management and consultancy fee income	**15,567**	13,634
Others	**66,911**	71,728
	603,185	618,034

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

5. Finance Costs

	Six months ended 30 June	
	2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Interest on:		
Bank and other borrowings		
– wholly repayable within five years	**722,821**	668,404
– not wholly repayable within five years	**115,590**	49,783
Discounted bills receivable and letters of credit	**580,487**	544,968
Obligations under finance leases	**52,456**	54,488
Notes and bonds payables	**129,220**	135,204
Total borrowing costs	**1,600,574**	1,452,847
Less: Interest capitalised	**(112,705)**	(47,245)
	1,487,869	1,405,602

6. Other Expenses, Gains and Losses, Net

	Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Research and development costs	**137,769**	156,294
Compensation income (note 11)	**(126,350)**	—
Provision for pipelines reinstallation charge (note 11)	**13,512**	80,000
Exchange (gain) loss, net	**(11,154)**	57,462
Loss on fair value change of convertible bonds receivable	**27,000**	85,308
Loss on fair value change of convertible bonds payables	**31,070**	67,045
Gain on fair value change of held for trading investment	**(13,449)**	(3,320)
Bargain purchase on business combination (note 28)	**(27,423)**	—
Impairment loss on goodwill *(Note)*	**20,243**	—
Impairment loss on property, plant and equipment	**—**	46,747
Reversal of impairment loss on deposits for acquisitions of property, plant and equipment	**—**	(62,564)
Loss on disposal of available-for-sale investment	**—**	19,251
Impairment loss on available-for-sale investment	**—**	4,508
Gain on disposal of joint ventures	**—**	(22,358)
	51,218	428,373

Note: During the six months ended 30 June 2015, the actual operating profits and cash flows for certain cash generating units ("CGU") in the Power Group were lower than expected. Accordingly, the management of the Group recognised an impairment loss of HK$20,243,000 (six months ended 30 June 2014: Nil) in relation to goodwill allocated to the Power Group.

The recoverable amount of such CGU in the Power Group is determined based on value in use calculation by management of the Group. That calculation uses cash flow projections based on a 5-years financial budget approved by management at a discount rate of 12.02%. Cash flows beyond the five-year period are extrapolated using zero growth rate. 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 such CGU and management's expectations for the market development.

7. Income Tax Expense

	Six months ended 30 June	
	2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
PRC Enterprise Income Tax ("EIT")		
Current tax	**282,673**	221,340
Overprovisions in prior periods	**(29,204)**	(11,418)
	253,469	209,922
Hong Kong Profits Tax		
Current tax	**15,023**	18,690
Underprovisions in prior period	**119**	—
	15,142	18,690
USA Federal and State Income Tax — Current tax	**245**	1,687
PRC dividend withholding tax	**18,802**	11,413
Deferred tax	**106,022**	46,359
	393,680	288,071

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

Under the Law of 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 "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% EIT rate. Accordingly, the profits derived by these subsidiaries are subject to 15% EIT rate for the six months ended 30 June 2015 (six months ended 30 June 2014: 15%). The qualification as High and New Technology Enterprise will be subject to annual review by the relevant government authorities in the PRC.

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

7. Income Tax Expense *(Continued)*

During the six months ended 30 June 2015, Federal and State tax rates in the United States of America (the "USA") are calculated at 35% and 8.8%, respectively (six months ended 30 June 2014: 35% and 8.8%, respectively).

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 resident immediate holding companies registered in Hong Kong and the British Virgin Islands, respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008.

8. Profit for the Period

	Six months ended 30 June	
	2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**2,009,237**	1,818,128
Amortisation of prepaid lease payments	**21,214**	20,946
Amortisation of other intangible assets (included in cost of sales and administrative expenses)	**12,485**	14,574
Total depreciation and amortisation	**2,042,936**	1,853,648
Less: Amounts included in inventories	**(80,808)**	(92,271)
Total of depreciation and amortisation charged to profit or loss	**1,962,128**	1,761,377
Cost of inventories recognised as cost of sales	**12,904,416**	12,748,192
Impairment loss on project assets (included in cost of sales)	**12,260**	53,001
Impairment loss on trade and other receivables (included in administrative expenses)	**164,792**	185,512
Loss on disposal of property, plant and equipment	**4,033**	14,283
Share-based payment expenses (included in administrative expenses)	**76,712**	51,346
Write-down on inventories (included in cost of sales)	**60,730**	14,996

9. Dividend

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

10. Earnings Per Share

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

	Six months ended 30 June	
	2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Earnings		
Earnings for the purpose of calculation of basic earnings per share		
– Profit for the period attributable to owners of the Company	**825,664**	900,353
Effect of dilutive potential ordinary shares:		
– Adjustment to the share of profit of GCL New Energy Group based on dilution of its earnings per share	**(22,921)**	—
	802,743	900,353

	Six months ended 30 June	
	2015 '000 (Unaudited)	2014 '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**15,489,346**	15,485,432
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**13,537**	20,451
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**15,502,883**	15,505,883

10. Earnings Per Share *(Continued)*

Diluted earnings per share for the six months ended 30 June 2015 did not assume (1) the conversion of convertible bonds issued by the Company because the assumed conversion would result in an increase in earnings per share; and (2) the exercise of share options granted by GCL New Energy because the exercise price of those options is higher than the average market price for the shares for the six months ended 30 June 2015.

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

11. Property, Plant and Equipment

	Carrying values HK$'000
At 1 January 2015 (Audited)	50,611,803
Additions	3,869,295
Acquired on acquisitions of subsidiaries (note 28)	609,302
Depreciation expense	(2,009,237)
Disposals	(36,390)
Effect of foreign currency exchange differences	27,176
At 30 June 2015 (Unaudited)	53,071,949

During the six months ended 30 June 2015, the Group spent approximately HK$3,062 million (six months ended 30 June 2014: HK$1,202 million) on construction of power plants, solar farms and related facilities in the PRC in order to enlarge its power generation capacities. Furthermore, the Group spent approximately HK$473 million (six months ended 30 June 2014: HK$827 million) on technological improvement and other production facilities to enhance the polysilicon production efficiency. As at 30 June 2015, the construction is still in progress.

11. Property, Plant and Equipment *(Continued)*

During the six months ended 30 June 2014, the local government of Xuzhou city was undertaking an integration of cogeneration plants in Xuzhou city in order to improve the power generation efficiency. 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, and accordingly, an impairment loss of approximately RMB37,000,000 (equivalent to approximately HK$46,747,000) in respect of the Group's property, plant and equipment used in the Xuzhou Cogeneration Plant had been made during the six months ended 30 June 2014. In addition, under the integration policy, Xuzhou Cogeneration Plant has signed a steam supply agreement with an independent third party who will replace Xuzhou Cogeneration Plant to supply steam to its customers upon its shut down. According to the steam supply agreement, Xuzhou Cogeneration Plant agreed to pay the independent third party 50% of the cost for reinstalling the steam pipelines connecting to the Xuzhou Cogeneration Plant's customers, and accordingly, a provision for reinstallation cost of HK$80,000,000 had been provided for the six months ended 30 June 2014, and an additional provision of HK$13,512,000 has been recognised in the current interim period. Furthermore, a compensation income of HK$126,350,000 for the aforesaid shutdown as negotiated with the local government of Xuzhou city has been recognised in other expenses, gains and losses in the profit or loss of the Group in the current interim period. Such compensation income was received by the Group subsequent to 30 June 2015.

12. Interests in Associates

Same as disclosed in the Company's 2014 annual report, there is no material change for the six months ended 30 June 2015, except for the disposal of the Group's entire 31% equity interest in Ningxia Xiejia Photovoltaic Power Co., Ltd. to a third party at a consideration of HK$15,688,000 in March 2015.

13. Convertible Bonds Receivable

Same as disclosed in the Company's 2014 annual report, there is no material change for the six months ended 30 June 2015, except for the change in fair value of HK$27,000,000 and effect of foreign currency exchange differences of HK$682,000 recognised in the current interim period.

14. Inventories

	As at 30 June 2015 HK$'000 (Unaudited)	As at 31 December 2014 HK$'000 (Audited)
Raw materials	**772,277**	1,059,675
Work in progress	**441,559**	447,803
Semi-finished goods *(Note)*	**785,266**	494,106
Finished goods	**343,007**	249,458
Solar modules	**129,308**	372,310
Spare parts	**76,041**	72,396
	2,547,458	2,695,748

Note: Semi-finished goods mainly represented polysilicon.

For the six months ended 30 June 2015, inventories were written down by HK$60,730,000 (six months ended 30 June 2014: HK$14,996,000) mainly in relation to solar products because the costs of certain inventories were higher than their net realisable values.

15. Deposits, Prepayments and Other Non-Current Assets/Trade and Other Receivables

Deposits, prepayments and other non-current assets

The increase in balance of deposits, prepayments and other non-current assets as at 30 June 2015 is mainly in relation to the increase in deposits for engineering, procurement and construction ("EPC") contracts of solar farm projects.

Trade and other receivables

	As at 30 June 2015 HK$'000 (Unaudited)	As at 31 December 2014 HK$'000 (Audited)
Trade receivables	**6,895,270**	5,468,995
Tariff adjustment receivables	**893,601**	402,110
Bills receivable (trade)	**4,981,174**	5,621,112
Value-added tax receivables	**609,664**	699,504
Prepayments	**763,161**	951,481
Other receivables	**882,706**	515,143
	15,025,576	13,658,345

15. Deposits, Prepayments and Other Non-Current Assets/Trade and Other Receivables *(Continued)*

Trade and other receivables *(Continued)*

The Group generally 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 obtained from trade customers.

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

	As at 30 June 2015 HK$'000 (Unaudited)	As at 31 December 2014 HK$'000 (Audited)
Trade receivables:		
Within 3 months	**5,584,541**	4,687,085
3 to 6 months	**924,598**	278,746
Over 6 months	**386,131**	503,164
	6,895,270	5,468,995
Bills receivable (trade):		
Within 3 months	**2,660,065**	3,232,645
3 to 6 months	**2,321,109**	2,388,467
	4,981,174	5,621,112

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$1,404,010,000 (31 December 2014: HK$829,783,000) which are past due as at the end of the reporting date. The Group has not provided allowance for doubtful debts for such receivables as part of such receivables are either covered by 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.

15. Deposits, Prepayments and Other Non-Current Assets/Trade and Other Receivables *(Continued)*

Trade and other receivables *(Continued)*

Tariff adjustment receivables represent government subsidies on renewable energy for solar farms to be received from the State Grid based on the prevailing nationwide government policies.

Other receivables mainly consist of compensation income receivables, deposits and entrusted loans receivable. Compensation income receivables mainly represent compensation income for the shut down of Xuzhou Cogeneration Plant. The entrusted loans receivable from a third party trade customer of HK$63,259,000 is arranged by a bank in the PRC and is unsecured and interest bearing at a fixed rate of 8% per annum and matures on 29 July 2015. Such entrusted loan is fully settled as of the date of approval of these unaudited condensed interim consolidated financial statements.

16. Balances with Related Companies

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

	As at 30 June 2015 HK$'000 (Unaudited)	As at 31 December 2014 HK$'000 (Audited)
Within 3 months	**39,034**	58,933
3 to 6 months	**263,636**	500
Over 6 months	**753,725**	3,496
	1,056,395	62,929

16. Balances with Related Companies *(Continued)*

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

	As at 30 June 2015 HK$'000 (Unaudited)	As at 31 December 2014 HK$'000 (Audited)
Within 3 months	**438,899**	310,929
3 to 6 months	**180,209**	250,982
Over 6 months	**2,227**	688
	621,335	562,599

Notes:

(i) The related companies included a joint venture and companies controlled by Mr. Zhu Gongshan, who is a director and a substantial shareholder of the Company, and his family members which hold in aggregate 32.40% of the Company's share capital as at 30 June 2015 and exercises significant influence over the Company.

(ii) The amounts due from/to related companies are unsecured, non-interest bearing and the credit period for trade-related balances are within 3 months.

Included in amounts due from related companies (trade-related) was an amount of HK$1,039,695,000 due from GCL System Integration Technology Co., Ltd. ("GCL System Integration"), an A-share listed company whose shares are listed on the Shenzhen Stock Exchange, which Mr. Zhu Gongshan and his family members hold in aggregate 21% of the share capital of GCL System Integration and exercise significant influence over GCL System Integration with effect from 10 February 2015 and was a third party trade customer as at 31 December 2014. The amount was fully settled subsequent to the end of the reporting period.

17. Trade and Other Payables

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

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

	As at 30 June 2015 HK$'000 (Unaudited)	As at 31 December 2014 HK$'000 (Audited)
Trade payables:		
Within 3 months	**3,042,031**	2,793,258
3 to 6 months	**2,425,016**	2,260,636
Over 6 months	**288,863**	248,210
	5,755,910	5,302,104
Bills payable (trade):		
Within 3 months	**1,494,225**	2,548,032
3 to 6 months	**5,755,406**	4,655,452
	7,249,631	7,203,484
Construction payables	**5,540,392**	5,516,488
Other payables	**1,024,646**	1,819,085
Accruals	**594,294**	446,135
Other tax payables	**279,759**	259,386
Interest payables	**206,546**	211,654
Bills payable (non-trade)	**358,154**	62,112
Dividend payables to non-controlling shareholders of subsidiaries	**113,062**	12,092
	21,122,394	20,832,540

Included in trade and other payables are obligations arising from endorsing bills receivable with recourse issued by third parties for settlement of trade and other payables with an aggregate amount of HK$1,487,896,000 (31 December 2014: HK$1,335,874,000).

18. Bank and Other Borrowings

	As at 30 June 2015 HK$'000 (Unaudited)	As at 31 December 2014 HK$'000 (Audited)
Short-term bank borrowings *(Note i)*	**23,471,167**	18,956,638
Long-term bank borrowings		
Within one year or an demand	**3,820,018**	2,994,687
More than one year, but not exceeding two years	**6,280,066**	7,063,720
More than two years, but not exceeding three years	**3,324,451**	3,376,475
More than three years, but not exceeding five years	**1,333,730**	835,214
More than five years	**3,941,910**	2,978,893
Other loan *(Note ii)*		
More than three years, but not exceeding five years	**1,259,415**	—
	43,430,757	36,205,627
Less: Amounts due within one year or on demand shown under current liabilities	**(27,291,185)**	(21,951,325)
Amounts due after one year	**16,139,572**	14,254,302
Representing:		
Secured	**31,034,054**	27,850,016
Unsecured	**12,396,703**	8,355,611
	43,430,757	36,205,627

Notes:

(i) Included in short-term bank borrowings are obligations arising from discounting to banks with recourse of bills receivable and letters of credit issued by third parties and by the Group's entities with aggregate carrying amount of approximately HK$11,450,148,000 (31 December 2014: HK$9,354,484,000).

(ii) Other loan is mainly obtained by GCL New Energy Group through an investment fund established in the form of a limited partnership ("Limited Partnership"), the capital of which is contributed by two subsidiaries of GCL New Energy Group as to approximately 20% with the remainder by a third party asset management company (the "Limited Partner"). Pursuant to the investment agreement and fund repurchase agreement entered into between GCL New Energy Group and the Limited Partner in conjunction with the formation of the Limited Partnership, the capital contributed by the Limited Partner will have a fixed return of 8.9% per annum ("Fixed Return") and GCL New Energy Group has agreed to repurchase the Limited Partner's interest in the Limited Partnership upon the occurrence of certain events but in any cases before 29 May 2017, for a consideration equal to the outstanding capital of the Limited Partner plus the Fixed Return. As the investment fund has been fully utilised for the acquisition of new energy businesses of GCL New Energy Group, this arrangement is accounted for as financing to GCL New Energy Group with the equity interest in the invested project companies as collateral.

18. Bank and Other Borrowings *(Continued)*

GCL New Energy Group is required to comply with certain restrictive financial covenant and undertaking requirements. For the six months ended 30 June 2015, three subsidiaries of GCL New Energy Group have not complied with a required debt to asset ratio requirement as set out in the loan agreements entered into between the subsidiaries and a PRC bank with total loan balances of approximately HK$526,000,000 as at 30 June 2015. As a result, total borrowings of HK$122,000,000 that have original contractual repayment dates beyond one year from 30 June 2015 were reclassified as current liabilities as at that date. Subsequent to 30 June 2015, the bank has agreed to grant a grace period of up to 31 December 2015 to GCL New Energy Group in order for those subsidiaries to remediate and meet the required covenant requirement. GCL New Energy Group is planning to inject additional capital as necessary to those subsidiaries to ensure that they comply with the required debt to asset ratio requirement. It is in the opinion of the Directors that the relevant covenant requirement can be remediated before the end of the grace period.

In addition, in respect of a bank loan of HK$7,519,899,000 as at 30 June 2015 (31 December 2014: HK$7,523,679,000) with covenants compliance requirements, the Directors had reviewed the covenant terms of such loan and considered that the Group has satisfied such covenants as at 30 June 2015.

The shares of a subsidiary in the PRC were pledged to secure bank borrowings totalling HK$3,721,187,000 (31 December 2014: HK$3,723,051,000) granted to the Group as at 30 June 2015.

19. 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	
	As at 30 June 2015 HK$'000 (Unaudited)	As at 31 December 2014 HK$'000 (Audited)	**As at 30 June 2015 HK$'000 (Unaudited)**	As at 31 December 2014 HK$'000 (Audited)
Amounts payable under finance leases				
Within one year	**1,145,688**	1,017,202	**981,188**	931,826
More than one year, but not exceeding two years	**618,903**	512,579	**504,847**	473,687
More than two years, but not exceeding five years	**1,275,517**	478,226	**1,071,821**	410,542
More than five years	**731,711**	404,307	**610,017**	321,773
	3,771,819	2,412,314	**3,167,873**	2,137,828
Less: future finance charges	**(603,946)**	(274,486)	**N/A**	N/A
Present value of lease obligations	**3,167,873**	2,137,828	**3,167,873**	2,137,828
Less: Amount due for settlement within one year (shown under current liabilities)			**(981,188)**	(931,826)
Amount due for settlement after one year			**2,186,685**	1,206,002

During the six months ended 30 June 2015, the Group entered into several finance lease agreements with third party financial institutions for net proceeds of HK$1,691,842,000, pursuant to which the Group agreed to sell certain plant and equipment to the financial institutions, and concurrently lease the assets back for terms ranging from 3 to 8 years with quarterly rent payments. At the end of the leased 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.

20. Convertible Bonds Payables

	Convertible bonds issued by the Company HK$'000	Convertible bonds issued by GCL New Energy HK$'000	Total HK$'000
As at 1 January 2015 (Audited)	1,443,088	—	1,443,088
Issue of convertible bonds	—	775,100	775,100
Change in fair value charged (credited) to profit or loss (note 6)	89,404	(58,334)	31,070
Payments of interests	(4,834)	—	(4,834)
Effect of foreign currency exchange differences	(755)	—	(755)
At 30 June 2015 (Unaudited)	1,526,903	716,766	2,243,669

On 27 May 2015, GCL New Energy issued three-year convertible bonds at a nominal value of HK$775,100,000. The major terms and conditions of the convertible bonds are as follows:

(a) Interest rate

GCL New Energy shall pay an interest on the convertible bonds at 6% per annum.

(b) Conversion price

The bond matures three years from the date of issuance at its nominal value of HK$775,100,000 or can be converted into ordinary shares of GCL New Energy at an original conversion price of HK$1.20 per share, subject to adjustments, after six months from the date of issuance to the date of maturity.

The conversion price will be subject to adjustments upon the occurrence of certain events as set out below:

(i) Consolidation, subdivision or reclassification of shares, capitalisation of profits or reserve, capital distribution, rights issues of shares or options over shares, issues at a certain discount to current market price, change of control and other usual adjustment events. The conversion price may not be reduced so that the conversion shares may fall to be issued at a discount to their par value.

20. Convertible Bonds Payables *(Continued)*

(b) Conversion price *(Continued)*

(ii) In addition, (1) if at any time after the date falling six months from the date of the instrument (i.e. 27 May 2015), the 30-day average price of GCL New Energy falls below 80% of the applicable conversion price, the conversion price shall be adjusted to a price equal to the higher of (i) the then prevailing conversion price multiplied by 0.80 and (ii) the Minimum Conversion Price of HK$0.78 (the conversion price so adjusted being the "First Adjusted Conversion Price"). The First Adjusted Conversion Price shall be effective from the close of business in Hong Kong on the business day following the last dealing day within the period of the 30 consecutive dealing days in which such 30-day average price of GCL New Energy is ascertained; and (2) if at any time after the date falling three months from the date of the First Adjusted Conversion Price, the 30-day average price of GCL New Energy falls below 80% of the then prevailing conversion price, the conversion price shall be further adjusted to a price equal to the higher of (i) the then applicable conversion price multiplied by 0.80 and (ii) the Minimum Conversion Price (the conversion price so adjusted being the "First Adjusted Conversion Price"). The Further Adjusted Conversion Price shall be effective from the close of business in Hong Kong on the business day following the last dealing day within the period of the 30 consecutive dealing days in which such 30-days average price of GCL New Energy is ascertained. For these purposes, "Minimum Conversion Price" means HK$0.78 subject to adjustment in the same manner as the conversion price.

(c) Maturity

The maturity date of the convertible bonds is 26 May 2018.

(d) Redemption

Unless previously redeemed, converted or purchased and cancelled, GCL New Energy will redeem all the principal amount of the convertible bond outstanding on the maturity date at 112% of the outstanding principal amount.

Further details on the issuance of the convertible bonds by GCL New Energy have been set out in the announcement of GCL New Energy dated 27 May 2015.

The Directors have designated the convertible bonds as fair value through profit or loss and initially recognised at fair value. In subsequent periods, the convertible bonds are measured at fair value with changes in fair value recognised in profit or loss.

20. Convertible Bonds Payables *(Continued)*

The fair values of the convertible bonds were determined by independent qualified valuers based on the Binomial Lattice Model. The following assumptions were applied.

	Convertible bonds issued by the Company	Convertible bonds issued by GCL New Energy	
	30 June 2015	**30 June 2015**	**27 May 2015**
Discount rate	17%	24.4%	22.13%
Fair value of shares	HK$1.79 each	HK$0.68 each	HK$0.87 each
Conversion price	HK$3.125 per share	HK$1.20 per share	HK$1.20 per share
Risk free interest rate	1.21%	0.672%	0.704%
Time to maturity	3.42 years	2.908 years	3 years
Expected volatility	72.29%	55.75%	54.23%
Expected dividend yield	0%	0%	0%

21. Notes Payables

	As at 30 June 2015 HK$'000 (Unaudited)	As at 31 December 2014 HK$'000 (Audited)
Principal amount of notes payables	**3,499,873**	4,183,040
Less: Unamortised issuance costs	**(11,073)**	(14,306)
Net carrying amount	**3,488,800**	4,168,734
Less: Amounts due within one year shown under current liabilities	**(1,596,324)**	(2,278,404)
Amounts due for settlement after one year shown under non-current liabilities	**1,892,476**	1,890,330

21. Notes Payables *(Continued)*

Same as disclosed in the Company's 2014 annual report, there is no material change for the six months ended 30 June 2015, except for the maturity and issuance of notes described below:

The two notes payables of 保利協鑫有限公司 GCL-Poly Limited* ("GCL"), a wholly-owned subsidiary of the Group, with principal of RMB400,000,000 (equivalent to approximately HK$507,228,000) bearing interest at 6.90% per annum and principal of RMB600,000,000 (equivalent to approximately HK$760,842,000) bearing interest at 5.77% per annum were matured and redeemed on 16 February 2015 and 10 May 2015, respectively.

GCL issued notes payable in an aggregate principal amount of RMB400,000,000 (equivalent to approximately HK$507,228,000) with interest at 6.05% per annum on 25 June 2014. The notes payable was matured and redeemed on 25 June 2015.

On 22 January 2015, GCL issued notes payable in an aggregate principal amount of RMB60,000,000 (equivalent to approximately HK$76,084,000). The maturity date of the notes payable is 20 October 2015 and bears interest at 6.20% per annum, which is payable together with the principal upon the maturity date.

On 21 April 2015, GCL issued notes payable in an aggregate principal amount of RMB600,000,000 (equivalent to approximately HK$760,842,000). The maturity date of the notes payable is 21 July 2015 and bears interest at 5.50% per annum, which is payable together with the principal upon the maturity date.

On 8 May 2015, GCL issued notes payable in an aggregate principal amount of RMB200,000,000 (equivalent to approximately HK$253,614,000). The maturity date of the notes payable is 12 May 2016 and bears interest at 4.95% per annum, which is payable together with the principal upon the maturity date.

* English name for identification only

22. Bonds Payable

As at 19 June 2015, Nanjing GCL New Energy Development Co., Ltd., a wholly-owned subsidiary of GCL New Energy Group, issued first tranche bonds of RMB118,384,000 (equivalent to approximately HK$150,119,000) net of the transaction cost. The bonds mature on 18 June 2016 and bear interest at a fixed rate of 6.7% per annum, repayable on 19 June 2016.

23. Other Non-Current Liability

The balance represents the loan from a non-controlling shareholder which is unsecured, interest-free and fully repayable in July 2016.

24. Share Capital

	Number of shares '000	Amount HK$'000
Authorised		
At 1 January 2014 (Audited) and 30 June 2014 (Unaudited)		
– Ordinary shares of HK$0.1 each	20,000,000	2,000,000
Issued and fully paid		
At 1 January 2014 (Audited)	15,483,223	1,548,322
Exercise of share options *(Note a)*	2,878	288
At 30 June 2014 (Unaudited)	15,486,101	1,548,610
Authorised		
At 1 January 2015 (Audited) and 30 June 2015 (Unaudited)		
– Ordinary shares of HK$0.1 each	20,000,000	2,000,000
Issued and fully paid		
At 1 January 2015 (Audited)	15,489,207	1,548,920
Exercise of share options *(Note b)*	270	27
At 30 June 2015 (Unaudited)	15,489,477	1,548,947

Notes:

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

(b) During the six months ended 30 June 2015, share options holders exercised their rights to subscribe for 80,000, 160,000 and 30,000 ordinary shares in the Company at HK$0.59, HK$1.054 and HK$1.642, respectively, with net proceeds of approximately HK$265,000.

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

25. Pledge of Assets

At 30 June 2015, the Group has pledged buildings with carrying values of approximately HK$2,191,679,000 (31 December 2014: HK$2,192,433,000) and plant and machinery with carrying values of approximately HK$18,784,947,000 (31 December 2014: HK$19,326,978,000) to secure bank borrowings granted to the Group.

The Group has pledged prepaid lease payments with carrying values of approximately HK$643,808,000 (31 December 2014: HK$513,756,000) at 30 June 2015 to secure banking facilities granted to the Group.

The Group has pledged bank deposits and bills receivable to banks to secure banking facilities granted to the Group. Deposits amounting to HK$3,494,570,000 (31 December 2014: HK$2,540,772,000) and bills receivable with carrying value of approximately HK$3,034,375,000 (31 December 2014: HK$1,810,397,000) have been pledged to secure short-term borrowings granted to the Group and obligations under finance leases in the PRC and the USA. The remaining deposits amounting to HK$151,471,000 (31 December 2014: HK$79,742,000) have been pledged to secure long-term borrowings granted to the Group and obligations under finance leases which are due after one year.

At 30 June 2015, certain property, plant and equipment including (i) an aircraft, (ii) plant and machinery located in the PRC, and (iii) solar farms located in the USA are held under finance leases or sale and finance leaseback arrangements of approximately HK$376,581,000, HK$3,828,970,000 and HK$404,042,000 respectively (31 December 2014: HK$392,015,000, HK$2,733,273,000 and HK$418,811,000, respectively).

The Group has pledged held-to-maturity investments with carrying value of approximately HK$35,090,000 (31 December 2014: HK$15,306,000) at 30 June 2015 to secure obligations under finance leases.

In addition, bank deposits amounting to HK$11,886,033,000 (31 December 2014: HK$9,268,419,000) which have been restricted to secure bills payable, short-term letters of credit for trade and other payables. The remaining deposits amounting to HK$117,164,000 (31 December 2014: HK$78,441,000) have been restricted to secure obligations under finance leases which are due after one year.

26. Share-Based Payment Transactions

Same as disclosed in the Company's 2014 annual report relating to the share-based payment transactions, there is no material change for the six months ended 30 June 2015, except for the following:

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

(i) Pre-IPO Share Option Scheme of the Company

			Number of share options				
	Exercise price	Date of grant	Outstanding at 1 January 2015	During the period Exercised	During the period Forfeited	During the period Transferred *(Note)*	Outstanding at 30 June 2015
Directors	HK$4.1	13.11.2007	4,500,000	—	—	(1,500,000)	3,000,000
Employees and others	HK$4.1	13.11.2007	20,560,000	—	—	1,500,000	22,060,000
			25,060,000	—	—	—	25,060,000

(ii) Share Option Scheme of the Company

			Number of share options				
	Exercise price	Date of grant	Outstanding at 1 January 2015	During the period Exercised	During the period Forfeited	During the period Transferred *(Note)*	Outstanding at 30 June 2015
Directors	HK$0.59	16.02.2009	5,500,000	—	—	(1,500,000)	4,000,000
	HK$3.32	12.01.2011	—	—	—	1,000,000	1,000,000
	HK$4.1	15.07.2011	1,500,000	—	(500,000)	—	1,000,000
	HK$2.888	24.03.2014	7,100,000	—	(500,000)	—	6,600,000
Employees and others	HK$0.59	16.02.2009	7,951,000	(80,000)	—	1,500,000	9,371,000
	HK$1.054	24.04.2009	1,002,000	(160,000)	—	—	842,000
	HK$3.32	12.01.2011	15,000,000	—	(4,500,000)	(1,000,000)	9,500,000
	HK$4.1	15.07.2011	67,400,000	—	(9,250,000)	—	58,150,000
	HK$1.642	05.07.2013	36,675,000	(30,000)	(2,000,000)	—	34,645,000
	HK$2.888	24.03.2014	70,500,000	—	(800,000)	—	69,700,000
			212,628,000	(270,000)	(17,550,000)	—	194,808,000

Note: Ms. Sun Wei resigned as an executive director on 23 January 2015 and remains as an employee of the Company.

Mr. Zhu Zhanjun was appointed as an executive director of the Company on 23 January 2015.

26. Share-Based Payment Transactions *(Continued)*

(iii) Share option scheme of GCL New Energy

			Number of share options			
	Exercise price	Date of grant	Outstanding at 1 January 2015	During the period Forfeited	During the period Transferred	Outstanding at 30 June 2015
Director	HK$1.1875	23.10.2014	12,000,000	—	—	12,000,000
Directors and employees of GCL New Energy	HK$1.1875	23.10.2014	524,840,000	(91,720,000)	—	433,120,000
			536,840,000	(91,720,000)	—	445,120,000

During the six months ended 30 June 2015, share-based payment expenses of approximately HK$76,712,000 (six months ended 30 June 2014: HK$51,346,000) have been recognised in profit or loss. In addition, certain share options granted to employees under Share Option Scheme of the Company have been forfeited after the vesting period, and respective share option reserve of approximately HK$22,123,000 (six months ended 30 June 2014: HK$1,404,000) are transferred to the Group's accumulated profits. Certain share options granted to employees under share option scheme of GCL New Energy have been forfeited after the vesting period, and respective non-controlling interests of approximately HK$15,080,000 (six months ended 30 June 2014: Nil) are transferred to the Group's accumulated profits.

The weighted average closing price of the Company's shares at dates on which the options were exercised during the period was HK$2.24 per share.

27. Capital and Other Commitments

	As at 30 June 2015 HK$'000 (Unaudited)	As at 31 December 2014 HK$'000 (Audited)
Capital expenditure in respect of acquisitions of property, plant and equipment:		
Contracted for but not provided	**4,596,760**	5,617,875
Authorised but not contracted for	**2,393,022**	2,483,155
	6,989,782	8,101,030
Construction costs in respect of project assets:		
Contracted for but not provided	**553,500**	505,378
Commitment to contribute share capital to a joint venture:		
Contracted for but not provided	**45,651**	66,041
Authorised but not contracted	**—**	116,877
	7,588,933	8,789,326

28. Acquisitions of Subsidiaries

For the six months ended 30 June 2015, GCL New Energy Group had several material acquisitions in acquiring the controlling equity interests in certain companies for a total consideration of approximately HK$30,204,000 (equivalent to RMB23,819,000). The companies as set out in note (a) to note (c) did not operate any business prior to the respective dates of acquisitions. Therefore, GCL New Energy Group considers the nature of these acquisitions as acquisitions of assets and liabilities and the considerations should be attributable to the individual assets acquired and liabilities assumed based on the relative fair values of the individual items. For the acquisition of 常州新天新能源有限公司 ("Changzhou Xintian New Energy"), as mentioned in note (d), the construction of the solar farm project of its subsidiary is close to completion and the vendor guaranteed project to obtain the on-grid connection. Therefore, the acquisition was considered as a business combination under IFRS 3 and accounted for using the purchase method.

28. Acquisitions of Subsidiaries *(Continued)*

(a) Acquisition of 南通海德新能源有限公司 ("Nantong")

On 12 January 2015, GCL New Energy Group acquired 100% equity interest in Nantong at a consideration of RMB10,000,000 (equivalent to approximately HK$12,681,000). At the date of acquisition, Nantong had a 22MW solar farm project under development.

(b) Acquisition of 太谷縣風光發電有限公司 ("Taigu")

On 13 May 2015, GCL New Energy Group acquired 30% equity interest in Taigu at a consideration of RMB2,819,000 (equivalent to approximately HK$3,575,000) and obtained its control by holding 100% voting power in the shareholder meeting. At the date of acquisition, Taigu had a 20MW solar farm project under development.

GCL New Energy Group is granted an option to acquire the remaining 70% equity interest in Taigu at RMB6,578,000 (equivalent to approximately HK$8,342,000) after the project has obtained the on-grid connection. Accordingly, other payable of HK$8,342,000 had been recognised as at 30 June 2015 in this regard.

(c) Acquisition of 元謀綠電新能源開發有限公司 ("Yuanmou")

On 16 March 2015, GCL New Energy Group acquired 30% equity interest in Yuanmou at a consideration of RMB6,000,000 (equivalent to approximately HK$7,608,000) and obtained its control by holding 70% voting power in its shareholder meeting. At the date of acquisition, Yuanmou had a 50MW solar farm project under development.

GCL New Energy Group is granted an option to acquire the remaining 70% equity interest in Yuanmou at RMB14,000,000 (equivalent to approximately HK$17,753,000). Accordingly, other payable of HK$17,753,000 had been recognised as at 30 June 2015 in this regard.

28. Acquisitions of Subsidiaries *(Continued)*

The relevant fair values of assets acquired and liabilities assumed at the acquisition dates are analysed as follows:

	Nantong HK$'000	Taigu HK$'000	Yuanmou HK$'000	Total HK$'000
Consideration paid as at acquisition date	12,681	3,575	7,608	23,864
Assets and liabilities				
Property, plant and equipment	4,121	—	—	4,121
Prepayments and other receivables	10,149	12,554	25,352	48,055
Cash and cash equivalents	1,918	11	9	1,938
Other payables	(3,507)	(648)	—	(4,155)
Total identifiable net assets acquired	12,681	11,917	25,361	49,959
Consideration payable to the former owners	—	(8,342)	(17,753)	(26,095)
	12,681	3,575	7,608	23,864
Consideration paid in cash	12,681	3,575	7,608	23,864
Cash and cash equivalents acquired	(1,918)	(11)	(9)	(1,938)
Net cash outflow arising on acquisition	10,763	3,564	7,599	21,926

28. Acquisitions of Subsidiaries *(Continued)*

(d) Acquisition of Changzhou Xintian New Energy

On 30 December 2014, GCL New Energy Group entered into equity purchase agreement with 中利騰暉光伏科技有限公司 (“Zhongli Solar Technology”)* and 常熟中利騰暉光伏材料有限公司 (“Changshu Zhongli Solar”)*, pursuant to which GCL New Energy Group agreed to acquire 100% equity interest of Changzhou Xintian New Energy for a total consideration of RMB5,000,000 (equivalent to approximately HK$6,340,000). The acquisition is to continue the expansion of solar farm development business of GCL New Energy Group. The transaction was completed on 31 March 2015. At the date of acquisition, a wholly-owned subsidiary of Changzhou Xintian New Energy had a 50MW solar farm project under development. The acquisition was accounted for using the purchase method.

Assets and liabilities recognised at the date of acquisition

	HK$'000
Property, plant and equipment	605,181
Other receivables	64,154
Cash and cash equivalents	261
Other payables	(635,742)
Deferred tax liabilities	(91)
Total identifiable net assets acquired	33,763
Less: Consideration paid in cash	(6,340)
Bargain purchase recognised in profit or loss *(Note)*	27,423
Consideration paid in cash	6,340
Less: cash and cash equivalents acquired	(261)
Net cash outflow arising on acquisition	6,079

Note: The bargain purchase arose because the consideration paid by GCL New Energy Group was less than the fair value of the identifiable net assets of the underlying business acquired as determined by the independent professional valuer, mainly due to a discount given by the vendor.

* English name for identification only

29. Contingencies

(i) Contingent liability

Same as disclosed in the Company's 2014 annual report, there is no material change for the six months ended 30 June 2015, except for the following:

Two subsidiaries of the Group were named as a co-defendant 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 party 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 court denied reconsideration on 6 April 2015 and the plaintiff has not filed any motions challenging the dismissal which has become a final order.

As a result, the Directors considered that their liabilities in relation to these litigation matters have been discharged and accordingly, no accrual has been made for these matters.

(ii) Financial guarantees contracts

At 30 June 2015, the Group provided total guarantees of HK$126,807,000 (31 December 2014: HK$126,759,000) to the banks in respect of banking facilities of an associate. The associate had utilised HK$126,807,000 (31 December 2014: HK$126,759,000) 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.

30. Fair Value Measurement of Financial Instruments

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
	30.6.2015 HK$'000 (Unaudited)	31.12.2014 HK$'000 (Audited)				
1) Convertible bonds receivable *(Note a)*	**147,159**	174,841	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 50.3% (31 December 2014: 50%), taking into account the historical share price of United Photovoltaics Group Limited ("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% (31 December 2014: 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 75% (31 December 2014: 100%) for a subsidiary of United Photovoltaics achieving the profit guarantee requirement.	The higher the probability the higher the fair value.
2) Convertible bonds payable issued by the Company *(Note b)*	**1,526,903**	1,443,088	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 72.29% 31 December 2014: 79.6%) 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.

30. Fair Value Measurement of Financial Instruments *(Continued)*

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

Financial assets and financial liabilities	Fair value as at 30.6.2015 HK$'000 (Unaudited)	Fair value as at 31.12.2014 HK$'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
3) Convertible bonds payable issued by GCL New Energy *(Note c)*	**716,766**	N/A	Level 3	Binomial model, the key inputs are: underlying share price, conversion price, risk free interest rate, share price volatility, discount rate, and dividend yield.	Share price volatility of 55.75% at 30 June 2015 and 54.23% at 27 May 2015, taking into account the historical share price of GCL New Energy for the period of time close to the expected time to exercise.	The higher the volatility the higher the fair value.
4) Listed equity securities classified as held for trading investment	**Listed equity securities in HK — 35,090**	Listed equity securities in HK — 21,750	Level 1	Quoted bid price in an active market.	N/A	N/A

Notes:

(a) If the share price 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$3,175,000/decrease by approximately HK$3,227,000.

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$17,461,000.

(b) If the share price 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 issued by the Company would increase by approximately HK$23,598,000/decrease by approximately HK$23,916,000.

(c) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the convertible bonds payable issued by GCL New Energy would decrease by approximately HK$7,077,000/increase by approximately HK$3,956,000.

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

The Directors consider that the carrying amounts of other financial assets and financial liabilities recognised in the unaudited condensed interim consolidated financial statements approximate their fair values.

30. Fair Value Measurement of Financial Instruments *(Continued)*

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.

31. Events After the End of the Interim Period

After the end of the interim period, the Group has entered into the below transactions. The Company is in progress of assessing the financial impact of these transactions:

(a) Completion of issue of bonds by a wholly-owned subsidiary of GCL New Energy

On 8 July 2015, a wholly-owned subsidiary of GCL New Energy completed an issue of bonds of principal amount of RMB239,200,000 (equivalent to approximately HK$303,322,000) with a repayment term of one year and an interest rate of 6.7% per annum.

(b) Completion of issue of convertible bonds by GCL New Energy

On 20 July 2015, GCL New Energy completed the issue of convertible bonds at an interest rate of 6% per annum amounting to HK$200,000,000. The bond will mature in three years from the date of issuance and redeemable at its nominal value of HK$200,000,000 plus accrued interest or can be converted into ordinary shares of GCL New Energy at conversion price of HK$1.20 per share, subject to adjustments, after six months from the date of issuance to the date of maturity.

Further details on the issue of convertible bonds have been set out in the announcement of GCL New Energy dated 20 July 2015.

(c) Issue of notes payables by a wholly-owned subsidiary of the Company

On 20 July 2015, GCL-Poly (Suzhou) New Energy Co., Ltd.* ("GCL-Poly Suzhou"), a wholly-owned subsidiary of the Group, issued the (i) first tranche short term notes in the principal amount of RMB650,000,000 (equivalent to approximately HK$810,550,000) due 2016 (the "First Tranche Short Term Notes"); and (ii) first tranche medium term notes in the principal amount of RMB500,000,000 (equivalent to approximately HK$623,500,000) due 2018 (the "First Tranche Medium Term Notes") to financial institutions in the PRC. The First Tranche Short Term Notes bear interest at a fixed rate of 5.5% per annum and the maturity date will be 20 July 2016. The First Tranche Medium Term Notes bear interest at a fixed rate of 7% per annum and the maturity date will be 20 July 2018.

31. Events After the End of the Interim Period *(Continued)*

(c) Issue of notes payables by a wholly-owned subsidiary of the Company *(Continued)*

The net proceeds from the issue of the First Tranche Short Term Notes and the First Tranche Medium Term Notes, after deduction of underwriting commissions and other estimated expenses, amounted to approximately RMB1,142,000,000 (equivalent to approximately HK$1,424,000,000) and will be used for the Group's general working capital and repayment of its existing bank borrowings.

(d) Closing of issue of convertible bonds due 2019 under general mandate by the Company

On 22 July 2015, the Company has completed the issue of convertible bonds due 2019 (the "2019 Convertible Bonds "), pursuant to which all of the conditions precedent to the issue of the 2019 Convertible Bonds in the aggregate principal amount of US$225 million (equivalent to approximately HK$1,744,313,000), at the interest rate of 0.75% per annum with an initial conversion price of HK$2.6 per share, under the subscription agreement have been satisfied.

The amount payable by the Company, with carrying value of HK$1,526,903,000 at 30 June 2015, in respect of the redemption of the US$200 million 0.75% convertible bonds due 2018 issued by the Company on 29 November 2013 (the "Existing Convertible Bonds") has been set off against the proceeds of the issuance of the 2019 Convertible Bonds. The net proceeds (net of the redemption price for the existing convertible bonds, fees, commissions and expenses) from the issue of the 2019 Convertible Bonds are approximately US$17 million (equivalent to approximately HK$131,793,000). The 2019 Convertible Bonds are designated as fair value through profit or loss.

On 23 July 2015, the Company has completed the cancellation of the Existing Convertible Bonds, which has been exchanged by the holders thereof with the Company for the 2019 Convertible Bonds.

(e) Grant of share options by GCL New Energy

On 24 July 2015, GCL New Energy has granted 473,460,000 share options to its directors and employees with an exercise price of HK$0.61 per share, subject to acceptance by the grantees, to subscribe for an aggregate of 473,460,000 shares under the existing share option scheme adopted by GCL New Energy on 15 October 2014. These share options will be vested when performance conditions are met until 23 July 2025.

(f) Agreements for engineering, procurement and construction service

On 31 July 2015, GCL New Energy Group entered into agreements with two contractors which undertook to provide design, procurement and construction services of photovoltaic power plants with an aggregate capability of 140MW in Tianchang city in Anhui province, Menghai county in Xishuangbanna Dai Autonomous Prefecture and Yangquan city in Shanxi province, the PRC. The aggregate consideration for the services rendered for GCL New Energy Group under these agreements is RMB1,024,323,000 (equivalent to approximately HK$1,298,913,000).

31. Events After the End of the Interim Period *(Continued)*

(g) Transaction in relation to loan agreements and future acquisition arrangement

On 12 August 2015, GCL New Energy Group entered into a cooperation agreement (the "Cooperation Agreement") with Shanghai Lvjing Investment Management Company Limited* (上海綠璟投資管理有限公司) ("Lvjing Investment") and Shaanxi Province Shenmu County Guoxiang Lvhua Shengtai Company Limited* (陝西省神木縣國祥綠化生態有限責任公司) ("Shaanxi Lvhua") regarding certain solar farm projects with an aggregate capacity of 360MW in Shenmu County, Shaanxi Province, the PRC.

Pursuant to the Cooperation Agreement, on 12 August 2015, GCL New Energy Group as lender entered into loan agreements with an aggregate principal amount of RMB460,000,000 with four wholly-owned subsidiaries of Lvjing Investment and Shaanxi Lvhua.

Pursuant to the Cooperation Agreement, GCL New Energy Group shall have the right (but not the obligation) to acquire from Lvjing Investment and/or Shaanxi Lvhua any or all of the equity interests of the four subsidiaries mentioned above in the event of any default under the loan agreements (the "Call Option") at the exercise price and terms to be agreed among the relevant parties with reference to the then valuation of the relevant equity interests. The exercise of the Call Option shall be at the discretion of GCL New Energy Group and subject to the requirements of any applicable laws, rules and regulations.

* English name for identification only

32. Related Party Transactions

Other than as disclosed in notes 16 and 29, during the period, the Group has also entered into the following significant transactions with related parties:

	Six months ended 30 June	
	2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Transactions with companies in which Mr. Zhu Gongshan and his family have control:		
Construction-related services expense	**5,716**	5,305
Interest income	**17,041**	—
Management income	**11,880**	10,332
Management expense	**9,407**	12,694
Rental expense	**12,480**	12,068
Purchase of property, plant and equipment	**32,672**	1,961
Sales of coal	**143,187**	196,851
Sales of modules	**212,309**	—
Purchase of steam	**376,142**	482,311
Transactions with associates:		
Sales of coal	**12,331**	8,459

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

As at 30 June 2015, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register required to be kept by the Company pursuant to Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") adopted by the Company:

Long position in the shares of the Company

	Number of ordinary shares held					
Name of director/ chief executive	**Beneficiary of a trust**	**Corporate interests**	**Personal interests**	**Number of underlying shares**	**Total**	**Approximate percentage of issued share capital**
Zhu Gongshan	4,758,843,327 *(Note 1)*	—	—	260,000,000 *(Note 1)*	5,018,843,327	32.40%
Ji Jun	—	—	—	3,700,000 *(Note 2)*	3,700,000	0.02%
Shu Hua	—	—	1,200,000	4,700,000 *(Note 2)*	5,900,000	0.04%
Zhu Yufeng	4,758,843,327 *(Note 1)*	—	—	262,500,000 *(Note 3)*	5,021,343,327	32.42%
Yeung Man Chung, Charles	—	—	—	12,000,000 *(Note 4)*	12,000,000	n.a.
Zhu Zhanjun	—	—	3,400,000	2,700,000 *(Note 2)*	6,100,000	0.04%
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%

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 had lent 260,000,000 shares of the Company to the convertible bond investor's associate on 29 November 2013, and therefore was also interested in a long position of 260,000,000 shares of the Company.

(2) These are share options granted by the Company to the Directors, pursuant to the pre-IPO share option scheme and the share option scheme, both adopted by the shareholders of the Company on 22 October 2007. Such granted share options can be exercised by the Directors at various intervals during the period from 1 April 2009 to 23 March 2024 at an exercise price of HK$4.10, HK$2.888, HK$3.32 or HK$0.59. Details of the share options held by the Directors is set out under the "Option Scheme" section of this report.

(3) 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 share options mentioned under Note(2) above.

(4) These are share options granted by the Company's subsidiary, namely GCL New Energy Holdings Limited. Such granted share options can be exercised by 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.

Save as disclosed above, as at 30 June 2015, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept under Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Option Schemes

(i) Pre-IPO share option scheme

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

Details of the outstanding and movements of share options under the Pre-IPO Share Option Scheme during the six months ended 30 June 2015 (the "Period") are as follows:

				Number of options				
Name or category of participant	**Date of grant**	**Exercise period**	**Exercise Price per share** (HK$)	**Outstanding as at 01.01.2015**	**Granted during the Period**	**Lapsed or forfeited during the Period**	**Exercised during the Period**	**Outstanding as at 30.6.2015**
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
Non-director employees (in aggregate)	13.11.2007	13.11.2010 to 12.11.2017	4.10	22,060,000[2]	—	—	—	22,060,000
Total				**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) Ms. Sun Wei resigned as an executive Director with effect from 23 January 2015. The 1,500,000 outstanding option shares granted to her on 13 November 2007 was re-classified from the category of "Directors" to the category of "Non-director 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 grant, respectively, such that the share options granted are fully vested on the fifth anniversary of the date of grant.

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

(ii) Share option scheme

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

During the Period, a total of 17,550,000 share options were lapsed, 270,000 share options were exercised and there were 194,808,000 share options outstanding as at 30 June 2015.

Details of the outstanding and movements under the Share Option Scheme during the Period are as follows:

				Number of options				
Name or category of participant	**Date of grant**	**Exercise period**	**Exercise Price per share** (HK$)	**Outstanding as at 01.01.2015**	**Granted during the Period**	**Lapsed or forfeited during the Period**	**Exercised during the Period**	**Outstanding as at 30.6.2015**
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
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
Zhu Zhanjun	12.01.2011	01.03.2011 to 11.01.2021	3.32	1,000,000[d]	—	—	—	1,000,000
	24.03.2014	26.05.2014 to 23.03.2024	2.888	1,700,000[d]	—	—	—	1,700,000
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
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	9,451,000[c]	—	—	(80,000)	9,371,000
	24.04.2009	01.05.2009 to 23.04.2019	1.054	1,002,000	—	—	(160,000)	842,000
	12.01.2011	01.03.2011 to 11.01.2021	3.32	14,000,000[d]	—	(4,500,000)	—	9,500,000
	15.07.2011	01.09.2011 to 14.07.2021	4.10	67,400,000	—	(9,250,000)	—	58,150,000
	05.07.2013	16.09.2013 to 04.07.2023	1.642	36,675,000	—	(2,000,000)	(30,000)	34,645,000
	24.03.2014	26.05.2014 to 23.03.2024	2.888	70,500,000[c,d]		(800,000)	—	69,700,000
Total				**212,628,000**	**—**	**(17,550,000)**	**(270,000)**	**194,808,000**

Notes:

a The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised during the period ended 30 June 2015:

Date of Grant	No. of options exercised	Exercise price per share (HK$)	Weighted average closing price (HK$)
16.02.2009	80,000	0.59	2.44
24.04.2009	160,000	1.054	2.11
05.07.2013	30,000	1.642	2.23

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

c. Ms. Sun Wei, who was entitled to 3,200,000 share options (1,500,000 share options granted on 16 February 2009 with an exercise price of HK$0.59 per share, and 1,700,000 share options granted on 24 March 2014 with an exercise price of HK$2.888 per share), resigned as an executive Director of the Company with effect from 23 January 2015. Her entitlement was aggregated to the outstanding share option as at 1 January 2015 under the "Non-Director employees" column from the "Directors/chief executive" column.

d. Mr. Zhu Zhanjun, who was entitled to 2,700,000 share options (1,000,000 share options granted on 12 January 2011 with an exercise price of HK$3.32 per share, and 1,700,000 share options granted on 24 March 2014 with an exercise price of HK$2.888 per share), was appointed as an executive Director of the Company with effect from 23 January 2015. His entitlement was reclassified from the outstanding share option as at 1 January 2015 under the "Non-Director employees"column to the "Directors/chief executive" column.

(iii) 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 62.28% interest, 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 has expired on 22 February 2015. No option have 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.

During the Period, no option was granted, exercised nor cancelled under the GNE 2014 Share Option Scheme, and 91,720,000 share options were lapsed.

Details of the outstanding and movements of share options under the GNE 2014 Share Option Scheme during the Period are as follows:

Name or category of participant	Date of grant	Exercise period	Exercise Price HK$	Number of options Outstanding as at 01.01.2015	Granted during the Period	Lapsed or forfeited during the Period	Exercised during the Period	Outstanding as at 30.06.2015
Directors/chief executive								
Yeung Man Chung, Charles	23.10.2014	24.11.2014 to 22.10.2024	1.1875	12,000,000	—	—	—	12,000,000
Directors of GNE and employees of GNE	23.10.2014	24.11.2014 to 22.10.2024	1.1875	524,840,000	—	(91,720,000)	—	433,120,000
Total				536,840,000	—	(91,720,000)	—	445,120,000

Please refer to the interim report of GNE under the section "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 Period, neither the Company nor any of its subsidiaries is a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities of, the Company or any associated corporation and none of the Directors had any right to subscribe for the securities of the Company, or had exercised any such right during the Period.

Interests and Short Positions of Substantial Shareholders

As at 30 June 2015, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as record in the register kept pursuant to Section 336 of the SFO:

(i) Long position in the shares of the Company

Name	*Note*	Capacity/nature of interest	Number of shares/ underlying shares	Approximate percentage of issued share capital of the Company
Asia Pacific Energy Fund Limited	*1*	Interest in a controlled corporation	5,018,843,327	32.40%
PAG Holdings Limited	*2*	Interest in a controlled corporation	826,184,281	5.33%
JP Morgan Chase & Co.	*3*	Beneficial owner, investment manager, trustee, custodian corporation/approved lending agent	1,566,775,777	10.12%
Templeton Global Advisors Limited		Investment manager	777,924,040	5.02%
Templeton Investment Counsel, LLC		Investment manager	931,395,071	6.01%

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

Name	*Note*	Capacity/nature of interest	Number of shares/ underlying shares	Approximate percentage of issued share capital of the Company
JP Morgan Chase & Co.	*4*	Beneficial owner	33,531,060	0.22%
PAG Holdings Limited	*2*	Interest in a controlled corporation	260,000,000	1.68%

Notes:

1. Highexcel Investments Limited and Happy Genius Holdings Limited collectively hold 4,758,843,327 shares of the Company, both of which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust 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 had lent 260,000,000 shares of the Company to the convertible bond investor's associate on 29 November 2013, and therefore was also interested in a long position of 260,000,000 shares of the Company.

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

3. JP Morgan Chase & Co. disclosed that as at 9 June 2015, it had long positions in 1,566,775,777 shares of the Company, out of which 93,597,714 shares were held as beneficial owner, 1,442,000 shares were held as investment manager, 117,000 shares were held as trustee and 1,471,619,063 shares were held as custodian corporation/approved lending agent, respectively.

4. The total number of ordinary shares of the Company in issue as at 30 June 2015 is 15,489, 477,268.

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

Corporate Governance and Other Information

Corporate Governance Code

The corporate governance report of the Company has been set out in the Company's 2014 Annual Report. During the six months ended 30 June 2015, the Company has complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules with the exception of the following areas:

(i) Code provision A.2.1

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

(ii) Code provision A.5.1

Code provision A.5.1 stipulates that a nomination committee which is chaired by the chairman of the board or an independent non-executive director ("INED") and comprises a majority of INEDs should be established. As a result of the resignation of an INED who was also the chairman of the nomination committee on 8 May 2015, the nomination committee then comprised one executive director and one INED. The Board appointed Mr. Yip Tai Him (an INED) as the chairman of the committee with effect from 15 July 2015 when the requirements of Code provision A.5.1 were complied with.

(iii) Code provision E.1.2

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Mr. Zhu Gongshan, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 5 June 2015 as he had to attend certain business aboard. Mr. Zhu had invited Mr. Yeung Man Chung, Charles, an executive Director and Chief Financial Officer of the Company to attend and act as the chairman of such meeting.

Model Code for Securities Transactions

The Board has adopted the model code for securities transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2015.

Compliance with Listing Rules in Relation to Number of Independent Non-Executive Directors

Rules 3.10(1) and 3.10A of the Listing Rules stipulates that the board of directors of a listed issuer must include at least three independent non-executive directors ("INEDs") and they represent at least one-third of the board, while Rule 3.21 of the Listing Rules stipulates that a listed issuer must establish an audit committee which comprises a minimum of three members. Following the resignation of Mr. Xue Zhongsu as the INED and a member of the Audit Committee of the Company with effect from 8 May 2015, the board would consist of five executive Directors, one non-executive Director and only two INEDs. The above-mentioned Rules were thus not complied with.

The Board has selected and appointed Dr. Shen Wenzhong as an INED and a member of the Audit Committee of the Company with effect from 15 July 2015. Immediate after such appointment, the number of INEDs was restored to three, representing one-third of the board members, while the Audit Committee of the Company comprises three members. Rules 3.10(1), 3.10A and 3.21 were complied with accordingly.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities of the Company during the interim period.

Auditor's and Audit Committee's Review

The financial information set out in this report represents an extract from the unaudited condensed interim consolidated financial statements of the Group, which have been reviewed by the Group's external auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee of the Company which consists of three independent non-executive Directors, namely Mr. Yip Tai Him, Ir. Dr. Raymond Ho Chung Tai and Dr. Shen Wenzhong. The Audit Committee expressed no disagreement with the accounting policies and principles adopted by the Group.

Changes in Information on Directors

Changes in information required to be disclosed by the Directors of the Company pursuant to Rule 13.51(B) of the Listing Rules are set out below:-

Name of Director	Details of Change	Effective Date
Dr. Shen Wenzhong	Appointed as an independent non-executive Director and a member of the Audit Committee and Strategic Planning Committee of the Company	15 July 2015
Mr. Yip Tai Him	— Ceased as an independent non-executive director of China Media and Films Holdings Limited	2 April 2015
	— Appointed as the chairman of the Nomination Committee of the Company	15 July 2015
	— Adjusted director's fee from HK$300,000 to HK$324,000 per annum	1 March 2015
Dr. Ho Chung Tai, Raymond	Adjusted director's fee from HK$380,000 to HK$410,400 per annum	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.

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.

Corporate Substainability

GCL-Poly considers corporate social responsibility is one of the important factors when it formulates its development strategies. Our basis of sustainable development is built on our vision — "to be internationally recognized as an environmentally responsible energy enterprise." To achieve this, we commit to provide reliable clean energy for society at a reasonable price, while minimizing negative impact on the environment and neighboring communities.

The Company has prepared an environmental, social and governance report for the year 2014 based on the Sustainability Reporting Guidelines (Version G3.1) of Global Reporting Initiative (GRI) and the Environmental, Social and Governance Reporting Guide of The Stock Exchange of Hong Kong Limited, the full text of which is available under the "Corporate Social Responsibilities" on the Company's website www.gcl-poly.com.hk.

GCL-Poly produces polysilicon and wafer in the upstream solar industrial chain, while through its subsidiary, GCL New Energy Holdings Limited, to develop and invest in solar farms. The two-end development strategy facilitates the Company and its subsidiaries to have better understanding of the demands in the downstream solar industry. During 2014, GCL-Poly has improved the efficiency of its wafer product through scientific and technological innovation, and received various awards from Jiangsu Province, the PRC. It also succeeded to bring down the energy and ancillary material consumption and increase the purity of polysilicon. All of these will contribute to the reduction of solar energy generation costs, which in turn benefits the whole society.

Among the types of thermal power plants, GCL-Poly emphasis on developing natural gas-fired power plants. Natural gas power generation does not cause dust emissions or solid waste, and greenhouse gas emissions are much less compared with coal-fired power generation. In 2014, the Company is developing a natural gas-fired power plant in Wuxi, the PRC. On the other hand, the Company has also through its subsidiary, GCL New Energy Holdings Limited, to develop and invest in solar farms in the PRC.

The Company has adopted environmental management principles so as to promote environmental protection culture, both internally and externally. GCL-Poly endeavors to preserve natural resources by reducing water consumption, which is achieved by using recycled water instead of water from canal. In 2014, the amount of water recycled reached 11.71 million tons and the proportion of recycled water in the total water consumption was 86%. GCL-Poly's conventional power plants strictly complies with all relevant regulations in relation to the waste treatment and emission, which starts from construction and during operation. We ensure the pollutants must meet emission standards and total emission limits when a power plant is constructed. During the operation of power plant, records of the types and amount of pollutants are regularly checked and monitored against the desired index.

GCL-Poly always put his employees' health and safety in priority. We adhere to a people-oriented safe and clean development philosophy. Safety-related responsibilities are specially assigned to designated qualified persons to ensure the safety management system is regularly reviewed and to eliminate man-made errors. We also perform safety audits and inspections regularly.

GCL-Poly recognized training is important for an employee's growth. In 2014, we launched the construction program and initiated major personnel training projects to our employees. We have also organized seminar for our employees to learn from reputable company's experience. In 2014, a 3-day seminar was organized, which was focused on the experience of Samsung Group of South Korea in strategic reforms, innovation and talent management.

During 2014, GCL-Poly has organized various charity programmes which were voluntarily participated by his staff, including visits to kindergartens, primary schools and nursing homes, raising donations for children and elderly, and promoting green energy to the public.

Corporate Information

Chairman & Chief Executive Officer

Zhu Gongshan

Executive Directors

Zhu Gongshan
Ji Jun
Zhu Yufeng
Yeung Man Chung, Charles
Zhu Zhanjun

Non-Executive Director

Shu Hua

Independent Non-Executive Directors

Ho Chung Tai, Raymond
Yip Tai Him
Shen Wenzhong

Composition of Board Committees

Audit Committee

Yip Tai Him *(Chairman)*
Ho Chung Tai, Raymond
Shen Wenzhong

Remuneration Committee

Ho Chung Tai, Raymond *(Chairman)*
Yip Tai Him
Zhu Yufeng

Nomination Committee

Yip Tai Him *(Chairman)*
Ho Chung Tai, Raymond
Yeung Man Chung, Charles

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
Yip Tai Him
Shen Wenzhong
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
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88 Queensway
Hong Kong

Registered Office

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Cayman Islands

Principal Place of Business in Hong Kong

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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
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183 Queen's Road East
Hong Kong

Legal Advisers to the Company

As to Hong Kong law

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Hebert Smith Freehills
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Gloucester Tower
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Hong Kong

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As to PRC law

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Company's Website

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