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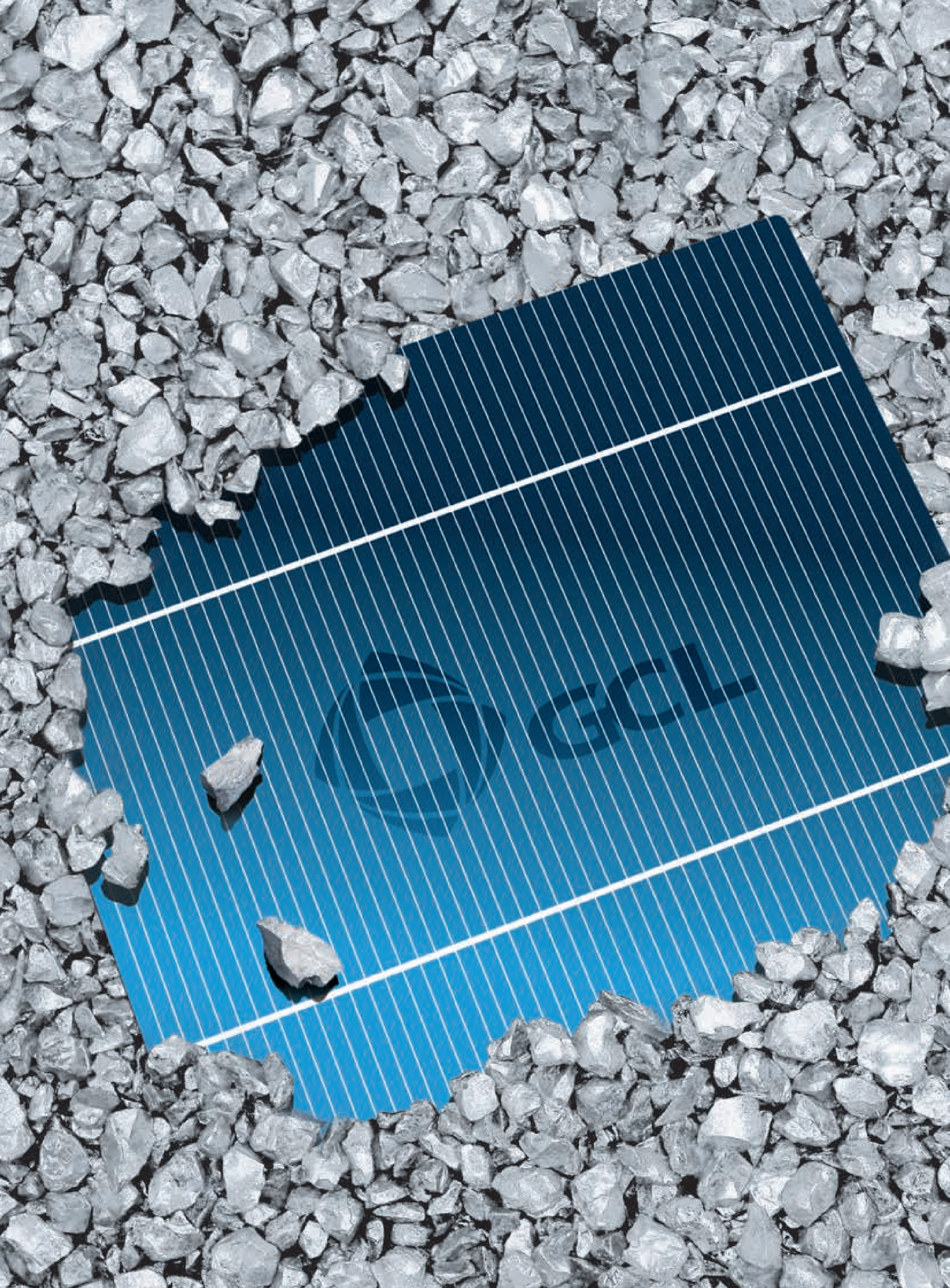
GREEN POWER TO LIFE

- 2015 ANNUAL REPORT -

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)


GCL

Contents

Five-Year Financial Summary	2
Performance Highlights	3
Other Financial Analysis	4
Company Profile	6
Major Events 2015	8
Chairman's Statement	10
Biographical Details of Directors and Senior Management	13
Management Discussion and Analysis	16
Corporate Governance Report	32
Major Investor Relations Activities	49
Report of the Directors	50
Independent Auditor's Report	77
Consolidated Statement of Profit or Loss and Other Comprehensive Income	79
Consolidated Statement of Financial Position	81
Consolidated Statement of Changes in Equity	84
Consolidated Statement of Cash Flow	86
Notes to the Consolidated Financial Statements	89
Corporate Information	237
Information for Investors	239
Glossary of Terms	240

Five-Year Financial Summary

	For the year ended 31 December				
	2011 RMB'000 (Restated)	2012 RMB'000 (Restated)	2013 RMB'000 (Restated)	2014 RMB'000 (Restated)	**2015 RMB'000**
Continuing operations					
Revenue	17,060,573	13,498,847	15,132,469	21,523,355	**21,766,335**
Profit (loss) before taxation	4,746,653	(3,020,409)	(756,937)	1,768,214	**2,767,635**
Income tax (expense) credit	(995,479)	17,271	20,633	(291,047)	**(529,554)**
Profit (loss) for the year from continuing operations	3,751,174	(3,003,138)	(736,304)	1,477,167	**2,238,081**
Discontinued operations					
Profit for the year from discontinued operations	39,973	248,192	380,330	230,146	**488,643**
Profit (loss) for the year	3,791,147	(2,754,946)	(355,974)	1,707,313	**2,726,724**
Profit (loss) for the year attributable to:					
Owners of the Company	3,546,367	(2,860,928)	(530,413)	1,548,668	**2,425,220**
Non-controlling interests	244,780	105,982	174,439	158,645	**301,504**
	3,791,147	(2,754,946)	(355,974)	1,707,313	**2,726,724**

	At 31 December				
	2011 RMB'000 (Restated)	2012 RMB'000 (Restated)	2013 RMB'000 (Restated)	2014 RMB'000 (Restated)	**2015 RMB'000**
Total assets	54,712,715	54,987,179	60,256,418	71,003,365	**79,691,490**
Total liabilities	36,768,574	40,578,891	46,100,820	54,158,416	**62,132,006**
	17,944,141	14,408,288	14,155,598	16,844,949	**17,559,484**
Equity attributable to owner of the Company	16,673,756	13,143,089	12,694,033	14,508,933	**15,854,172**
Non-controlling interests	1,270,385	1,265,199	1,461,565	2,336,016	**1,705,312**
	17,944,141	14,408,288	14,155,598	16,844,949	**17,559,484**

Performance Highlights

	2015 RMB'000	2014 RMB'000 (Restated)	Change RMB'000	% of change
Revenue from continuing operations				
Sales of wafer	**16,791,000**	16,679,323	111,677	0.7%
Sales of electricity	**1,217,659**	525,998	691,661	131.5%
Sales of polysilicon	**1,741,766**	2,060,245	(318,479)	-15.5%
Others (comprising the sales of ingots, modules, printed circuit boards and processing fees)	**2,015,910**	2,257,789	(241,879)	-10.7%
	21,766,335	21,523,355	242,980	1.1%
Profit attributable to owners of the Company from continuing operations	**2,105,933**	1,412,425	693,508	49.1%

	RMB Cents	RMB Cents	Change	% of change
Earnings per share from continuing operations				
– Basic	**13.48**	9.04	4.44	49.1%
– Diluted	**12.52**	8.35	4.17	49.9%

	RMB million	RMB million	Change	% of change
EBITDA for continuing operations*	**6,983**	6,502	481	7.4%

* Definition of EBITDA is disclosed in the "Management Discussion and Analysis" Section.

	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)	Change RMB'000	% of change
Extracts of consolidated statement of financial position				
Equity attributable to owners of the Company	**17,559,484**	16,844,949	714,535	4.2%
Total assets	**79,691,490**	71,003,365	8,688,125	12.2%
Bank balances, cash, pledged bank and restricted bank deposits*	**17,399,145**	13,802,856	3,596,289	26.1%
Indebtedness **	**44,567,902**	34,676,318	9,891,584	28.5%
Key financial ratios				
Current ratio	**0.81**	0.71	0.10	14.1%
Quick ratio	**0.77**	0.65	0.12	18.5%
Net debt to equity attributable to owners of the Company	**171.4%**	143.0%	28.4%	N/A

* Amount includes bank balances and cash classified as assets held for sale of RMB 80,848,000.

** Indebtedness includes bank and other borrowings, obligations under finance leases, notes payable, bonds payable and convertible bonds payables.

Other Financial Analysis

PROFIT OR LOSS ANALYSIS (DE-CONSOLIDATION OF GNE GROUP)

For illustrative purpose, if deconsolidating GCL New Energy Holdings Limited ("GNE") and its subsidiaries ("GNE Group"), the financial results of the Group, GNE Group and the Group (De-consolidated GNE Group) would be as follows:

	The Group (A) RMB million	GNE Group (B) RMB million	De-consolidation adjustments (Note) (C) RMB million	The Group (De-consolidated GNE Group) (D)=(A)-(B)-(C) RMB million
Continuing operations				
Revenue	21,766	1,970	—	19,796
Cost of sales	(15,990)	(1,447)	42	(14,585)
Gross profit	5,776	523	42	5,211
Other income	951	278	(68)	741
Compensation income arising from the amendment of settlement deed	1,160	—	—	1,160
Distribution and selling expenses	(79)	(17)	—	(62)
Administrative expenses	(1,580)	(536)	30	(1,074)
Finance costs	(2,209)	(336)	—	(1,873)
Other expenses, gains and losses, net	(1,201)	103	3	(1,307)
Share of (losses) profits of joint ventures	(50)	9	—	(59)
Profit before tax	2,768	24	7	2,737
Income tax expense	(530)	(39)	(13)	(478)
Profit (loss) for the year from continuing operations	2,238	(15)	(6)	2,259
Discontinued operations				
Profit for the year from discontinued operations	489	—	—	489
Profit (loss) for the year	2,727	(15)	(6)	2,748
Profit (loss) for the year attributable to:				
Owners of the Company	2,425	(15)	(26)	2,466
Non-controlling interests	302	—	20	282
	2,727	(15)	(6)	2,748

Note: The deconsolidation adjustments mainly include allocation of corporate expenses of RMB16 million, elimination of inter-segment profit of RMB28 million, partially offsetting by the amortisation of fair value adjustments of RMB38 million (which was related to the assets and liabilities of GNE acquired in 2014 and are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets).

NET ASSETS ANALYSIS (DE-CONSOLIDATION OF GNE GROUP)

For illustrative purpose, if deconsolidating GNE Group and recognising the costs of investments in GNE as non-current assets, the financial position of the Group, GNE Group and the Group (De-consolidated GNE Group) would be as follows:

	The Group (A) RMB million	GNE Group (B) RMB million	De-consolidation adjustments (C) RMB million	Notes	The Group (De-consolidated GNE Group) (D)=(A)-(B)-(C) RMB million
Non-current assets					
Property, plant and equipment	41,650	14,194	(119)	1&3	27,575
Investment in a subsidiary	—	—	(1,144)	2	1,144
Pledged and restricted bank deposits	442	127	—		315
Deposits, prepayments and other non-current assets	2,686	2,355	—		331
Other non-current assets	1,858	271	31	1&3	1,556
Total non-current assets	46,636	16,947	(1,232)		30,921
Current assets					
Inventories	1,387	167	—		1,220
Trade and other receivables	14,368	3,540	(229)	3	11,057
Pledged and restricted bank deposits	6,616	825	—		5,791
Bank balances and cash	10,260	1,965	—		8,295
Other current assets	424	58	(409)	3	775
Total current assets	33,055	6,555	(638)		27,138
Current liabilities					
Trade and other payables	15,698	7,100	—		8,598
Loan from group companies	—	629	(629)	3	—
Bank and other borrowings — due within one year	22,315	4,484	—		17,831
Obligations under finance leases — due within one year	935	48	—		887
Bonds payable	360	360	—		—
Notes payable — due within one year	649	—	—		649
Other current liabilities	1,088	237	(9)	3	860
Total current liabilities	41,045	12,858	(638)		28,825
Non-current liabilities					
Bank and other borrowings — due after one year	12,121	7,393	—		4,728
Obligations under finance leases — due after one year	2,500	47	—		2,453
Convertible bonds payable	2,018	733	—		1,285
Notes payable — due after one year	3,671	—	—		3,671
Other non-current liabilities	777	29	—		748
Total non-current liabilities	21,087	8,202	—		12,885
Net current liabilities	(7,990)	(6,303)	—		(1,687)
Net assets	17,559	2,442	(1,232)		16,349

Notes:
1. Amounts mainly represent fair value adjustment of GNE acquired in 2014.
2. Amounts represent adjustment for investment costs in GNE.
3. Amounts represent the eliminations of inter-segment profit and intercompany balances.

Company Profile

GCL-Poly Energy Holdings Limited is the world's leading polysilicon producer, the largest wafer supplier globally and a leading green energy enterprise in China. The Group has ramped up its the production capacity to 70,000 MT in 2015. The Group's wafer production capacity achieved 14GW at the end of 2015. The Group has completed the disposal of its cogeneration power plants, incineration power plants and wind power plant on 8 December 2015. The Group mainly through its subsidiary GCL New Energy, operates over 1 GW solar generation projects.

Major Events 2015

1 January

GCL-Poly together with CDB Suzhou Branch to adopt a new mode of trade financing and successfully implemented the first international L/C forfeiting transaction of US$12.27 million in China, which was the pioneer of capital investments from the Mainland to Taiwan using the new mode.

13 March

GCL-Poly Energy Holdings Limited was awarded as the "Best Employers in Asia 2015" organised by Business Media International a famous institution in the world.

April

Mass production of GCL-Poly's "GCL Multi-Wafer S4" with the average conversion efficiency of 18.33% was realized. S4 not only efficiently resolved the problem of black edge of polysilicon wafer, but more importantly, improved the anti-light induced degradation greatly. Compared with "GCL Multi-Wafer S3", S4's average photovoltaic conversion efficiency is increased by 0.2% or more, the output power of 60 pieces of modules is increased by 5.5W, meeting the demands of high-end customers.

27 April

NEC 2015 PV Conference was opened in Shanghai. Mr. Zhu Gongshan, the Executive Chairman of the Conference, Chairman of Asian Photovoltaic Industry Association and Chairman of the Board of Directors of GCL-Poly, gave a speech on "Technology and Finance Drive a New Era of Asian PV Cooperation".

18 March

GCL-Poly, as one of the compiling units, attended SEMI China PV TC Spring Meeting 2015 and received the SEMI publishing certificates of two out of the five standards issued at the meeting.

2 May

Ningxia GCL Crystalline Silicon Technology Development Co., Ltd. was incorporated.

20 July

Jiangsu Zhongneng's captive power plant successfully connected to the grid and put into operation.

August

GCL-Poly's ZL201080022356.5 "Reactor With a Metal Surface Coated With Silicon" was rated as 2015 Jiangsu Top 100 High-Quality Patent for Invention.

16 September

China International Silicon Conference and PV Industry Expo were opened in Xuzhou. Mr. Zhu Zhanjun, Executive President of GCL-Poly, made a speech at the conference.

11 November

Henan GCL, a subsidiary of GCL-Poly, obtained four practical new model patent certificates.

11 November

GCL-Poly won the Award of "The Best Corporate Governance Listed Company" of HK Takungpao 2015 China Securities Golden Bauhinia Awards.

26 November

GCL-Poly held an extraordinary general meeting for the purpose to consider, among other things, disposal on non-PV power plant assets, which was approved by shareholders by way of poll.

5 November

Wuxi New Energy Exhibition organised the "Science Night in November" dinner party and "Solar Energy Cup" CREC Annual Awards Ceremony 2015 were held ceremoniously. Mr. Zhu Gongshan, the Chairman of the Board of Directors of GCL-Poly, was honored as the "Entrepreneur of the Year" and GCL-Poly won a total of four awards.

31 December

Wuxi Konca Solar Cell Co., Ltd., a subsidiary of GCL-Poly, was granted three invention patents in 2015.

Chairman's Statement

On behalf of the Board of Directors, I hereby report the following operating results of GCL-Poly in 2015. As of 31 December 2015, GCL-Poly recorded revenue of approximately RMB21.766 billion, representing a 1.1% increase as compared with the same period in 2014. Gross profit was approximately RMB5.776 billion, a 16.1% increase as compared with the same period in 2014. Profit attributable to owners of the Company amounted to approximately RMB2.425 billion. Basic earnings per share were RMB15.52 cents.

The global PV industry continued to pick up in 2015, and the PV enterprises saw their business improving, driven by the increase in both domestic and international PV market demand. According to the latest data, in 2015, the global solar market demand increased more than 20% to 51 GW to 57 GW, compared with 44 GW in 2014. The incumbent such as Europe, America and Japan maintained the robust growth, and the emerging markets had started to blossom. The photovoltaic application in Southeast Asia and Latin America countries were expanding with strong momentum. In addition, the scales of installed capacity in the countries of India, Thailand, Chile, Mexico and so on were developing rapidly. The official report of China Energy Bureau pointed out that in 2015, China's newly increased PV installed capacity was 15.13 GW, accounting for more than a quarter of the world's newly installed capacity. With the cumulative installed capacity of over 43 GW, China became the largest photovoltaic power generation country in the world. At the same time, the advancement in the photovoltaic industry continued to accelerate, driven by emergence of new process technologies from various segments, driving the cost of PV products and photovoltaic power generation persistently down. However, the polysilicon and wafer markets were of a mixed bag this year. For polysilicon, its price continued to decline throughout the year due to the excessive capacity and the impact of dumping of imported materials. As a result, the domestic polysilicon enterprises generally faced much difficulties. On the other hand, the wafer market showed strong market demand since the second half of the year. The wafer price showed no correction and the wafer enterprises had maintained relatively high gross margins.

This year, GCL-Poly launched a series of technological reform measures in polysilicon, ingots and wafer to ensure profit target through cost reduction and increase production. Through disposal of the non-solar power business, GCL-Poly concentrates more effort in its core business of photovoltaic material manufacturing going forward. By disposing the non-solar power business, resolving of Jinshanqiao Cogeneration Plant issue and completion of the rights issue transaction, GCL-Poly has accumulated a fair amount of cash for improvement of its balance sheet gearing so that the Company can be more flexible in increasing investment in R&D and technical transformation, and maintaining its leading position in the industry.

CONSTANT INNOVATION AND ACHIEVING NEW HIGH IN GLOBAL MARKET SHARE

As one of the most influential and competitive silicon material manufacturers and suppliers in the world, the Company achieved remarkable results in both the production and sales. As at the end of December 2015, the Company completed a total production of 74,358 MT and sales of 18,023 MT of polysilicon, a production of 14,968 MW and sales of 15,178 MW of wafers. In 2015, with the capacity utilisation exceeded 100%, the Company has fully achieved the manufacturing and sales targets. The Company's global market shares of polysilicon and wafers were estimated at 30% and 40% respectively, both ranking top of the world.

The highlights of our work in 2015 were as follows: 1. In April 2015, the efficient wafer "GCL Multi-Wafer S4" products achieved mass production. The average conversion efficiency of "GCL Multi-Wafer S4" is up to 18.5%, and it significantly enhanced the black edge of wafer and anti-light wane performance. Therefore, the new product sustained GCL's leadership in the high-efficiency wafer market; 2. With our captive power plant commenced operation on 20 July 2015, we were able to significantly reduce the electricity costs of Xuzhou Polysilicon Production Base and thereby pushing down our polysilicon production cost; 3. The Ningxia Zhongwei Monocrystalline Ingot Pulling and Jiangsu Funing Monocrystalline Slicing projects have kicked off smoothly. After GCL-Poly entering into the field of the monocrystalline, we were able to fill the voids of our existing product mix and further solidify our leading position in the industry. 4. We increased the public fund raising and replaced the high cost bank facilities; thus significantly optimised the debt structure and reduced the financing costs. 5. We raised up to RMB2 billion of capital through various investment platforms to various subsidiaries effectively enhanced the gearing of our balance sheet.

Meanwhile, we also made remarkable achievements in R&D: 1. The silane-based FBR technology was progressing smoothly, reaching early-stage large-scale production conditions; 2. The research and development of N-type monocrystalline has commenced, and completed key milestones towards its plan; 3. In 2015, we received four patent certificates for productivity and was granted three patents for invention; meanwhile, Reactor Having the Metal Surfaces Coated with Silicide was awarded the 2015 Hundred High-Quality Invention Patents in Jiangsu Province. In the meantime, the Company further enhanced Siemens method polysilicon production technology. Moreover, the scientific research projects of upgrading the technological transformation of ingot casting furnaces, optimization of the high-efficiency polycrystalline ingot casting process, the research and development of ingot casting monocrystalline technology, upgrades of diamond wire cutting etc. were still progressing steadily, setting the stage for subsequent capacity-driven cost reduction and product upgrades.

COMPLETION OF DISPOSAL OF NON-SOLAR POWER BUSINESS IN DECEMBER 2015

In 2015, the power business continued to record stable performance. The Company, through centralised management and cost control measures, was able to maximize the efficiencies of existing resources resulting in stable development of its power and steam businesses. At the same time, to streamline our efforts and realign our strategic focus in the development of the core photovoltaic business, the disposal of non-solar power business was approved by the shareholders at the Extraordinary General Meeting held on 26 November 2015, and the transaction was completed on 8 December 2015.

RAPID DEVELOPMENT OF THE SOLAR FARM PLATFORM "GCL NEW ENERGY"

2015 marked an important milestone for the business development of GCL New Energy. Since the completion of the acquisition in May 2014, shares placing and changes of the company name, GCL New Energy has achieved a relative desirable results. As at 31 December 2015, the total installed capacity amounted to approximately 1,640 MW, representing a growth of 166% over the same period of last year. Financially, the Group recorded a total revenue of approximately RMB1,970 million in 2015, representing a growth of 143% over the same period of last year (since acquisition), whilst the earnings were mainly contributed by the solar energy business. During the year, affected by termination of some non-core businesses and share option for non-cash expenditure provision, GCL New Energy recorded a net loss of RMB15 million.

GCL New Energy is ready for the development of more new projects through rights issue and other financing activities, as well as striving to reduce the debt ratio. Going forward, GCL New Energy will continue to focus on the development of solar energy business and endeavor to become the world's leading solar energy enterprise.

SOCIAL RESPONSIBILITIES

As a global leading enterprise that has long been engaged in the development of renewable energy, GCL-Poly is well aware of its responsibilities to environmental protection and social contribution. While ensuring our power generation and manufacturing activities to be in compliance with national environmental standards, we also actively participated in various public welfare activities, such as "Sunshine Love and Care Action" (陽光關愛行動) and "Higher Education Subsidies" (高等教育獎助學基金) organised by "GCL-Poly Sunshine Charity Fund", disaster relief and care for lives of the poor. Over the years, we have initiated and participated in over 100 charitable events and gained positive feedbacks from the society. In 2015, GCL-Poly was awarded as China Securities Golden Bauhinia Awards "The Best Governance Listed Company" and "The Best Employer in Asia" by Business Media International. At the same time I, as the Chairman of the Company was named as 2015 Top Ten China Economy Person of the Year, which showed trust and recognition from the industries to GCL-Poly. In the future, we will continue to make active contribution to the society by jobs creation, charity donation, public welfare and every other possible ways.

OUTLOOK

The pace of global energy mix-shift will accelerate upon the signing of the Paris Agreement. China's National Energy Administration also issued Utilisation of Solar Energy "13th Five-year Plan" (Exposure Draft). During the period of "13th Five-year Plan", the total accumulated installed capacity was 150 GW, of which the distributed generation was 70 GW, and the centralised power generation was 80 GW. According to general consensus of market expectations, the global PV demand in 2016 will be about 66 GW, of which China will usher its soaring installation under the stimulus of the "Pacemaker" Plan and the electricity price reduction policies to stimulate demand. We estimate new PV installed capacity at around 20 GW in 2016; The extension of U.S. PV investment tax credit to 2019 will pave the way for stable growth of the U.S. PV market; Japan will see the steady development thanks to the continuous decline in the price of photovoltaic products; the emerging markets such as India and other regions will witness further development in view of improvement in the supporting policies and financing instruments, which may trigger an inflection point for explosive growth.

In 2016, we will continue to raise the core competitiveness of products, and focus on improving efficiency and product differentiation advantages. We will further increase the production volumes, improve quality and reduce costs, through internal management and streamlining production. We will keep increasing the scientific research investment: Apart from existing research and development programs, we will also pay close attention to new technologies with industrial prospects in the field of photovoltaic materials. By closer ties with financial institutions, we will continue to promote direct financial issuance, improve financial leverage and capital structure, so as to reduce financial fees and optimize liquidity. With the acceleration of intelligence manufacturing and information construction, we will enhance the automation level of the existing production capacity with a view to promote and realise the industrial upgrading.

Ambition should be firm rather than sharp; success should be based on long lasting rather than short-lived. With the joint efforts by GCL-Poly, the entire solar energy industry and the alternative energy industry, I believe that China will fulfill its commitments at the Paris Climate Change Conference.

Finally, I would like to express my heartfelt gratitude to our Directors, management team and all the staff members of GCL-Poly for their efforts and hard work in 2015. I also wish to extend my gratitude to our shareholders and business partners for their strong support over the past year.

Chairman
Zhu Gongshan

Hong Kong, 23 March 2016

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

ZHU Gongshan (Chairman and Chief Executive Officer), aged 58, is the founder of the Company. He has been an Executive Director of the Company since July 2006 and is the Chairman, Chief Executive Officer and a member of the Strategic Planning Committee of the Company. Mr. Zhu and his family (including his son, Mr. Zhu Yufeng, who is also a Director of the Company) are the beneficiaries of a discretionary trust which was interested in about 32.47% issued share capital of the Company at 23 March 2016, the date of this report. He is currently a member of the 12th National Committee of the Chinese People's Political Consultative Conference, the co-chairman of Asian Photovoltaic Industry Association, the vice chairman of China Fortune Foundation Limited, the vice chairman of the Cogeneration Professional Committee of the Chinese Society for Electrical Engineering (中國電機工程學會熱電專業委員會), the vice chairman of China Overseas Chinese Entrepreneurs Association, the vice chairman of China Industrial Overseas Development & Planning Association, the honorary chairman of the 4th board of directors of Nanjing University, the honorary president of Hong Kong Baptist University Foundation, the vice chairman of Jiangsu Chinese Overseas Friendship Association, the vice director-general of Jiangsu Foundation for the Well-being of the Youth, the honorary chairman of Jiangsu Residents Association in Hong Kong, the honorary chairman of Jiangsu Yancheng Residents Association in Hong Kong, the chairman of Hong Kong Yancheng Chamber of Commerce Limited, the honorary chairman of Jiangsu Chamber of Commerce in Guangdong, the honorary chairman of Xuzhou Chamber of Commerce in Shenzhen (深圳市徐州商會), the vice president of Chinese Renewable Energy Industries Association, a member of China Renewable Energy Entrepreneur Club, the vice director of The Prince's Charities Foundation, a member of American Council on Renewable Energy, and the honorary chairman of Africa Food Fund (非洲糧食基金). Mr. Zhu is also the Honorary Chairman and an executive director of GCL New Energy Holdings Limited ("GNE"), a subsidiary of the Company with its shares listed on the Hong Kong Stock Exchange Main Board (Stock Code: 451).

Mr. Zhu has been awarded the China Securities Golden Bauhinia – "Most Influential Leader Award" and "2015 Top Ten China Economy Person of the Year". Mr. Zhu graduated from Nanjing Electric Power College (南京電力專科學校) in July 1981 and obtained a diploma in electrical automation.

JI Jun, aged 68, has been an Executive Director of the Company since November 2006. He is also a member of the Strategic Planning Committee of the Company. Mr. Ji focuses on strategic planning and business development of the Group. He has extensive experience in the power industry and has experience in handling corporate finance projects.

ZHU Yufeng, aged 34, has been an Executive Director of the Company since September 2009 and is also a member of the Remuneration Committee of the Company. He graduated from George Brown College (Business Administration Faculty) in 2005. Mr. Zhu and his family (including his father, Mr. Zhu Gongshan, who is also a Director of the Company) are the beneficiaries of a discretionary trust which owns about 32.47% issued share capital of the Company at 23 March 2016, the date of this report. Mr. Zhu joined a subsidiary of the Company in 2006. He is responsible for overseeing the human resources, administration and project tender of the Group. Mr. Zhu is also the chairman and an executive director of GNE.

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

ZHU Zhanjun (Executive President), aged 46, has been an Executive Director and Executive President of the Company since January 2015. He joined the Company in 2004 as the plant manager of one of its power plants and became general manager in 2006. Mr. Zhu was transferred to Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. (江蘇中能硅業科技發展有限公司), a subsidiary of the Company, as Deputy Director of Infrastructure in 2008. Mr. Zhu was promoted as the general manager of Jiangsu GCL Silicon Material Technology Development Co., Ltd (江蘇協鑫硅材料科技發展有限公司), a subsidiary of the Company in 2009 and was appointed as vice president of the Company in 2013. Mr. Zhu is an engineer and obtained a Master's degree in Business Administration from China Europe International Business School (中歐國際工商學院) in 2013. Mr. Zhu is responsible for the overall operation and management of the polysilicon and wafer business of the Company.

NON-EXECUTIVE DIRECTOR

SHU Hua, aged 53, has been re-designated as a Non-Executive Director of the Company since January 2015. He had served the Company as an Executive Director from October 2007 until January 2015. Mr. Shu was appointed as the Executive President of the Company in May 2010 and was responsible for the overall operation and management of the polysilicon and wafer businesses of the Company until the re-designation. Mr. Shu is the chairman of GCL System Integration Technology Co., Ltd., a company with its shares listed on the Shenzhen Stock Exchange (Stock Code: 2506) with its majority issued shares owned by Mr. Zhu Yufeng and a trust, of which Mr. Zhu Yufeng, Mr. Zhu Gongshan and their family are beneficiaries. He has over 20 years of experience in the energy industry. Mr. Shu is an executive vice president of China New Energy Chamber of Commerce and a vice president of China Photovoltaic Industry Association. Mr. Shu has obtained a Master's degree in Business Administration for Senior Management from the Tongji University in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ir. Dr. Raymond HO Chung Tai, SBS, MBE, S.B.St.J., JP, aged 77, has been an Independent Non-Executive Director of the Company since September 2007. He is the Chairman of the Remuneration Committee, the Strategic Planning Committee and the Corporate Governance Committee of the Company, and also a member of the Audit Committee and the Nomination Committee of the Company.

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

YIP Tai Him, aged 45, has been an Independent Non-Executive Director of the Company since March 2009. He is the Chairman of the Audit Committee and the Nomination Committee and is also a member of the Remuneration Committee, the Strategic Planning Committee and the Corporate Governance Committee of the Company. Mr. Yip is a practising accountant in Hong Kong. He is a member of the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants in the United Kingdom. He has over 20 years of experience in accounting, auditing and financial management. Mr. Yip is currently an independent non-executive director of the following listed companies in Hong Kong, namely, China Communication Telecom Services Company Limited, Vinco Financial Group Limited, Excel Development (Holdings) Limited, Sino Golf Holdings Limited and Redco Properties Group Limited.

Dr. SHEN Wenzhong, aged 47, Dr. Shen has been an Independent Non-Executive Director of the Company since July 2015. He is a member of the Audit Committee and the Strategic Planning Committee of the Company. Dr. Shen has been a Professor and PhD Supervisor in the Department of Physics and Astronomy, Shanghai Jiao Tong University since 1999 as well as a Changjiang Chair Professor of Shanghai Jiao Tong University since 2000. He became the Director of the Solar Power Research Institute of Shanghai Jiao Tong University since 2007. Dr. Shen has participated in various science and technology research programmes in the PRC, published scientific papers in international journals and books on photovoltaic subjects. He graduated from the Shanghai Institute of Technical Physics, Chinese Academy of Sciences with a doctorate degree in 1995. During the period from 1996-1999, he joined Georgia State University in the U.S. as a postdoctoral fellow. Dr. Shen is currently an executive council member of China Renewable Energy Society, the chairman of the Committee of Shanghai Solar Energy Society, an advisory committee member of the International Photovoltaic Science and Engineering Conference and the chief editor of an academic journal "Solar PV of China". He has been an independent non-executive director of Shanghai Aerospace Automobile Electromechanical Co., Ltd. (上海航天汽車機電股份有限公司), a company with its shares listed on The Shanghai Stock Exchange, since July 2014.

SENIOR MANAGEMENT

Mr. SHA Hongqiu, aged 57, has been an Executive President of the Company since October 2007. Mr. Sha also served as an Executive Director of the Company during the period from November 2006 to November 2012. He is currently responsible for the overall operation and management of the Group's solar power business. Mr. Sha had been awarded various titles, including the Outstanding Entrepreneur of Xuzhou (徐州市優秀企業家) in 2000 and the Outstanding Enterprise Manager of Taicang (太倉市優秀企業管理人才) in 2005. He graduated from the China University of Mining and Technology in 1986, majoring in enterprise management. Mr. Sha is a Senior Economist. He has over 15 years of experience in the operation and management of power plants, including solar farms. Mr. Sha is also a non-executive director of GNE.

Management Discussion and Analysis

Overview

2015 was a year of breakthrough for the Group, we streamlined of our business segments and operations to focus on our core integrated solar business, upon the successful completion of the disposal of our non-solar power business (the "Disposal"). As a result, our financial position has also been improved.

Benefited from the supportive national policies from the People's Republic of China (the "PRC"), the demand for solar products continued to grow modestly in 2015. The Group was able to seize this favourable market condition, the Group continued to operate at full capacity of polysilicon and wafer manufacturing facilities, and further reduce our fundamental production costs to an extremely competitive level.

Results of the Group

The Group ceased to carry on non-solar power business following the completion of Disposal. As a result, its operation results have been classified as discontinued operations during the year and its comparative figures have been restated accordingly.

For the year ended 31 December 2015, the revenue, gross profit of the Group and profit attributable to the owners of the Company from continuing operations were approximately RMB21,766 million, RMB5,776 million and RMB2,106 million, respectively, representing an increase of 1.1%, 16.1% and 49.1% respectively as compared with approximately RMB21,523 million, RMB4,976 million and RMB1,412 million in 2014. The profit attributable to owners of the Company from both continuing operations and discontinued operations for the year ended 31 December 2015 amounted to approximately RMB2,425 million as compared to approximately RMB1,549 million in 2014.

Major disposal and the Settlement

The Group entered into a sale agreement to dispose of the Group's non-solar power business on 14 September 2015 for a consideration of RMB3,200 million and entered into an amendment deed on 8 November 2015 to settle the possible claims relating to the non-competition deed (the "Settlement") for a cash compensation of RMB1,160 million. The Disposal and the Settlement were successfully completed in early December 2015.

The profit contributed by the non-solar power business of RMB406 million and gain on disposal of non-solar power business of approximately RMB82 million were included in the results of discontinued operations in the current year.

The amount of cash compensation received by the Company in relation to the amendment deed was credited to profit or loss for the current year.

Business Structure

Disposal of non-solar power business clarifies the Company's business objective, and enables management of the Group to focus on its core integrated solar business, including the manufacturing and sale of polysilicon and wafer products, and developing, constructing and operating downstream solar farms both within the PRC and overseas. Except for the solar farm projects of 371 MW that were constructed or acquired by the Group prior to obtaining a controlling stake in GCL New Energy Holdings Limited ("GNE"), the Group primarily develops, constructs, or acquires downstream solar farms through its platform GNE.

For illustration purpose, if excluding GNE Group and recognising the costs of investment in GNE as non-current assets, the financial position of the Group, GNE Group and the Group (de-consolidated GNE Group) as at 31 December 2015 would be as follows:

	The Group RMB million	**GNE Group** RMB million	**De-consolidation adjustment**[1] RMB million	**The Group (De-consolidated GNE Group)** RMB million
Total assets	79,691	23,502	(1,870)	58,059
Total liabilities	62,132	21,060	(638)	41,710
Bank balances and cash, pledged and restricted bank deposits	17,318	2,917	—	14,401
Bank balances and cash classified as assets held for sale	81	—	—	81
Indebtedness				
Bank and other borrowings	34,436	11,877	—	22,559
Loan from fellow subsidiaries	—	629	(629)	—
Obligations under finance leases	3,434	95	—	3,339
Notes payables	4,319	—	—	4,319
Bonds payable	360	360	—	—
Convertible bonds payables	2,019	733	—	1,286
Net debt	27,169	10,777	(629)	17,021

Note:

1. It mainly includes the fair value adjustments for the acquisition of GNE, adjustments to reflect the investment costs in GNE, and other intercompany transactions and balances. The Group's costs of investment in GNE amounted to RMB1,143,792,000 (equivalent to HK$1,440,000,000).

Segment Information

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

a) Solar Material Business – mainly manufacture and sales of polysilicon and wafer to companies operating in the solar industry.

b) Solar Farm Business – manages and operates 371 MW solar farms, of which 18 MW is located in the United States and 353 MW is located in the PRC. These solar farms were constructed or acquired by the Group prior to obtaining a controlling stake in GNE.

c) New Energy Business – represents the business operations of GNE, which is principally engaged in the development, construction, operation and management of solar farms, as well as manufacturing and selling of printed circuit boards.

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

	2015			2014 (Restated)		
	Revenue RMB million	**Segment profit (loss) RMB million**	**EBITDA[1] RMB million**	Revenue RMB million	Segment profit (loss) RMB million	EBITDA[1] RMB million
Solar Material Business	**19,242**	**1,873**	**6,531**	20,166	1,787	6,359
Solar Farm Business	**554**	**(303)**	**116**	545	(57)	224
Corporate[2]	**N/A**	**N/A**	**(382)**	N/A	N/A	(52)
Sub-total	**19,796**	**1,570**	**6,265**	20,711	1,730	6,531
New Energy Business	**1,970**	**6[3]**	**718**	812	(139)[3]	(29)
Total	**21,766**	**1,576**	**6,983**	21,523	1,591	6,502

1. For the purpose of this annual report, the following items were excluded in the calculation of earnings before interest expenses, tax, depreciation and amortisation ("EBITDA"): i) Impairment losses on property, plant and equipment; ii) Impairment losses on prepaid lease payments; iii) impairment loss on goodwill; iv) Reversal of impairment loss on deposits for acquisitions of property, plant and equipment; v) Impairment losses on available-for-sale investment; vi) Loss on disposal of available-for-sale investment; vii) Gain/loss on fair value change of convertible bonds receivable; viii) Gain/loss on fair value change of convertible bonds payables; ix) Gain/loss on fair value change of held for trading investments; x) Gain on disposal of joint ventures; xi) Bargain purchase on business combination, xii) Loss on fair value change of derivative financial instruments and xiii) Compensation income arising from the amendment of settlement deed. The EBITDA presented may, therefore, not be comparable to similarly titled measures by reported the companies.

2. Corporate is not a reportable segment and primarily included unallocated income and unallocated expenses.

3. For the year ended 31 December 2015, the segment profit of the new energy business includes reported net loss of GNE Group of approximately RMB15.5 million, allocated corporate expenses of approximately RMB16.3 million and the amortisation of fair value adjustments of approximately RMB38.2 million, which was related to the assets and liabilities of GNE acquired in 2014 which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets. The segment loss in prior year represented the loss incurred since the completion of acquisition of GNE Group on 9 May 2014.

BUSINESS REVIEW

Solar Material Business

Production

The Group's solar material business belongs to the upstream of the solar supply chain, which supplies polysilicon and wafer to companies operating in the solar industry. Polysilicon is the primary raw material used in the solar wafer production. In addition, the Group also produces wafer by using polysilicon that are produced by the Group. In the solar industry supply chain, wafers are further processed by downstream manufacturers to produce solar cells and modules.

During the year ended 31 December 2015, the Group operated its polysilicon business at full capacity and produced approximately 74,358 MT of polysilicon, representing an increase of 11.2% as compared to 66,876 MT for the same period in 2014.

During the year ended 31 December 2015, the Group continued to adopt various technological improvements on application of advanced ingot furnace facility and wafer slicing process. The Group's annual wafer production capacity has increased to 14 GW as at 31 December 2015. During the year ended 31 December 2015, the Group produced approximately 14,968 MW of wafers (including processing business with supplied materials), representing an increase of 14.3% from 13,098 MW for the same period in 2014. In 2015, the Group 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

For the year ended 31 December 2015, the Group sold 18,023 MT of polysilicon and 15,178 MW of wafer (including processing business with supplied materials), representing an increase of 16.7% and 17.6% respectively, as compared with 15,443 MT of polysilicon and 12,909 MW of wafer for the same period in 2014.

The average selling prices of polysilicon and wafer were approximately RMB97.8 (US$15.6) per kilogram and RMB1.175 (US$0.188) per W respectively for the year ended 31 December 2015. The corresponding average selling prices of polysilicon and wafer for the year ended 31 December 2014 were approximately RMB133.4 (US$21.7) per kilogram and RMB1.322 (US$0.215) per W respectively.

Despite significant decrease of average selling price of polysilicon and wafer during the year ended 31 December 2015, revenue from external customers of our Solar Material Business amounted to approximately RMB19,243 million, representing a slight decrease of 4.6% from RMB20,166 million for the same period in 2014.

Cost and Net Profit Margin

The Group's polysilicon and wafer production costs mainly depend on its ability to control raw material costs, lower energy consumption, achieve economies of scale in its operations and streamline production processes. During the year ended 31 December 2015, the Group continued to make effort on cost reduction and control measures.

Attributed to the effective method on raw material recycling together with technology innovation, the Group was able to reduce its fundamental production cost to an extremely competitive level, and hence resulted in production yield increase. The Group's polysilicon manufacturing cost has been further driven down as the captive cogeneration power plant commenced to supply electricity directly to Jiangsu Zhongneng since July 2015. With a full capacity utilisation rate and reduction in costs for the year ended 31 December 2015 for both polysilicon and wafer production, our operating performance further 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 year ended 31 December 2015 was maintained at 9.7% as compared with net profit margin of 8.9% in the same period in 2014.

Solar Farm Business

Overseas Solar Farms

As at 31 December 2015, the Solar Farm Business includes 18 MW of solar farms in the United States. 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 31 December 2015, the Solar Farm Business also includes 10 solar farms in the PRC and the installed capacity and attributable installed capacity were remained unchanged at 353.0 MW and 289.3 MW, respectively.

Sales Volume and Revenue

For the year ended 31 December 2015, the electricity sales volume of Solar Farm Business in overseas and the PRC were 31,412 MWh and 503,435 MWh (2014: 32,126 MWh and 494,148 MWh), respectively.

For the year ended 31 December 2015, revenue for Solar Farm Business was approximately RMB554 million (2014: RMB545 million).

New Energy Business

On 9 May 2014, the Group completed the acquisition of GNE and planned to continue developing its downstream solar business through the platform GNE. As at 31 December 2015, the Group owns 8,640 million shares of GNE (approximately 62.28% of GNE's issued capital). During the year, GNE has strived to build its solar energy business at a high growth rate through different strategies, including self-development, joint-development and acquisitions. As at 31 December 2015, GNE Group has completed 28 jointly developed solar farm projects with an aggregate installed capital of 1,170 MW, acquired 6 solar farms with an aggregated installed capacity of 300 MW and completed 7 in-house developed projects with an aggregated installed capacity of 170 MW. As at 31 December 2015, GNE Group's aggregate installed capacity and grid connected capacity were 1,640 MW and 1,316 MW respectively.

Development Type	**31 December 2015 MW**	31 December 2014 *MW*	% of Changes
Joint development	**1,170**	479.5	144%
Acquisition	**300**	100	200%
In-house development	**170**	36	372%
Total	**1,640**	615.5	166%

As at 31 December 2015, there were 41 solar farms owned by GNE Group (31 December 2014: 11) achieved on-grid connection. The aggregated installed capacity of these solar farms has increased by 166% to 1,640 MW (31 December 2014: 615.5 MW). All of these solar farms have achieved on-grid connection. The details of the electricity sales volume and revenue for the year ended 31 December 2015 are set out below.

Locations	Number of solar farms	Aggregate Installed Capacity[1] (MWh)	Grid-connected Capacity[2] (MW)	Electricity Sales Volume (MW)	Average Tariff (Net of Tax) (RMB/kWh)	Revenue (RMB'Million)
Subsidiary						
Jiangsu	9	222	155	131,762	0.86	114
Inner Mongolia	3	215	175	164,883	0.77	127
Shanxi	5	180	129	126,674	0.85	108
Qinghai	2	120	120	123,106	0.91	112
Hebei	3	134	107	42,435	1.01	43
Ningxia	3	130	130	59,926	0.77	46
Xinjiang	2	80	80	62,624	0.77	48
Shaanxi	2	100	79	51,181	0.81	42
Hainan	2	50	48	29,959	0.84	25
Yunnan	1	50	38	2,473	0.81	2
Shandong	1	35	35	2,564	0.85	2
Zhejiang	2	23	21	19,207	1.00	19
Henan	1	50	50	—	—	—
Anhui	2	80	39	—	—	—
Hubei	1	116	55	—	—	—
Sub-total	**39**	**1,585**	**1,261**	**816,794**	**0.84**	**688**
Joint venture						
Xinjiang	1	25	25	5,326	0.81	4[3]
Qinghai	1	30	30	48,173	0.88	42[3]
Total	**41**	**1,640**	**1,316**	**870,293**	**0.84**	**734**

(1) Aggregate installed capacity represents the maximum capacity that approved by local government authorities.

(2) Grid-connected capacity represents that the actual capacity connected to the State Grid.

(3) Revenue from joint venture solar farms was accounted for under "share of profit of joint ventures" in the profit or loss.

In terms of project type, the large-scale ground-mounted, agriculture-photovoltaic, fishery-photovoltaic and rooftop distributed power plants accounted for approximately 65%, 17%, 10% and 8%, respectively (2014: 49%, 24%, 20% and 7%) of the aggregated installed capacity of all the solar farms owned by GNE Group.

Sales Volume and Revenue

For the year ended 31 December 2015, revenue contributed by new energy business amounted to approximately RMB1,970 million, representing an increase of 142.6% when compared with approximately RMB812 million for the same period in 2014. The revenue of the new energy business for the current year mainly comprised sales of electricity and tariff adjustment amounting to approximately RMB688 million and sales of printed circuit boards to approximately RMB1,282 million.

The increase was mainly attributable to the increase in the generation volume of electricity of the solar farms from 647 MWh in 2014 to 816,794 MWh (870,293 MWh if including solar farms of joint venture) in 2015 as a result of intensive developments and acquisitions of solar farms in 2015 and full year operation for those solar farms achieved on-grid connection in the fourth quarter of 2014.

Financial resources of GNE Group

For the year ended 31 December 2015, GNE Group recorded net cash from operating activities of approximately RMB35 million, net cash used in investing activities of approximately RMB9,181 million and net cash from financing activities of approximately RMB10,479 million (including the loan provided by several subsidiaries of the Group of approximately RMB629 million).

Fund Raising Activities

On 22 July 2015, the Company has issued US$225 million 0.75% convertible bonds due 2019 at an initial conversion price of HK$2.60 per share. The net proceeds were approximately US$223 million after deducting fees, commission and expense. The net proceeds was mainly used to redeem the 2018 Convertible Bonds and for general corporate use. The conversion price has been adjusted to HK$2.34 per share as a result of the special dividend distribution and Rights Issue.

Subsequent to the reporting date, the Company raised approximately HK$3,396 million (equivalent to approximately RMB2,845 million), net of expenses, by way of the Rights Issue of 3,097,927,453 Rights Shares at the Subscription Price of HK$1.12 per Rights Share. The Company had utilised HK$1,458 million (equivalent to RMB1,222 million) in subscribing 3,240,000,000 GNE Rights Shares, and intends to use the remaining proceeds (i) as to approximately HK$1,163 million (equivalent to RMB974 million) for further reducing its indebtedness; and (ii) as to approximately HK$775 million (equivalent to RMB649 million) for general working capital.

Use of proceeds from the Disposal, the Settlement Sum and the Rights issue

The net proceeds from the Disposal and the Settlement Sum amounted to approximately RMB4,105 million after deducting related expenses. As at 31 December 2015, the net proceeds were mainly used to (1) make a special dividend of RMB1,120 million; and (2) repay of bank borrowings of US$50 million (equivalent to RMB332 million).

Subsequent to the reporting date, the Group further repaid bank borrowings of US$300 million (equivalent to RMB1,990 million). The Group intends to use the remaining portion of the proceeds of the Disposal, the Settlement Sum and the Rights Issue to further reduce the Group's indebtedness and for working capital and other general corporate purposes.

Outlook

We saw a significant decline in polysilicon prices in the first half of 2015, as a result of increasing volumes of polysilicon import into China, before the final cut-off date of August 31st Import Duty Levy on foreign import as "trade processing" loophole. Despite strong seasonality in the second half of 2015, polysilicon prices continued to decline as a result of channel inventory build-up. However, our revenue mainly derived from solar wafer sales, and its prices had diverged from the falling price trend of polysilicon. Meanwhile, it is increasingly difficult to justify investments to start any new greenfield polysilicon capacity for overseas manufacturers. Also a sustained low polysilicon price environment will put tremendous financial pressure on weaker manufacturers, and as a result, restoring supply-demand balance in the long run.

We anticipate strong seasonality to continue through the first half of 2016, and with high utilisation, we believe that cost should continue to come down in 2016. The demand visibility for the second half of 2016 is still limited at this point, but we are confident that we continue to execute our cost reduction strategy. Solar industry had been historically very seasonal, we anticipate a more evenly distributed China installation in 2016.

We anticipate that 2016 global PV solar demand to grow modestly to approximately 66 GW, up from 51~57 GW in 2015 and from 44 GW in 2014, with strong demand in China, the USA and Japan, while emerging market such as India, Australia and Latin America 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 also believe that environmental and energy-related spending will still be a new driver in sustaining China's GDP growth, as air pollution still remained a big concern in China. In addition, Chinese government had revised down the ground-mounted Feed-In-Tariff ("FiT") in China, but the returns of solar farms will remain attractive given falling borrowing rate and improvement in lending. We continue to see the Chinese government continue to issue favorable policy for the industry.

Recently, China increased the renewable energy funding surcharge, alleviating the issue of postponed subsidy payments to renewable projects. China also made it mandatory for the State Grid to buy back all renewable energy generation. While renewable energy projects in some provinces such as those in Gansu and Xinjiang are experiencing curtailments, but the completion of Ultra-High Voltage transmission lines linking the western part of China was already underway to resolve the issues. With the advent of the 13th Five-Year-Plan, and an earmarked target of over 150 GW by 2020, we expect new solar installations will remain robust in the next several years.

In late 2015, The U.S. Government extended the 30% solar Investment Tax Credit (ITC) through 2019, reinstated confidence among investors as some had feared a demand cliff after 2016 for the U.S. Market. As many of the U.S. solar projects were already underway, we believe the installation growth will remain robust.

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. In 2016, the Group will be able to harness all the cost benefit of the captive power plant throughout the entire year.

Employees

We consider our employees to be our most important resource. As at 31 December 2015, the Group had approximately 17,705 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

Continuing operations

Revenue

Revenue for the year ended 31 December 2015 amounted to approximately RMB21,766 million, representing an increase of 1.1% as compared with approximately RMB21,523 million for the same period in 2014. The increase was primarily contributed by the increase in electricity sales of GNE, mainly offsetting by the decrease in sales of polysilicon and wafer as a result of decrease in average selling price of polysilicon and wafer products in 2015.

Gross Profit Margin

The Group's overall gross profit margin for the year ended 31 December 2015 was 26.5%, as compared with 23.1% for the same period in 2014.

Gross profit margin for the solar material business increased from 23.2% for the year ended 31 December 2014 to 27.0% for the year ended 31 December 2015. The increase was mainly attributed to the decrease in production cost as a result of high utilisation of manufacturing facilities, the effective method on raw materials recycling and the commencement of operation of the captive cogeneration power plant, partially offsetting by the decrease in average selling price of polysilicon and wafer products in 2015.

Solar farm business has a gross profit margin of 3.1% for the year ended 31 December 2015, as compared with 38.4% for the corresponding period in 2014. The decrease in gross profit margin was primarily due to the increase in impairment loss on project assets in the current year.

The gross profit margin for the new energy business was 26.5% for the year ended 31 December 2015 and 8.0% for the corresponding period in 2014. The increase in gross profit margin was mainly contributed by its solar farms, which has a higher gross profit margin than its original printed circuit boards business.

Other Income

For the year ended 31 December 2015, other income mainly comprised government grants of approximately RMB170 million (2014: RMB199 million), sales of scrap materials of approximately RMB233 million (2014: RMB253 million), bank interest income of approximately RMB314 million (2014: RMB237 million) and management, consultancy fee income of approximately RMB91 million (2014: RMB11 million) and commission income on module procurement of approximately RMB89 million (2014: Nil).

Distribution and Selling Expenses

Distribution and selling expenses amounted to approximately RMB79 million for the year ended 31 December 2015, representing an increase of 19.7% from approximately RMB66 million for the same period in 2014. Increase in distribution and selling expenses were due to more sales and marketing activities were carried out during the year.

Administrative Expenses

Administrative expenses amounted to approximately RMB1,581 million for the year ended 31 December 2015, representing an increase of 9.9% from approximately RMB1,439 million for the same period in 2014. Increase in administrative expenses was primarily due to expansion of our new energy business and the increase of share-based payment expenses resulted from the share option scheme of the Company and GNE.

Other Expenses, Gains and Losses, Net

The other expenses, gains and losses represents net expenses of RMB1,201 million for the year ended 31 December 2015 (2014: net expenses of RMB384 million). The net expenses for the current year mainly comprises of exchange loss of RMB427 million, impairment loss on trade and other receivables of approximately RMB282 million, the impairment loss on property, plant and equipment of approximately RMB175 million and research and development costs of approximately RMB257 million.

Finance Costs

Finance costs for the year ended 31 December 2015 were approximately RMB2,209 million, increased by 4.5% as compared to approximately RMB2,114 million for the corresponding period in 2014. Increase was mainly related to the increase of bank and other borrowings by GNE Group during the year.

Share of Losses of Joint Ventures

The Group's share of losses of Joint Ventures for the year ended 31 December 2015 was approximately RMB50 million, mainly comprises of share of loss of a joint venture in the USA of approximately RMB62 million, share of profit of a joint venture in the South Africa of approximately RMB3 million and share of profit of certain joint ventures in the PRC of approximately RMB9 million.

Income Tax Expense

Income tax expense for the year ended 31 December 2015 was approximately RMB530 million, representing an increase of 82.1% as compared with approximately RMB291 million for the same period in 2014. The increase was mainly due to the fact that less tax losses were available to be utilised in the current year when compared with the same period in prior year.

Profit attributable to Owners of the Company

Profit attributable to Owners of the Company from continuing operations amounted to approximately RMB2,106 million for the year ended 31 December 2015, representing an increase of 49.1% as compared with a profit of approximately RMB1,412 million for the same period in 2014.

The profit for the year from discontinued operations includes non-solar power business's profit of approximately RMB406 million (2014: RMB230 million) and gain on disposal of non-solar power business of approximately RMB82 million (2014: Nil).

Profit attributable to Owners of the Company from continuing operations and discontinued operations amounted to approximately RMB2,425 million for the year ended 31 December 2015 as compared with a profit of approximately RMB1,549 million for the same period in 2014.

Property, Plant and Equipment

Property, plant and equipment increased from RMB39,927 million as at 31 December 2014 to RMB41,650 million as at 31 December 2015. This is mainly attributable to the increase in solar farm assets contributed by GNE Group. During the current year, GNE Group developed and completed a significant amount of solar farm projects and thus solar farm assets increased accordingly.

Deposits, Prepayments and Other Non-current Assets

Non-current portion for deposits, prepayments and other non-current assets increased from RMB1,153 million as at 31 December 2014 to RMB2,686 million as at 31 December 2015. The increase was mainly attributable to the increase in deposits for EPC contracts by GNE Group and its acquisitions of solar farm projects and the increase in refundable value-added tax arising from purchase of materials for construction of GNE Group's solar farms.

Trade and Other Receivables

Trade and other receivables increased from RMB10,775 million as at 31 December 2014 to RMB14,368 million as at 31 December 2015. The increase was mainly due to increase in bills receivable received from customers for the settlement of accounts receivables for the solar material business and the increase tariff adjustment receivables which arose from the sales of electricity by the Group's solar farm business and new energy business.

Trade and Other Payables

Trade and other payables decreased from RMB16,443 million as at 31 December 2014 to RMB15,698 million as at 31 December 2015. The decrease was mainly due to less bills payable were issued during the current year.

Liquidity and Financial Resources

As at 31 December 2015, the total assets of the Group were about RMB79,691 million, of which the aggregate restricted and unrestricted cash and bank balances amounted to approximately RMB17,399 million (including bank balances and cash classified as assets held for sale of RMB81 million). The bank and other interest received for the year ended 31 December 2015 was approximately RMB340 million.

For the year ended 31 December 2015, the Group's main source of funding was cash generated from financing activities. The net cash from financing activities for the current year was approximately RMB9.9 billion, compared with net cash used in financing activities of approximately RMB0.3 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, issuance of notes payable and issuance of convertible bonds payable, partially offsetting by the payment of a special dividend.

For the year ended 31 December 2015, the net cash used in investing activities was approximately RMB7.4 billion, primarily related to the deposits paid for and purchase of property, plant and equipment of approximately RMB10.4 billion (which was mainly attributable to GNE Group of approximately RMB8.1 billion), partially offsetting by inflow of approximately RMB2.3 billion for net withdrawal of pledged bank deposits and approximately RMB1.5 billion for net cash inflow from disposal of non-solar power business.

For the year ended 31 December 2015, the net cash from operating activities was RMB3.2 billion, compared with RMB6.9 billion in the same period in 2014. The decrease was primarily due to the increase of bills receivable in trade for the solar business industry.

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 approximately RMB7,989 million as at 31 December 2015 and the Group had cash and cash equivalents of RMB10,341 million (including bank balances and cash classified as held for sale of RMB81 million) against the Group's bank and other borrowings due within one year of RMB22,315 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, the successful implementation of measures of GNE Group, and the net proceeds from the Rights Issue of the Group, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months.

Indebtedness

Details of the Group's indebtedness are as follows:

	31 December 2015 RMB million	31 December 2014 RMB million (Restated)
Bank and other borrowings	**34,435.7**	28,562.6
Obligations under finance leases *(Note 1)*	**3,434.4**	1,686.5
Notes payables	**4,319.3**	3,288.7
Bonds payable	**360.0**	—
Convertible bonds payables *(Note 2)*	**2,018.5**	1,138.5
	44,567.9	34,676.3

Notes:

(1) As at 31 December 2015, approximately 11.2% of the obligations under finance leases are denominated in USD.

(2) As at 31 December 2015, approximately 63.7% and 36.3% of the convertible bonds payables are denominated in USD and HKD, respectively.

Bank and other borrowings are denominated in the following currencies:

	31 December 2015 RMB million	31 December 2014 RMB million (Restated)
RMB	**25,507.6**	18,578.7
US$	**8,902.2**	9,983.9
HKD	**25.9**	—
	34,435.7	28,562.6

Below is a table showing the structure and maturity profile of the Group's bank and other borrowings:

	31 December 2015 RMB million	31 December 2014 RMB million (Restated)
Secured	**21,803.9**	21,970.9
Unsecured	**12,631.8**	6,591.7
	34,435.7	28,562.6
Maturity profile of bank and other borrowings		
On demand or within one year	**22,314.9**	17,317.4
After one year but within two years	**3,913.8**	5,572.6
After two years but within five years	**4,165.9**	3,322.6
After five years	**4,041.1**	2,350.0
Group's total bank and other borrowings	**34,435.7**	28,562.6

As at 31 December 2015, RMB bank and other borrowings carried floating interest rates with reference to the Benchmark Borrowing Rate of The People's Bank of China. USD bank and other borrowings carried interest rates with reference to the London Interbank Offer Rate.

The note payables bear interest at a rate of 4.30% – 7.50% per annum, the bonds payable bears interest at a rate of 6.7% and the convertible bonds payables bear interest at a fixed rate of 0.75% – 6.0% per annum.

Key Financial Ratios of the Group

	As at 31 December 2015	As at 31 December 2014
Current ratio	**0.81**	0.71
Quick ratio	**0.77**	0.65
Net debt to equity attributable to owners of the Company *(Note)*	**171.4%**	143.0%

Note:

As at 31 December 2015, the net debt of GNE was approximately RMB10,777 million (including the loans from fellow subsidiaries of RMB629 million) and the net debt to equity attributable to owners of GNE was 441.5%. For illustration purpose, if purely excluding GNE Group's net debt of RMB10,148 million (excluded the loans from fellow subsidiaries provided by the Group) and assuming the equity attributable to owners of the Company remains unchanged, the net debt to equity attributable to owners of the Company would be 107.4%

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

Foreign Currency Risk

Most of the Group's business is located in the PRC and the presentation currency of the consolidated financial statements of the Company is expressed in RMB. Substantially all of the Group's revenue, cost of sales and operating expenses are denominated in RMB, and the majority of the Group's assets and liabilities are denominated in RMB, while the rest are mainly denominated in US dollar and Hong Kong dollar. Any depreciation of RMB against US dollar or any other foreign currencies may result in an increase in value of the monetary assets and liabilities that are denominated in foreign currencies and affect the earnings and value of the net assets of the Group.

The Group continues to adopt a conservative approach on foreign exchange exposure management and ensure that its exposure to fluctuations in foreign exchange rates is minimised. The majority of the Group's borrowings are denominated in RMB.

Foreign currency forward contracts are utilised when it is considered as appropriate to hedge against foreign currency risk exposure and when suitable opportunities arise. During the year ended 31 December 2015, the Group entered into certain forward contracts to manage foreign currency exchange rate risk, which was primarily related to its US dollar denominated indebtedness.

Current US dollar forward contracts are typically for a period of less than 12 months. The Company's policy is not to utilise derivative financial instruments for trading or speculative purposes.

At 31 December 2015, the Company had outstanding US dollar forward contracts with total notional amounts of approximately US$341 million (equivalent to approximately RMB2,213 million) and the fair value of the US dollar forward contracts of approximately RMB13 million is included as derivative financial liabilities as at 31 December 2015.

For sensitivity analysis purpose, the Group's profit before tax for the year ended 31 December 2015 would increase/decrease by approximately RMB444 million if the Group's outstanding US dollar denominated monetary items adjusts its translation at the end of the reporting period for a 5% change in RMB against US dollar.

The Company is actively considering the effective measures at reasonable costs to further reduce the foreign currency risk exposure, including the additional investment of assets denominated in USD, 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 31 December 2015, property, plant and equipment and prepaid lease payments with a carrying value of approximately RMB15,610 million and RMB6 million respectively, were pledged as security for certain banking facilities and borrowings granted to the Group (31 December 2014: RMB16,977 million and RMB405 million respectively). Apart from these, bank deposits, bill receivables and available-for-sale investments/ held-to-maturity investments of RMB2,506 million (31 December 2014: RMB2,067 million), RMB4,555 million (31 December 2014: RMB1,428 million) and RMB13 million (31 December 2014: RMB12 million), respectively, were pledged to the banks to secure borrowings and finance leases granted to the Group.

Capital Commitments

As at 31 December 2015, the Group's capital commitments in respect of purchase of property, plant and equipment, constructions costs in respect of projects, share capital commitment to a joint venture and share capital commitment to an available-for-sale investment contracted for but not provided amounted to RMB5,861 million, nil, RMB36 million and RMB210 million respectively (31 December 2014: RMB4,432 million, RMB399 million, RMB52 million and nil, respectively).

Contingencies

Financial guarantees contracts

At 31 December 2014, the Group provided financial guarantees of RMB100 million to banks in respect of bank facilities of an associate. The associate had fully utilised such bank facilities at the end of the reporting period. No such financial guarantee were provided by the Group as at 31 December 2015.

In addition, as at 31 December 2015, certain subsidiaries of the Company guaranteed bank and other borrowings of certain subsidiaries of GNE which amounted to RMB4,163 million.

Events After the End of The Reporting Period

On 26 January 2016, the Company raised approximately HK$3,470 million (equivalent to RMB2,907 million), before expenses, by way of the Rights Issue of 3,097,927,453 Rights Shares at the Subscription Price of HK$1.12 per Rights Share. On 2 February 2016, GNE raised approximately HK$2,341 million (equivalent to RMB1,961 million), before expenses, by way of the Rights Issue of 5,201,922,393 Rights Shares at the Subscription Price of HK$0.45 per Rights Share. The Company had utilised HK$1,458 million (equivalent to RMB1,222 million) in subscribing 3,240,000,000 GNE Rights Shares.

On 15 February 2016 (US time), an indirect wholly owned subsidiary of GNE (as the purchaser) entered into a sale and purchase agreement in relation to the sale and purchase of the entire equity interest in the Wilson Project Companies for a total consideration of US$4,212,000. The Wilson Project Companies own the development rights to seven yet to be constructed photovoltaic electrical energy producing utility systems totaling approximately 58.5 MW AC located in North Carolina in the United States.

On 15 February 2016 (US time), an indirectly wholly owned subsidiary of GNE (as the purchaser) entered into a sale and purchase agreement in relation to the sale and purchase of the entire equity interest in the Jackson Project Company for a total consideration of US$720,000. The Jackson Project Company owns the development rights to one yet to be constructed photovoltaic electrical energy producing utility system totaling approximately 10 MW AC located in North Carolina in the United States.

On 29 February 2016, the Company cancelled the outstanding options to subscribe for 98,904,095 Shares with higher exercise prices previously granted to certain eligible existing grantees, who was granted new options to subscribe for a total of 98,904,095 Shares of the Company at HK$1.16 under the Share Option Scheme.

Corporate Governance Report

The Company is dedicated to achieve and maintain a high standard of corporate governance to maximize the Company's and the shareholders' value, with continuous review and evaluation of the various systems and procedures are carried out to ensure their effectiveness. During 2015, the Company has continued to strengthen the corporate governance framework and focused on preparing for the new requirements of the Listing Rules in relation to the risk management.

The Company has complied with all the code provisions as set out in the Corporate Governance Code (the "Code") under Appendix 14 in the Listing Rules for the year ended 31 December 2015 save for the deviation from the following code provisions of the Code:

(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, acted as the Chairman of the Board and also the Chief Executive Officer of the Company. In view of Mr. Zhu as the founder of the Company and our Xuzhou polysilicon production base, his in-depth knowledge and expertise, his extensive business network and connections, as well as the scope of operations and the business development strategies of the Company, the Board considered that Mr. Zhu's acting as the Chief Executive Officer is appropriate. The requirement of this code provision will be complied with by the Company when Mr. Zhu Zhanjun assumes the new CEO with effect from 1 April 2016.

(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 only. The requirements of Code provision A.5.1 was complied with not until Mr. Yip Tai Him (an INED) was appointed as the chairman of the committee by the Board with effect from 15 July 2015.

(iii) Code provision A.6.7

Code provision A.6.7 stipulates that (including but not limited to) INEDs and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. Two INEDs and the Non-Executive Director, who were not in Hong Kong when the extraordinary general meeting of the Company held on 26 November 2015, unable to attend such meeting. The Non-Executive Director was unable to attend the annual general meeting held on 5 June 2015.

(iv) 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 chairman of such meeting.

THE BOARD

Board Composition

The Board is currently comprised nine Directors with professional background and/or extensive expertise in the Group's business related industries. The Board consists of five Executive Directors, one Non-executive Director and three Independent Non-executive Directors ("INEDs"). The Directors who served the Board during the year ended 31 December 2015 and up to the date of this report are as follows:

Executive Directors

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

Non-executive Director

Shu Hua	*re-designated as Non-executive Director from Executive Director on 23 January 2015*

Independent Non-executive Directors

Ho Chung Tai, Raymond	
Xue Zhongsu	*resigned on 8 May 2015*
Yip Tai Him	
Shen Wenzhong	*appointed on 15 July 2015*

Biographical details of the Directors are set out under the section headed "Biographical details of Directors and Senior Management" of this annual report on pages 13 to 15.

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

A trust, which was interested in approximately 32.47% issued share capital of the Company as at the date of this report, the beneficiaries of which are Mr. Zhu Gongshan, Mr. Zhu Yufeng and their family ("Mr. Zhus' Family Trust"). On 10 February 2015, Mr. Shu Hua was appointed as a director (and he was further elected as the chairman on 11 February 2015) of 協鑫集成科技股份有限公司 GCL System Integration Technology Co., Ltd., a company with its shares listed on the Shenzhen Stock Exchange (stock code: 2506) with its majority issued shares owned by Mr. Zhu Yufeng and Mr. Zhus' Family Trust. On 23 January 2015, Mr. Shu Hua was re-designated from an Executive Director to a Non-executive Director. Save as disclosed in this paragraph and to the best knowledge of the Company, there is no relevant relationships between the members of the Board and the substantial shareholders of the Company.

Mr. Xue Zhongsu resigned as an INED with effect from 8 May 2015. Each of the three existing INEDs has made a written confirmation to the Company of his independence with reference to the criteria and guidelines as set out in Rule 3.13 of the Listing Rules. Each Director has declared to the Company of his/her interests in any material contracts or other interest in the business of the Group or in any competing business with the Group. As a result of the resignation of Mr. Xue Zhongsu as an INED of the Company on 8 May 2015, the Board comprised only two INEDs. Not until the appointment of Dr. Shen Wenzhong as an INED of the Company on 15 July 2015, the Company complied with the requirements under Rules 3.10(1) and 3.10A of the Listing Rules, which require that every board of directors of a listed issuer must include at least 3 INEDs and an issuer must appoint INEDs representing at least one-third of the board, respectively. During the year ended 31 December 2015, the Company complied with Rule 3.10(ii) which requires at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

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

Board Process and Effectiveness

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

Key features of Board process:

- at least four regular Board meetings will be held each year, with additional meetings to be held as and when required. All Directors will be informed of the tentative dates of the regular Board meetings to be held at the beginning of each year. In 2015, there were four regular meetings and sixteen non-regular meetings held by the Board;

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

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

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

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

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

Appointment and Re-election of Directors

The INEDs and Non-executive Directors are appointed for a specific term of office for three years. The Board had renewed the term of service of Mr. Yip Tai Him, an INED, for a term of three years commencing from 31 March 2015, while the term of office of Ir. Dr. Ho Chung Tai, Raymond acting as an INED had been renewed for three years, commencing from 13 November 2013. Dr. Shen Wenzhong was appointed as an INED with effect from 15 July 2015 for a term of three years. Mr. Shu Hua was re-designated from an Executive Director to a Non-executive Director with effect from 23 January 2015, he also entered into a letter of appointment for a term of three years commencing from 23 January 2015. All Directors, including the INEDs and Non-executive Directors are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Articles of Association, provided that every Director shall be retired at least once every three years. At the annual general meeting held on 5 June 2015, Mr. Zhu Yufeng, Mr. Zhu Zhanjun, Mr. Shu Hua and Mr. Yip Tai Him had been retired and re-elected as Directors. At the extraordinary general meeting held on 26 November 2015, Dr. Shen Wenzhong, was retired and re-elected as an INED.

Nomination of Director

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

Responsibilities of Directors

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

At the beginning of each year, the Directors are provided with the tentative schedule of meetings so that they can mark their calendar as early as possible to avoid conflict of meetings. There were twenty Board meetings held during the year and the average attendance rate is 76%. Two general meetings, including the annual general meeting, have been held during the year 2015. The attendance of such meetings was shown in the table below:

Members of the Board	Number of Board meetings attended/held	Number of general meetings attended/held
Executive Directors		
Zhu Gongshan *(Chairman and CEO)*	9/20	0/2
Ji Jun	20/20	0/2
Sun Wei[1]	0/1	0/0
Zhu Yufeng	10/20	0/2
Yeung Man Chung, Charles	20/20	2/2
Zhu Zhanjun[2]	19/19	2/2
Non-Executive Director		
Shu Hua[3]	8/20	0/2
Independent Non-executive Directors		
Ho Chung Tai, Raymond	16/20	1/2
Xue Zhongsu[4]	4/4	0/0
Yip Tai Him	16/20	2/2
Shen Wenzhong[5]	11/12	0/1

Notes:

1 Ms. Sun Wei resigned as an Executive Director with effect from 23 January 2015

2 Mr. Zhu Zhanjun was appointed as an Executive Director with effect from 23 January 2015

3 Mr. Shu Hua was re-designated from an Executive Director to a Non-executive Director with effect from 23 January 2015

4 Mr. Xue Zhongsu resigned as an INED with effect from 8 May 2015

5 Dr. Shen Wenzhong was appointed as an INED with effect from 15 July 2015

Directors' Induction and Continuous Professional Development

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

The Company will also update the Directors and senior management on any amendments to or revision of any applicable rules, regulations and laws or refresh their knowledge and skills by providing briefings or arrangement of seminars for the Directors and senior management to attend. During the year, an in-house briefing on the amendments on the Listing Rules was given to the Directors and a seminar on the topic "Why and how to improve the corporate governance of a listed company" conducted by an external lawyer was provided to the Executive and Non-executive Directors as well as the senior management of the Company.

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

	Corporate Governance/ Updates on Laws, Rules & Regulations		Accounting/Financial/ Management or Other Professional Skills	
Directors	**Read Materials**	**Attend Seminars/ Briefings**	**Read Materials**	**Attend Seminars/ Briefings**
Executive Directors				
Zhu Gongshan *(Chairman and CEO)*	√	√	√	√
Ji Jun	√	—	√	—
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	√	√	√	√

Chairman and Chief Executive Officer

Mr. Zhu Gongshan is the Chairman and the Chief Executive Officer of the Company. The primary responsibilities of the Chairman are to provide leadership to the Board in setting corporate goals of the Company, overseeing the performance and effectiveness of the Board, ensuring the compliance of rules and regulation and taking a lead to ensure that the Board acts in the best interest of the Company and shareholders as a whole. In particular, the Chairman should ensure that Board meetings are effectively conducted, including all directors to receive timely, adequate, accurate, complete and reliable information. The Chairman also takes the primary responsibility for ensuring that good corporate governance practices and procedures are established. The primary responsibilities of the Chief Executive Officer of the Company are to provide leadership for the management of the Company, taking a lead to implement the Company's business strategies and oversee the performance of the management in achieving corporate goals. The Board notes that the Chairman and the Chief Executive Officer of the Company are being acted by the same person and has appointed Mr. Zhu Zhanjun as the new CEO effective 1 April 2016.

Delegation by the Board

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

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the profits and cash flows of the Group in accordance with the International Financial Reporting Standards, disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. In preparing the financial statements for the year ended 31 December 2015, the Directors have selected suitable accounting policies and applied them consistently; made judgements and estimates which are reasonable and have prepared the financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position, results of operations, cash flows and changes in equity of the Group. The Independent Auditor's Report relating to their reporting responsibilities on the financial statements of the Company is set out on pages 77 and 78 of this annual report.

The Board also acknowledges its responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board had delegated such responsibility to the Audit Committee which will report to the Board at least annually.

Audit Committee

The Company established the Audit Committee on 22 October 2007, which currently comprises three INEDs, namely Mr. Yip Tai Him, Ir. Dr. Ho Chung Tai, Raymond and Dr. Shen Wenzhong. Dr. Shen Wenzhong was appointed as a member of the Audit Committee on 15 July 2015 to fill up the vacancy created by the resignation of Mr. Xue Zhongsu on 8 May 2015. Mr. Yip Tai Him, who is a practicing accountant in Hong Kong and a member of the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants in the United Kingdom, possesses extensive accounting experience and serves as the chairman of the committee.

The terms of reference of the Audit Committee, which has been updated on 4 January 2016, setting out the operation, authorities and responsibilities of the committee is available on the websites of the Company and the Stock Exchange. The major responsibilities of the Audit Committee includes:

- monitoring integrity of the financial statements, annual report and interim report;
- monitoring and assessing the risk management and internal control systems (including the adequacy of resources, qualifications and experience of accounting and financial reporting staff);
- discussing the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems;
- considering any major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- monitoring the independence of an external auditor;
- monitoring and assessing the performance of external auditor, proposing to the board the appointment or removal of external auditor, and facilitating the communication between external auditor and internal audit function;
- reviewing any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control, management's response and the board's timely response; and
- acting as key representative body for overseeing the Company's relations with the external auditor.

Three Audit Committee meetings were held in 2015 and the attendance is set out in the following table:

Members of Audit Committee	Number of meetings attended/held
Yip Tai Him *(Chairman)*	3/3
Xue Zhongsu *(resigned on 8 May 2015)*	1/1
Ho Chung Tai, Raymond	3/3
Shen Wenzhong *(appointed on 15 July 2015)*	2/2

In addition to the aforesaid three meetings, the Audit Committee also held a meeting in March 2016. The following work was performed by the Audit Committee during and subsequent to the year ended 31 December 2015:

i. reviewed and approved the audit fees;

ii. assessed the independence of the external auditors;

iii. approved the scope of audit for the year ended 31 December 2015;

iv. reviewed the reports from Deloitte Touche Tohmatsu for the interim and year end of 2015;

v. reviewed the 2015 audited financial statements and the results announcement (including the unaudited financial statements and the results announcement for 1st half of 2015);

vi. reviewed the report on the continuing connected transactions for the financial year ended 31 December 2015;

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

viii. reviewed various aspects of risk management;

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

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

xi. reviewed corporate governance consultation proposal and work done by an external consultant.

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

For the year ended 31 December 2015, the total remuneration in respect of services provided by Deloitte Touche Tohmatsu is analysed as follows:

Nature of Service	**Fees** (HK$'000)
Audit services	
— 2015 Annual audit	11,560
Non-audit services	
— 2015 Interim review	1,608
— Others	9,189

RISK MANAGEMENT AND INTERNAL CONTROLS

The Directors have the overall responsibility to maintain sound and effective risk management and internal control mechanism for the Group and to review their effectiveness to safeguard the Group's assets, protect shareholders' values, and manage or mitigate rather than eliminate risks of failure to achieve business objectives.

During the year, the Group persistently dedicated efforts in enhancing the maturity of the corporate governance infrastructure across various business units and functions. In particular, a group-wide exercise has been launched to rationalize the existing policies and procedures so as to further emphasize the internal control objectives associated with key business processes and mitigate unnecessary inconsistencies among different business units. The "Internal Control Manual" constitutes the solid foundation of the Group's internal control environment. During the year, the Group further extended the scope and coverage of the "Internal Control Manual" and conducted regular reviews to identify deficiencies in operations and opportunities to improve the manual. All major findings were communicated to senior management of the respective business units to enforce the remediation.

In addition, the Group has identified and trained internal control coordinators in business units and piloted internal control self-assessments according to standards agreed upon. This further strengthened the sense of responsibility and accountability of the management for internal controls.

Together with the utilization of IT system tools and regular internal control reviews by the relevant functional departments, all these paved the way of enabling ongoing monitoring and oversight of internal control effectiveness of the Group.

Meanwhile, an external independent risk advisory firm (the "Advisor") has been engaged to review and appraise the internal control system of the Group regularly for the past few years. The semi-annual internal control review plan of the Group carried out by the Advisor covers major activities and material controls (including operational, financial and compliance) of the Group's business units. During the year, the Advisor had reviewed (i) procurement, inventory and sales management of polycrystalline silicon production business; (ii) the accounts receivable and credit management of silicon materials production business. The Advisor had also conducted on-site visits and discussion with our management teams during the review for the purpose of assessing the overall risks. A report on the results of assessment and recommendations from the Advisor was provided to the Audit Committee in July 2015 and January 2016, respectively.

In view of risk management, the Group has revisited the methodology and approach to further improve the relevancy and effectiveness of the existing risk management process to identify, evaluate, manage and communicate significant risks. The changes in the nature and extent of significant risks and the Group's capabilities and strategies to respond to these changes were better captured and articulated within the organization.

During the year, the Group has also engaged Protiviti Hong Kong Co. Limited, a risk consulting firm, to conduct a thorough assessment of the Group's existing corporate governance infrastructure and assist in developing a blueprint for continuous improvement in the future.

Based on the efforts devoted by the Group, external reviews carried out by the Advisor and the auditor's report from Deloitte Touche Tohmatsu, the Audit Committee and the Board concluded that there is neither material irregularities nor areas of material concerns that would have the significant adverse impact on the Company's financial position or results of operations, and that the internal control systems are adequate and effective and the Company's staff and resources for the financial reporting function are adequate.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

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

The primary responsibilities of the Remuneration Committee include:

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

Three meetings were held by the Remuneration Committee during the year 2015 and the attendance is set out in the following table:

Members of Remuneration Committee	**Number of meetings attended/held**
Ho Chung Tai, Raymond *(Chairman)*	3/3
Yip Tai Him	3/3
Sun Wei *(resigned as a member on 23 January 2015)*	0/1
Zhu Yufeng *(appointed as a member on 23 January 2015)*	2/2

Subsequent to the year ended 31 December 2015, the Committee had convened a meeting in March 2016.

The Remuneration Committee had performed the following work during and subsequent to the year ended 31 December 2015:

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

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

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

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

Details of remuneration payable for the year 2015 to each Director of the Company has been set out in note 14 to the consolidated financial statements.

OTHER COMMITTEE

Strategic Planning Committee

The Strategic Planning Committee was established on 22 October 2007 and currently comprises six members, three INEDs and three Executive Directors. The INEDs include Ir. Dr. Ho Chung Tai, Raymond (who is also the chairman of the committee), Mr. Yip Tai Him and Dr. Shen Wenzhong. The Executive Directors who are also the committee members are Mr. Zhu Gongshan, Mr. Ji Jun and Mr. Yeung Man Chung, Charles. Dr. Shen Wenzhong (an INED) was appointed as a member of the Committee by the Board on 15 July 2015 to fill in the vacancy created by the resignation of Mr. Xue Zhongsu on 8 May 2015. Mr. Yeung Man Chung, Charles replaced Ms. Sun Wei as a member of the Strategic Planning Committee with effect from 23 January 2015 when Ms. Sun resigned as a Director.

The primary responsibilities of the Strategic Planning Committee include:

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

A meeting was held in July 2015 and all the then five members (namely: Ir. Dr. Ho Chung Tai, Raymond, Mr. Yip Tai Him, Mr. Zhu Gongshan, Mr. Ji Jun and Mr. Yeung Man Chung, Charles) had attended such meeting. At the meeting, the Strategic Planning Committee had reviewed the Company's position, general market performance and development strategy of the Group.

Nomination Committee

The Board approved to set up the Nomination Committee and its terms of reference on 15 March 2012. The Committee currently comprises two INEDs, namely Mr. Yip Tai Him (Chairman of the Committee) and Ir. Dr. Ho Chung Tai, Raymond, and an Executive Director, namely Mr. Yeung Man Chung, Charles. Mr. Yip Tai Him succeeded Mr. Xue Zhongsu as the chairman of the Nomination Committee with effect from 15 July 2015.

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

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

Three meetings were held by the Nomination Committee during the year 2015 and the attendance is set out in the following table:

Members of Nomination Committee	Number of meetings attended/held
Xue Zhongsu *(resigned as chairman on 8 May 2015)*	1/1
Yip Tai Him *(appointed as chairman on 15 July 2015)*	1/1
Ho Chung Tai, Raymond	3/3
Yeung Man Chung, Charles	3/3

Subsequent to the year ended 31 December 2015, the Committee has convened a meeting in March 2016. During these meetings, the committee had reviewed, assessed or made recommendations to the Board (where suitable) on (i) the independence of the INEDs against the criteria and guidelines as set out in Rule 3.13 of the Listing Rules and concluded that all INEDs were complied with the criteria; (ii) the composition of the existing Board members with reference to their age, sex, experience, qualification and expertise against the business scope of the Company; (iii) the role of Chairman and CEO not being carried out by separate persons as required by the Listing Rules; (iv) succession plan; and (v) assess, select and make recommendations to the Board on individuals nominated for directorship, re-designation of directorship and chief executive.

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

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

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

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

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

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

Corporate Governance Committee

The Board resolved to establish the Corporate Governance Committee and its terms of reference on 15 March 2012. The Committee currently comprises two INEDs, namely Mr. Yip Tai Him and Ir. Dr. Ho Chung Tai, Raymond, and an Executive Director, namely Mr. Yeung Man Chung, Charles. Ir. Dr. Ho Chung Tai, Raymond was appointed as the Chairman of the Committee. A copy of the terms of reference setting out the operation, authorities and responsibilities of the Corporate Governance Committee is available at the Company's website.

The duties of the Corporate Governance Committee includes:

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

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

iii. reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

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

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

A meeting has been convened by the Committee during the year 2015 and all current members (namely: Ir. Dr. Ho Chung Tai, Raymond, Mr. Yip Tai Him and Mr. Yeung Man Chung, Charles) had attended the meeting. During the meeting, the committee had reviewed and evaluated the effectiveness of (i) the performance of certain policies and practices adopted by the Company, including the whistle-blowing policy, the inside information policy and discloseable transaction policy; and (ii) the board committees, including the audit committee, remuneration committee, nomination committee and strategic planning committee. At such meeting, the Committee also reviewed (i) the policy in relation to the training and continuous professional development of directors and senior management and the trainings/briefings provided to directors in 2015; and (ii) the constitution, authority and responsibilities of the risk committee which mainly deals with the investment proposals and make recommendations to the Board.

COMPLIANCE WITH MODEL CODE

The Board has adopted the model code with terms no less exacting than the required standard as set out in Appendix 10 of the Listing Rules as its own model code of conduct regarding Directors' securities transactions (the "Model Code"). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2015.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of communication with shareholders and has adhered to its established communication policy. The general communication policy includes timely dispatch full and accurate information to shareholders and investment public by announcement, financial reports and circulars through the website of the Stock Exchange and the Company's website; maintain dialogue with shareholders by disclosing the way of communication to the Board and in relation to share registration matters, the contact of the share registrar in Hong Kong; and by convening the general meetings (if any) and annual general meeting. On 5 June 2015 and 26 November 2015, the Company convened an annual general meeting and a general meeting, respectively. At these meetings, the directors, members and/or chairman of the board committees had attended and answer questions raised by the shareholders.

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

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

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Enquiries to the Board

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

Major Investor Relations Activities

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

In 2015, we launched various roadshows in Hong Kong, Singapore, Taiwan, the United States, Europe and the Mainland China (such as Beijing, Shanghai and Shenzhen). We always made proactive actions in contacting and communicating with the investors community, so that they get to keep abreast of the overall condition of solar industry and various active measures of the Company responding to market changes and effects of those on the industry as a whole to maintain confidence in the future growth of the Company.

Throughout last year, we participated in over 300 investor relations activities including non-deal roadshows, investor seminars and one-on-one meetings. We met over 3,000 investors from more than 200 international institutions by participating in respective roadshows activities arranged by investment banks such as Morgan Stanley, Credit Suisse, Goldman Sachs, Deutsche Bank, CICC, and through domestic and overseas investment advisory conferences organized by JP Morgan, BNP, HSBC, BofA Merill Lynch, Macquarie, Barclays, Jefferies, BOCI, Daiwa, Everbright, Shenyin Wanguo, Guotai Junan, China Merchants, GF Securities, Industrial Securities and Orient Securities.

We also organized a number of site visits in our Open Day in 2015 as we hoped that global investors would learn more about our manufacturing competitive advantages in the solar industry. Representatives from major media groups, research analysts of major investment banks, a number of fund managers and representatives of large investors all over the world were invited to visit our power plants and our polysilicon and wafer manufacturing facilities in the PRC. Through face-to-face meetings with our frontline staff members, media and investors were able to experience our operations and management in an objective manner.

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

Report of the Directors

The directors of the Company (the "Directors" or the "Board") submit their report together with the audited consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year 2015 are principally engaged in (1) the manufacturing and sale of polysilicon and wafers for the solar industry; (2) the development, investment, management and operation of environmentally friendly power plants and solar generation projects; and (3) trading of coal. Subsequent to the completion of the disposal of the non-solar power business and trading of coal business on 8 December 2015, the Group principally engaged in the manufacturing and sale of polysilicon and wafers products, and developing, owning and operating downstream solar farms.

The particulars of the Company's principal subsidiaries, associates and interests in joint ventures are set out in notes 59, 22 and 21 of the consolidated financial statements, respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income from page 79 to 80. The Directors do not recommend the payment of any final dividend for the year ended 31 December 2015 (2014: Nil). A special dividend in the total amount of approximately RMB1.12 billion (equivalent to HK8.62 cents per share) was paid to the shareholders of the Company on 31 December 2015.

FINANCIAL SUMMARY

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years is set out on pages 2 to 3.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the issued share capital of the Company during the year are set out in note 44 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at 31 December 2015 amounted to RMB21,063.1 million.

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

BANK AND OTHER BORROWINGS

Particulars of the Group's bank and other borrowings are set out in note 38 to the consolidated financial statements.

DONATIONS

Donations by the Group for charitable and other purposes as at 31 December 2015 amounted to RMB10.7 million.

DIRECTORS

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

Executive Directors

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

Non-Executive Director

Mr. Shu Hua *(re-designated from Executive Director to Non-executive Director on 23 January 2015)*

Independent Non-executive Directors

Ir. Dr. Ho Chung Tai, Raymond
Mr. Xue Zhongsu *(resigned on 8 May 2015)*
Mr. Yip Tai Him
Dr. Shen Wenzhong *(appointed on 15 July 2015)*

In accordance with Articles 87(1) and (2) of the Articles of Association of the Company, Mr. Zhu Gongshan, Mr. Ji Jun and Ir. Dr. Ho Chung Tai, Raymond will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

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

DIRECTORS' SERVICES CONTRACTS

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

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

DIRECTORS' INTEREST IN CONTRACTS

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

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

As at 31 December 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 pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules:

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

Name of director/ chief executive	Number of ordinary shares			Number of underlying shares	Total	Approximate percentage of issued share capital of the Company or its associated Company
	Beneficiary of a trust	Corporate interests	Personal interests			
Zhu Gongshan	5,723,811,992 (Note 1)	—	—	260,000,000 (Note 1)	5,983,811,992	38.63%
Ji Jun	—	—	—	3,700,000 (Note 2)	3,700,000	0.02%
Zhu Yufeng	5,723,811,992 (Note 1)	—	—	262,500,000 (Note 4)	5,986,311,992	38.65%
				3,500,000 (Note 3)	3,500,000	0.03%
Yeung Man Chung, Charles	—	—	—	15,000,000 (Note 3)	15,000,000	0.11%
Zhu Zhanjun	—	—	3,400,000	2,700,000 (Note 2)	6,100,000	0.04%
Shu Hua	—	—	1,200,000	4,700,000 (Note 2)	5,900,000	0.04%
Yip Tai Him	—	—	—	1,000,000 (Note 2)	1,000,000	0.01%
Ho Chung Tai, Raymond	—	—	—	1,000,000 (Note 2)	1,000,000	0.01%

Notes:

(1) An aggregate of 4,769,843,327 shares of the Company are collectively held by Highexcel Investments Limited ("Highexcel"), Happy Genius Holdings Limited ("Happy Genius") and Get Famous Investments Limited ("Get Famous"), 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. Highexcel, Happy Genius and Get Famous had collectively irrevocably undertaken in an underwriting agreement dated 15 December 2015 to the Company and the underwriter that they will accept or procure the acceptance of the 953,968,665 rights shares as announced under the announcement of the Company dated 15 December 2015. Happy Genius had lent 260,000,000 shares of the Company to the convertible bond investor's associate under a securities lending agreement dated 27 November 2013 (as amended by an amendment agreement dated 15 July 2015), 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 were adopted by the shareholders of the Company on 22 October 2007. Such granted share options can be exercised by the Directors at various intervals during the period from 1 April 2009 to 23 March 2024 at an exercise price of HK$4.10, HK$2.888 or HK$0.59 per share.

(3) These are share options granted by the Company's subsidiary, namely GCL New Energy Holdings Limited. Such granted share options can be exercised by Mr. Zhu Yufeng at the interval between 24 July 2015 and 23 July 2025 at an exercise price of HK$0.61 per share and Mr. Yeung Man Chung, Charles at the interval between 24 November 2014 and 23 July 2025 at an exercise price of HK$1.1875 or HK$0.61 per share.

(4) The 262,500,000 underlying shares comprises the long position of 260,000,000 shares of the Company lent by Happy Genius Holdings Limited under Note (1) and share options to subscribe for 2,500,000 shares of the Company mentioned under Note (2) above.

Save as disclosed above, as at 31 December 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 the register that was required to be kept under Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OPTION SCHEMES

(A) Pre-IPO share option scheme

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

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

				Number of options				
Name or category of participant	Date of grant	Exercise period	Exercise price per share HK$	Outstanding as at 01.01.2015	Granted during the year	Lapsed or forfeited during the year	Exercised during the year	Outstanding as at 31.12.2015
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	—	(1,320,000)	—	20,740,000
				25,060,000	—	(1,320,000)	—	23,740,000

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 share options granted to her on 13 November 2007 was re-classified from the category of "Directors/chief executive" to the category of "Non-director employees".

The vesting scale of the granted share options is 20%, 30% and 50% vested on the third, fourth and fifth anniversaries of the Date of Listing, respectively, such that the share options granted are fully vested on the fifth anniversary of the Date of Listing, i.e. 12 November 2012.

During the year, no share option was exercised nor cancelled, 1,320,000 share options were lapsed and there were 23,740,000 share options outstanding as at 31 December 2015, which represents 0.15% of the issued shares of the Company.

As a result of the Company's rights issue on the basis of one rights share for every five existing shares of the Company, adjustments on both the exercise prices and number of shares that can be subscribed for under the outstanding share options were made pursuant to the terms of the Pre-IPO Share Option Scheme with effect from 26 January 2016. After the adjustments, the total outstanding share options as at 26 January 2016 was 23,910,216 with an exercise price of HK$4.071 per share. The auditors of the Company had certified in writing to the Board that such adjustments were in their opinion fair and reasonable. An announcement of the Company dated 26 January 2016 setting out details of the adjustments was issued by the Company.

(B) Share option scheme of the Company

The Company adopted a share option scheme (the "Share Option Scheme") on 22 October 2007 which became effective on 13 November 2007. The purpose of the Share Option Scheme is to motivate personnel to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such personnel who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives of the Company, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. The eligible person who may be invited by the Board to take up options are: (a) any director or mid-level to senior management of the Company; or (b) any director or mid-level to senior management of any members of the Group.

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. The total number of shares issued and to be issued upon exercise of the options granted to each eligible person (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company in issue from time to time. Any offer of grant of options shall remain open for acceptance together with an acceptance remittance of HK$1.00 to be received by the Company shall not be more than 30 days from the date of offer. The exercise price of any options granted shall not be less than whichever is the highest of :

(a) the nominal value of the a share of the Company;

(b) the closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheet on the date of offer; and

(c) the average closing price of a share of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer.

The shareholders of the Company approved at an extraordinary general meeting of the Company held on 26 November 2015 the refreshment of the existing limit to an aggregate number of shares of the Company which may be allotted and issued pursuant to the exercise of options granted under the Share Option Scheme and any other share option scheme of the Company not exceeding 200,000,000 shares of the Company.

During the year, no share option was granted, a total of 20,050,000 option shares were lapsed, 430,000 option shares were exercised and there were 192,148,000 option shares outstanding as at 31 December 2015, which represents 1.24% of the issued shares of the Company as at the date of this report.

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

Name or category of participant	Date of grant	Exercise period	Exercise price per share HK$	Number of options: Outstanding as at 01.01.2015	Granted during the year	Lapsed or forfeited during the year	Exercised during the year	Outstanding as at 31.12.2015
Directors/chief executive and their associates								
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	–	–	–	1,000,000
	24.03.2014	26.05.2014 to 23.03.2024	2.888	1,700,000	–	–	–	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
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
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
Zhu Qingsong (associate of Mr. Zhu Gongshan and an employee)	24.03.2014	26.05.2014 to 23.03.2024	2.888	1,000,000	–	–	–	1,000,000
Non-director employees (in aggregate)	16.02.2009	01.04.2009 to 15.02.2019	0.59	9,451,000[c]	–	(280,000)	(240,000)	8,931,000
	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[c]	–	(4,500,000)	–	9,500,000
	15.07.2011	01.09.2011 to 14.07.2021	4.10	67,900,000[c]	–	(9,950,000)	–	57,950,000
	05.07.2013	16.09.2013 to 04.07.2023	1.642	36,675,000	–	(2,320,000)	(30,000)	34,325,000
	24.03.2014	26.05.2014 to 23.03.2024	2.888	70,000,000[c]	–	(3,000,000)	–	67,000,000
				212,628,000		(20,050,000)	(430,000)	192,148,000

Notes:

a. The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised during the year ended 31 December 2015:

Date of Grant	No. of options exercised	Exercise price per share (HK$)	Weighted average closing price (HK$)
16.02.2009	240,000	0.59	1.70
24.04.2009	160,000	1.054	1.94
05.07.2013	30,000	1.642	2.06

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

c. Ms. Sun Wei, who was entitled to 3,200,000 option shares (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 entitlements was re-classified from the category of "Directors/chief executive and their associates" to "Non-director employees" under the column of the "outstanding share options as at 1 January 2015".

Mr. Xue Zhongsu, who was entitled to 1,000,000 share options (500,000 share options granted on 15 July 2011 with an exercise price of HK$4.10 per share, and 500,000 share options granted on 24 March 2014 with an exercise price of HK$2.888 per share), resigned as an Independent Non-executive Director of the Company with effect from 8 May 2015. His entitlements was re-classified from the category of "Directors/chief executive and their associates" to "Non-director employees" under the column of "outstanding share options as at 1 January 2015".

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 option shares granted on 24 March 2014 and 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 entitlements was re-classified from the category "Non-director employees" to "Directors/chief executive and their associates" under the column of "outstanding share options as at 1 January 2015".

As a result of the Company's rights issue on the basis of one rights share for every five existing shares of the Company, adjustments on both the exercise prices and number of shares that can be subscribed for under the outstanding share options were made pursuant to the terms of the Share Option Scheme, the provisions of Rule 17.03(13) of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding adjustment of share options under that Rule with effect from 26 January 2016. After the adjustments, the total outstanding share options under the Share Option Scheme as at 26 January 2016 was 192,014,946 and the adjusted exercise prices are HK$0.586, HK$1.046, HK$3.296, HK$4.071, HK$1.630 and HK$2.867 per share, respectively. The auditors of the Company had certified in writing to the Board that such adjustments were in their opinion fair and reasonable. An announcement of the Company dated 26 January 2016 setting out details of the adjustments was issued by the Company.

Subsequent to the year ended 31 December 2015, the Company cancelled outstanding options to subscribe for 98,904,095 shares with exercise price of HK$3.296, HK$4.071 and HK$2.867 per share and granted (and being accepted) new share options to subscribe for 98,904,095 shares with an exercise price of HK$1.16 per share, respectively, on 19 February 2016.

(C) Share option scheme of a subsidiary

GCL New Energy Holdings Limited ("GNE"), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 451), in which the Company indirectly owned an 62.28% interest as at 31 December 2015, is a subsidiary of the Company.

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

GNE adopted a new share option scheme (the "GNE 2014 Share Option Scheme") on 15 October 2014 for the purpose to motivate personnel to optimize their future contributions to GNE and its subsidiaries ("GNE 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 GNE Group, and additionally in the case of executives of GNE, to enable GNE Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

The GNE 2014 Share Option Scheme shall be valid and effective for a period of 10 years from 15 October 2014, after which no further options will be granted or offered. The total number of shares issued and to be issued upon exercise of the options granted to each eligible person (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of GNE in issue from time to time. Any offer of grant of options shall remain open for acceptance together with an acceptance remittance of HK$1.00 to be received by GNE shall not be more than 30 days from the date of offer. The exercise price of any options granted shall not be less than whichever is the highest of :

(a) the nominal value of the a share of GNE;

(b) the closing price of a share of GNE as stated in the Stock Exchange's daily quotations sheet on the date of offer; and

(c) the average closing price of a share of GNE as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer.

During the year, share options to subscribe for 473,460,000 shares of GNE was granted. There was no option exercised nor cancelled, and 165,400,000 share options were lapsed.

				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 year	Lapsed or forfeited during the year	Exercised during the year	Outstanding as at 31.12.2015
Directors/chief executive								
Zhu Yufeng	24.07.2015	24.07.2015 to 23.07.2025	0.61	–	3,500,000	–	–	3,500,000
Yeung Man Chung, Charles	23.10.2014	24.11.2014 to 22.10.2024	1.1875	12,000,000	–	–	–	12,000,000
	24.07.2015	24.07.2015 to 23.07.2025	0.61	–	3,000,000	–	–	3,000,000
Other directors of GNE and employees of GNE	23.10.2014	24.11.2014 to 22.10.2024	1.1875	524,840,000	–	(142,120,000)	–	382,720,000
	24.07.2015	24.07.2015 to 23.07.2025	0.61	–	466,960,000	(23,280,000)	–	443,680,000

As a result of GNE's rights issue on the basis of three rights share for every eight existing shares of GNE, adjustments on both the exercise prices and number of shares that can be subscribed for under the outstanding share options were made pursuant to the terms of the 2014 GNE Share Option Scheme, the provisions of Rule 17.03(13) of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding adjustment of share options under that Rule with effect from 2 February 2016. After the adjustments, the adjusted exercise prices are HK$1.1798 and HK$0.6060 per GNE share, respectively. An announcement of GNE dated 2 February 2016 setting out details of the adjustments was issued by GNE.

Please refer to the 2015 annual report of GNE under the section "Report of Directors" with the heading "Share Option Schemes" for the details of the share option schemes and the movements of options granted thereunder during the year of GNE.

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

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 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 recorded in the register kept pursuant to Section 336 of the SFO:

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

Name	Note	Capacity/nature of interest	Number of ordinary shares	Number of underlying shares under equity derivatives listed	Number of underlying shares under equity derivatives unlisted	Total interest	Approximate percentage of issued share capital of the Company
Asia Pacific Energy Fund Limited	1	Interest in a controlled corporation	5,723,811,992	—	260,000,000	5,983,811,992	38.63%
PAG Holdings Limited	2	Interest in a controlled corporation	359,029,000	488,602,941	345,338,128	1,192,970,069	7.70%
JP Morgan Chase & Co.	3	Beneficial owner, investment manager, custodian corporation/approved lending agent	1,654,040,511	1,570,841	571,400,017	2,227,011,369	14.38%
Templeton Investment Counsel, LLC	4	Investment Manager	917,415,424	—	—	917,415,424	5.92%
Templeton Global Advisors Limited	4	Investment Manager	777,924,040	—	—	777,924,040	5.02%
Haitong International Securities Group Limited	5	Interest in a controlled corporation	2,123,438,388	—	—	2,123,438,388	13.71%

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

Name	Note	Capacity/nature of interest	Number of ordinary shares	Number of underlying shares under equity derivatives listed	Number of underlying shares under equity derivatives unlisted	Total interest	Approximate percentage of issued share capital of the Company
PAG Holdings Limited	2	Interest in a controlled corporation	260,000,000	—	—	260,000,000	1.68%
JP Morgan Chase & Co.	3	Beneficial owner	21,159,400	1,774,608	115,580,207	138,514,215	0.89%
Haitong International Securities Group Limited	5	Interest in a controlled corporation	2,123,438,388	—	—	2,123,438,388	13.71%

Notes:

(1) An aggregate of 4,769,843,327 shares of the Company are collectively held by Highexcel Investments Limited ("Highexcel"), Happy Genius Holdings Limited ("Happy Genius") and Get Famous Investments Limited ("Get Famous"), 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. Highexcel, Happy Genius and Get Famous had collectively irrevocably undertaken in an underwriting agreement dated 15 December 2015 to the Company and the underwriter that they will accept or procure the acceptance of the 953,968,665 rights shares as announced under the announcement of the Company dated 15 December 2015. Happy Genius had lent 260,000,000 shares of the Company to the convertible bond investor's associate under a securities lending agreement dated 29 November 2013 (as amended by an amendment agreement dated 15 July 2015), 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 29 December 2015, it was interested in a long position of 1,192,970,069 shares of the Company and a short position of 260,000,000 shares of the Company through companies controlled by it. Out of the long positions interest in 833,941,069 shares under derivative interest, 589,639,599 shares are physically settled and 244,301,470 shares are cash settled.

(3) JP Morgan Chase & Co. disclosed that as at 29 December 2015, it had long positions in 2,227,011,369 shares of the Company, out of which 484,449,043 shares were held as beneficial owner, 171,600 shares were held as investment manager and 1,742,390,726 shares were held as custodian corporation/approved lending agent, respectively. Amongst the long positions interest in 572,970,858 shares under derivative interest, 569,447,089 shares are physically settled and 3,523,769 shares are cash settled. Out of the short position in 117,354,815 shares under derivative interest, 114,781,652 shares are physically settled and 2,573,163 shares are cash settled.

(4) Both Templeton Global Advisors Limited and Templeton Investment Counsel, LLC disclosed that their parent company is Franklin Resources, Inc., who is deemed to be interested in an aggregate of 1,695,339,464 shares.

(5) Haitong International Securities Group Limited, has through its subsidiary, Haitong International Securities Company Limited, entered into an underwriting agreement dated 15 December 2015 to underwrite all the rights shares of the Company not taken up by the shareholders.

(6) The total number of ordinary shares of the Company in issue as at 31 December 2015 is 15,489,637,268, on which all the above shareholding percentage calculation is based.

Save as disclosed aforesaid, so far as is known to any Directors or chief executive of the Company, as at 31 December 2015, no other persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO.

DIRECTOR'S INTEREST IN SIGNIFICANT CONTRACTS

Save as disclosed in the heading "Connected Transactions & Continuing Connected Transactions", there is no transaction, arrangement or contract of significance subsisting during or at the end of the year in which a director of the Company is or was materially interested, either directly or indirectly.

CONNECTED TRANSACTIONS & CONTINUING CONNECTED TRANSACTIONS

(A) CONNECTED TRANSACTIONS

The following are summaries of connected transactions which were disclosed in the announcements of the Company during the year ended 31 December 2015:

(1) Capacity Quota Transfer

On 30 July 2015, the Company through its then subsidiary 徐州西區環保熱電有限公司 (Xuzhou Western Environmental Protection Co-generation Power Co., Ltd.*, "Xuzhou Cogeneration Plant") entered into a capacity quota transfer agreement (the "Agreement") with 中電投協鑫濱海發電有限公司 (CPI Binhai Power Generation Co., Ltd.*,"Binhai Power Plant"). Pursuant to the Agreement, Xuzhou Cogeneration Plant sold the 30MW capacity quota of its generating units which had been closed down in June 2014 to Binhai Power Plant for a consideration of RMB30,000,000, at a price of RMB1,000 per kW (including tax), payable by cash after receipt of invoice from Xuzhou Cogeneration Plant.

An effective 35.29% equity interest of Binhai Power Plant is indirectly owned by a discretionary trust, under which Mr. Zhu Gongshan and Mr. Zhu Yufeng (both Executive Directors) and their family members are beneficiaries ("Zhu Family Trust"). Binhai Power Plant is therefore an associate of Mr. Zhu Gongshan and Mr. Zhu Yufeng. As Mr. Zhu Gongshan and Mr. Zhu Yufeng are connected persons of the Company, Binhai Power Plant as their associate is also a connected person of the Company and the transaction contemplated under the Agreement is a connected transaction under Chapter 14A of the Listing Rules.

An announcement of the Company dated 30 July 2015 setting out details of the above-mentioned transaction was issued by the Company.

(2) Disposal of Non-solar Power Business

On 14 September 2015, Hank Rich Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("S&P Agreement") with 上海其辰投資管理有限公司 (Shanghai Qichen Investment Management Co., Ltd. *, the "Purchaser") and 江蘇協鑫能源有限公司 (Jiangsu Golden Concord Energy Co., Ltd.*, the "Guarantor"). Pursuant to the S&P Agreement, Hank Rich Limited disposed all the equity interest of 保利協鑫有限公司 (GCL-Poly Limited*) and all its subsidiaries after re-organisation, which included seventeen cogeneration plants, two solid-waste incineration plants and one wind farm for a consideration of RMB3.2 billion, payable in cash upon completion. An amount of RMB160 million, being the deposit, was paid on 10 September 2015 with the remaining balance payable by the Purchaser upon completion. The Guarantor had irrevocably and unconditionally agreed to guarantee the due performance of the obligations of the Purchaser under the S&P Agreement.

* English name for identification only

The Purchaser, being a company indirectly owned by the Zhu Family Trust, is a connected person of the Company and the transaction contemplated under the S&P Agreement is therefore a connected and major transaction and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An announcement and a circular of the Company dated 14 September 2015 and 11 November 2015, respectively, setting out the details of the transaction were issued by the Company. The S&P Agreement and the transactions contemplated thereunder were approved by the independent shareholders at an extraordinary general meeting held on 26 November 2015 and the transaction was completed on 8 December 2015.

(B) CONTINUING CONNECTED TRANSACTIONS

The INEDs of the Company, have reviewed and confirmed that the continuing connected transactions for the year ended 31 December 2015 and that they were entered into:

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

ii. on normal commercial terms or better; and

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

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditor of the Company to conduct certain procedures in respect of the continuing connected transactions of the Group in accordance with the Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has confirmed to the Board in writing that for the year ended 31 December 2015, the continuing connected transactions, which were entered into:

1. have received the approval of the Board;

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

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

4. have not exceeded the relevant announced cap amounts for the financial year ended 31 December 2015.

Details of the continuing connected transactions of the Company for the year ended 31 December 2015 are as follows:

(1) Supply of coal

保利協鑫電力燃料有限公司 GCL-Poly Power Fuel Co., Ltd. ("GCL-Poly Fuel Company") and GCL-Poly Limited, both were wholly-owned subsidiaries of the Company until the completion of disposal of them on 8 December 2015, had carried out coal trading to increase income for the Group.

南京協鑫生活污泥發電有限公司 Nanjing Xiexin Life Sludge Power Co., Ltd.* ("Nanjing Cogeneration Plant") and 蘭溪協鑫環保熱電有限公司 Lanxi Golden Concord Environmental Protection Cogen-Power Co., Ltd.* ("Lanxi Cogeneration Plant") are wholly-owned by the Zhu Family Trust. Thus Nanjing Cogeneration Plant and Lanxi Cogeneration Plant are associates of Mr. Zhu Gongshan and/or Mr. Zhu Yufeng, and therefore are connected persons of the Company under Chapter 14A of the Listing Rules.

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

As the Company had completed the disposal of, among others, GCL-Poly Fuel Company and GCL-Poly Limited on 8 December 2015, the amount of coal sale is calculated upto such date.

The amount of coal sale for the period from 1 January 2015 to 8 December 2015 and the annual cap for the year ended 31 December 2015 in respect of the Nanjing Coal Sale Agreement and the Lanxi Coal Sale Agreement were as follows:

Agreement	**Transaction amount for the period from 1 January 2015 to 8 December 2015** (RMB)	**Annual Cap for the year ended 31 December 2015** (RMB)
Nanjing Coal Sale Agreement	147,725,000	210,900,000
Lanxi Coal Sale Agreement	91,147,000	159,800,000

* English name for identification only

(2) Steam supply

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

Jiangsu Zhongneng, a wholly-owned subsidiary of the Company, entered into an agreement (the "Previous JZ Agreement") dated 10 October 2014 with 徐州金山橋熱電有限公司 Xuzhou Jinshanqiao Cogeneration Co., Ltd.* ("Jinshanqiao Cogeneration Plant"), pursuant to which Jinshanqiao Cogeneration Plant agreed to supply, steam with pressure of 0.8 Mpa and 3.8 Mpa at a price of RMB165 per tonne and RMB215 per tonne respectively, to Jiangsu Zhongneng for one year, commencing from 1 November 2014. Jinshanqiao Cogeneration Plant, a company which had been owned by Zhu Family Trust since May 2012, was transferred to a company which is entirely owned by Mr. Zhu Gongshan in December 2014. Jinshanqiao Cogeneration Plant is an associate of Mr. Zhu Gongshan, and therefore is a connected person of the Company under Chapter 14A of the Listing Rules. The steam price to be payable monthly in arrears based on the amount of steam utilized by Jiangsu Zhongneng. An announcement of the Company dated 10 October 2014 setting out the details of the Previous JZ Agreement was published by the Company.

As the Previous JZ Agreement was expired on 31 October 2015, Jiangsu Zhongneng entered into an agreement (the "New JZ Agreement") dated 29 September 2015 with Jinshanqiao Cogeneration Plant, pursuant to which Jinshanqiao Cogeneration Plant agreed to supply steam with pressure of 0.8 Mpa and 3.8 Mpa at a price of RMB165 per tonne and RMB180.7 per tonne, respectively, to Jiangsu Zhongneng for three years, commencing from 1 November 2015 and ending on 31 October 2018. If the price prescribed by the government authority is adjusted, the parties will adopt the adjusted price as the applicable steam supply price unless the parties agreed otherwise. The steam price to be payable monthly in arrears based on the amount of steam utilized by Jiangsu Zhongneng. An announcement of the Company dated 29 September 2015 setting out the details of the New JZ Agreement was published by the Company.

The transaction amounts and the annual caps for the year ended 31 December 2015 under the Previous JZ Agreement and the New JZ Agreement were as follows:

Agreement	Transaction amount for the year ended 31 December 2015 (RMB)	Annual Cap for the year ended 31 December 2015 (RMB)
Previous JZ Agreement	656,589,000#	908,210,000#
New JZ Agreement	144,247,000##	156,910,000##

Notes:

for the period from 1 January 2015 to 31 October 2015

for the period from 1 November 2015 to 31 December 2015

* English name for identification only

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

On 10 October 2014, Jiangsu GCL (a wholly-owned subsidiary of the Company) entered into a steam supply agreement (the "Previous GCL Agreement") with Jinshanqiao Cogeneration Plant, pursuant to which Jiangsu GCL purchased steam with pressure of 0.6–0.8 Mpa at a price of RMB180 per tonne from Jinshanqiao Cogeneration Plant for one year, commencing from 1 November 2014, to be payable monthly in arrears. Any change to the steam supply price in future will be subject to the application and approval by the Xuzhou Price Bureau. As mentioned above that Jinshanqiao Cogeneration Plant is a connected person of the Company, the transactions contemplated under the Previous GCL Agreement were continuing connected transactions under Chapter 14A. An announcement dated 10 October 2014 setting out the details of the Previous GCL Agreement was published by the Company.

As the Previous GCL Agreement was expired on 31 October 2015, Jiangsu GCL entered into a new agreement (the "New GCL Agreement") dated 29 September 2015 with Jinshanqiao Cogeneration Plant, pursuant to which Jinshanqiao Cogeneration Plant agreed to supply, steam with pressure of 0.6-0.8 Mpa and temperature at 200^0C-260^0C at a price of RMB180 per tonne, to Jiangsu GCL for three years, commencing from 1 November 2015 and ending on 31 October 2018. If the price prescribed by the government authority is adjusted, the parties will adopt the adjusted price as the applicable steam supply price unless the parties agreed otherwise. The steam price will be payable monthly in arrears based on the amount of steam utilized by Jiangsu GCL. An announcement of the Company dated 29 September 2015 setting out the details of the New GCL Agreement was published by the Company.

The transaction amount and the annual cap for the year ended 31 December 2015 under the Previous GCL Agreement and New GCL Agreement were as follows:

Agreement	**Transaction amount for the year ended 31 December 2015** (RMB)	**Annual Cap for the year ended 31 December 2015** (RMB)
Previous GCL Agreement	3,233,000#	5,670,000#
New GCL Agreement	730,000##	1,350,000##

Notes:

for the period from 1 January 2015 to 31 October 2015

for the period from 1 November 2015 to 31 December 2015

* English name for identification only

(c) Steam supply to 揚州協鑫光伏科技有限公司 (Yangzhou GCL Photovoltaic Technology Co., Ltd.*) ("Yangzhou GCL Photovoltaic Technology") from 揚州港口污泥發電有限公司 (Yangzhou Harbour Sludge Power Co., Ltd.*) ("Yangzhou Harbour Sludge Power")

Before completion of the disposal (the "Disposal") of non-solar power business of the Company to 上海其辰投資管理有限公司 (Shanghai Qichen Investment Management Co., Ltd.*, a company beneficially owned by the Zhu Family Trust) on 8 December 2015, Yangzhou GCL Photovoltaic Technology (a wholly-owned subsidiary of the Company), was purchasing steam from Yangzhou Harbour Sludge Power under the terms of a steam supply contract (the "Steam Supply Contract") dated 2 June 2015.

Pursuant to the Steam Supply Contract, Yangzhou Harbour Sludge Power will supply steam to Yangzhou GCL Photovoltaic Technology at a rate of 0.2 tonnes to 1 tonne per hour with pressure exceeding 0.6Mpa and temperature exceeding 150°C, during the period from 10 June 2015 to 9 June 2017.

The agreed steam supply price is RMB178.2 per tonne and payable monthly in areas based on the amount of steam utilized by Yanzhou GCL Photovoltaic Technology in the relevant month. The steam supply price was determined by arm's length negotiations between the parties with reference to the price prescribed by the Yangzhou Price Bureau, which will publish steam reference price to the industry from time to time. If the price prescribed by the government authority is adjusted, the parties will adjust the price for the steam supply accordingly.

Yanzhou Harbour Sludge Power was a subsidiary of the Company before the Disposal and became a connected person upon completion of the Disposal as it is owned by the Zhu Family Trust, an associate of Mr. Zhu Gongshan and Mr. Zhu Yufeng, both are directors of the Company. The continuing transactions under the Steam Supply Contract became continuing connected transactions upon the completion of the Disposal. Pursuant to Rule 14A.60 of the Listing Rules, the Company disclosed the Steam Supply Contract in an announcement dated 8 December 2015 of the Company.

During the period from 8 December 2015 to 31 December 2015, the transaction amount under the Steam Supply Contract is RMB41,000.

* English name for identification only

(3) Desalted Water Supply to Jiangsu Zhongneng from Jinshanqiao Cogeneration Plant

Jinshanqiao Cogeneration Plant and Jiangsu Zhongneng had entered into a desalted water supply agreement for the period from 1 August 2015 to 31 October 2015, pursuant to which Jinshaqiao Cogeneration Plant supplied Jiangsu Zhongneng desalted water at a consideration of RMB12 per tonne (the "Previous Agreement").

As the Previous Agreement expired on 31 October 2015, both parties entered into a new agreement on 29 September 2015 (the "New Desalted Water Supply Agreement"). Pursuant to the New Desalted Water Supply Agreement, Jinshanqiao Cogeneration Plant agreed to supply, and Jiangsu Zhongneng agreed to purchase desalted water for three years, commencing from 1 November 2015 and ending on 31 October 2018 at a price of RMB12 per tonne, payable monthly in arrears based on the actual amount of desalted water supplied. If the raw material price or other costs increase or decreases, resulting in the cost of supplying the desalted water increased or decreased by 10% or above, the parties will adjust the price accordingly. An announcement of the Company dated 29 September 2015 setting out the details of the transactions was published by the Company.

The transaction amount and the annual cap for the period from 1 November 2015 to 31 December 2015 under the New Desalted Water Supply Agreement were as follows:

Agreement	**Transaction amount for the period from 1 November 2015 to 31 December** (RMB)	**Annual Cap for the period from 1 November 2015 to 31 December 2015** (RMB)
New Desalted Water Supply Agreement	301,000	720,000

(4) Lease of a property by 蘇州協鑫工業應用研究院有限公司 (Suzhou GCL Industrial Applications Research Co., Ltd.*) ("Suzhou GCL Industrial Applications Research" to 保利協鑫有限公司 (GCL-Poly Limited*) ("Target Company")

Before completion of the disposal (the "Disposal") of non-solar power business of the Company to 上海其辰投資管理有限公司 (Shanghai Qichen Investment Management Co., Ltd.*, a company beneficially owned by the Zhu Family Trust) on 8 December 2015, Suzhou GCL Industrial Applications Research leased a property in the PRC to Target Company pursuant to a lease agreement dated 16 July 2015 entered into between Suzhou GCL Industrial Applications Research and Target Company ("Lease Agreement").

Pursuant to the Lease Agreement, Suzhou GCL Industrial Applications Research leased to Target Company a property of 3,400 square meters in Suzhou, PRC for business purpose during the period from 20 July 2015 to 19 July 2017 for a rental of RMB255,000 per month, to be payable quarterly. The consideration was determined by arm's length negotiations between the parties with reference to the prevailing market rental of comparable class of commercial premises in Suzhou and is exclusive of management fees, utilities and car-park related expenses which are borne by the Target Company.

Target Company was a subsidiary of the Company before the Disposal and became a connected person upon completion of the Disposal as it is owned by the Zhu Family Trust, an associate of Mr. Zhu Gongshan and Mr. Zhu Yufeng, both are directors of the Company. The continuing transactions under the Lease Agreement became continuing connected transactions upon the completion of the Disposal.

Pursuant to Rule 14A.60 of the Listing Rules, the Company disclosed the Lease Agreement in an announcement dated 8 December 2015 of the Company.

During the period from 8 December 2015 to 31 December 2015, the rental received under the Lease Agreement is RMB255,000.

(5) Wafer, module accessory and solar cells sales by the Group to 上海超日太陽能科技股份有限公司 (Shanghai Chaori Solar Energy Science & Technology Co., Ltd.*), "Shanghai Chaori", currently renamed as (協鑫集成科技股份有限公司 GCL System Integration Technology Co., Ltd.)

Before the board of directors of Shanghai Chaori was deemed to be controlled by the Zhu Family Trust on 10 February 2015, the Company, through its subsidiaries, entered into the following agreements (the "Agreements") with Shanghai Chaori:

a) a silicon wafer sales agreement dated 29 July 2014 (as amended by a supplemental agreement dated 26 August 2014) for a term from 30 July 2014 to 31 December 2014 to supply silicon wafer to Shanghai Chaori for a consideration of approximately RMB189,800,000 after amendment of quantity under the supplemental agreement;

b) a module accessory sales agreement dated 13 August 2014 to supply module accessories to Shanghai Chaori for a consideration of RMB46,164,280.40;

c) a solar cells sales agreement dated 15 August 2014 to sell to Shanghai Chaori solar cells at a unit price of RMB10.05 per piece for class A solar cells, RMB4.00 per piece for class C solar cells and RMB4.00 per piece for class trash solar cells. The total consideration under this agreement is RMB13,532,401.50;

d) a module accessory sales agreement dated 20 September 2014 (as amended by a supplemental agreement dated 24 October 2014) to sell to Shanghai Chaori module accessories for a consideration of RMB322,745,572.04. The actual price paid shall be determined with reference to the unit price of each class of module accessories and the actual amount of module accessories delivered;

e) a silicon wafer sales agreement dated 23 September 2014 to sell to Shanghai Chaori Grade B class S2 polycrystalline wafers at the unit price of RMB5.1 per piece for a consideration of RMB20,400,000 and Grade B class S3 polycrystalline wafers at the unit price of RMB5.3 per piece for a consideration of 15,900,000;

f) a silicon wafer sales agreement dated 1 December 2014 to sell 30,000,000 pieces of class S2 polycrystalline wafers at the unit price of RMB6.3 per piece for a consideration of RMB189,000,000 and 5,000,000 pieces of class S3 polycrystalline wafers at the unit price of RMB6.5 per piece for a consideration of RMB32,500,000;

g) a silicon wafer sales agreement dated 5 January 2015 to supply to Shanghai Chaori polycrystalline wafers at a unit price of RMB6.3 per piece for a consideration of RMB31,500,000 and 25,000,000 pieces of class S3 polycrystalline wafers at a unit price of RMB6.5 per piece for a consideration of RMB162,500,000;

h) a silicon wafer sales agreement dated 14 January 2015 to supply to Shanghai Chaori 128,680 pieces of Grade B class B monocrystalline wafers at a unit price of RMB6.2 for a consideration of RMB797,816; and

i) a silicon wafer sales agreement dated 23 January 2015 (as amended by a supplemental agreement dated 3 February 2015) to supply Shanghai Chaori 4,000,000 pieces of class S2 polycrystalline wafers at the unit price of RMB6.2 for a consideration of RMB24,800,000 and 21,000,000 pieces of class S3 polycrystalline wafers at a unit price of RMB6.3 for a consideration of RMB132,300,000.

The consideration of all the above agreements is calculated on the basis of the market price of similar products which is determined after arms' length negotiation between the parties.

As the board of directors of Shanghai Chaori was deemed to be controlled by the Zhu Family Trust, an associate of Mr. Zhu Gongshan and Mr. Zhu Yufeng, both are directors of the Company. The continuing transactions under the Agreements became continuing connected transactions on 10 February 2015.

Pursuant to Rule 14A.60 of the Listing Rules, the Company disclosed the Agreements in an announcement dated 10 February 2015 of the Company.

The Agreements were completed during the year of 2015.

(6) Purchase of Solar Modules from Shanghai Chaori by subsidiaries of GCL New Energy Holdings Limited ("GNE")

GNE, a subsidiary of the Company, the shares of which are listed on the Stock Exchange (stock code: 451).

Before the board of directors of Shanghai Chaori was deemed to be controlled by the Zhu Family Trust on 10 February 2015, the Company, through its subsidiaries of GNE, entered into the following agreements (the "Agreements") with Shanghai Chaori:

a) a module sales agreement dated 12 September 2014 to purchase solar modules from Shanghai Chaori 6,000,050 watts of 310-watt solar modules at the unit price of RMB3.99 per watt for a consideration of RMB23,940,199.50; and (b) 27,000,125 watts of 305-watt solar modules at the unit price of RMB3.99 per watt for a consideration of RMB107,730,498.75. The total consideration is RMB131,670,698.25 (the "First Module Sales Agreement");

b) a module sales agreement dated 15 September 2014 to purchase solar modules from Shanghai Chaori 100,000,200 watts of 300-watt solar modules at the unit price of RMB3.95 per watt for a consideration of RMB395,000,790 (the "Second Module Sales Agreement");

c) a module sales agreement dated 20 September 2014 to purchase solar modules from Shanghai Chaori 60,000,000 watts of 300-watt solar modules at the unit price of RMB3.95 per watt for a consideration of RMB237,000,000 (the "Third Module Sales Agreement");

d) a module sales agreement dated 25 September 2014 to purchase solar modules from Shanghai Chaori (a) 38,291,400 watts of 300-watt solar modules at the unit price of RMB3.95 per watt for a consideration of RMB151,251,030; and (b) 123,206,820 watts of 255-watt solar modules at the unit price of RMB3.95 per watt for a consideration of RMB486,666,939. The total consideration is RMB637,917,969 (the "Fourth Module Sales Agreement");

e) a module sales agreement dated 28 November 2014 to purchase solar modules from Shanghai Chaori 20,000,000 watts of 300-watt and 305-watt solar modules at the unit price of RMB3.96 per watt plus an estimated transportation fee of RMB0.17 per watt, for an estimated consideration of RMB82,600,000 (the "Fifth Module Sales Agreement");

f) a module sales agreement dated 28 November 2014 to purchase solar modules from Shanghai Chaori 22,000,000 watts of 300-watt and 305-watt solar modules at the unit price of RMB3.95 per watt plus an estimated transportation fee of RMB0.02 per watt for an estimated consideration of RMB87,340,000 (the "Sixth Module Sales Agreement");

g) a module sales agreement dated 28 November 2014 to purchase solar modules from Shanghai Chaori 30,000,000 watts of 300-watt and 305-watt solar modules at the unit price of RMB3.95 per watt plus an estimated transportation fee of RMB0.10 per watt, for an estimated consideration of RMB121,500,000 (the "Seventh Module Sales Agreement"); and

h) a module sales agreement dated 22 January 2015 to purchase solar modules from Shanghai Chaori 30,000,000 watts of 300-watt and 305-watt solar modules at the unit price of RMB3.95 per watt plus an estimated transportation fee of RMB0.14 per watt for an estimated total consideration of RMB122,700,000 (the "Eighth Module Sales Agreement").

The consideration pursuant to all the above-mentioned agreements is calculated on the basis of the market price of similar products which is determined after arm's length negotiation between the parties.

Details of the First Module Sales Agreement, the Second Module Sales Agreement, the Third Module Sales Agreement, the Fourth Module Sales Agreement, the Fifth Module Sales Agreement, the Sixth Module Sales Agreement and the Seventh Module Sales Agreement were set out in the announcements of the Company dated 7 November 2014 and 28 November 2014, while the details of the Eight Module Sales Agreement was set out in the announcement of the Company and GNE dated 23 January 2015.

As the board of directors of Shanghai Chaori was deemed to be controlled by the Zhu Family Trust, an associate of Mr. Zhu Gongshan and Mr. Zhu Yufeng, both are directors of the Company. The continuing transactions under the above-mentioned agreements became continuing connected transactions on 10 February 2015.

Pursuant to Rule 14A.60 of the Listing Rules, the Company disclosed the above-mentioned agreements in an announcement dated 10 February 2015 of the Company.

* English name for identification only

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

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

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

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

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

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

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

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

Names of the Company's Directors	Name of company in which the relevant Director has interest	Principal activities of the competing company	% interest in competing company
Mr. Zhu Yufeng	Xilingol Zhongneng Silicon Co., Ltd.* (Dormant and inactive)	Ingot Plant in the development and construction stage	Mr. Zhu Yufeng, through companies controlled by him, holds 70% interest

The Board is independent from the board of the above-mentioned entity and is accountable to the shareholders of the Company. Coupled with the diligence of its Independent Non-executive Directors whose views carry significant weight in the Board's decisions, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of the above mentioned entity should it commence business.

Note: * English name for identification only

DEED OF NON-COMPETITION

Further to the establishment of, and review of the inconsistency of non-competition undertaking between the deed of non-competition and the prospectus of the Company conducted by, the independent committee of the board ("IBC") in 2013, findings of which were announced on 4 October 2013, 26 November 2013 and 20 March 2014 respectively. The Board further announced on 25 March 2015 that the Company and Mr. Zhu Gongshan, Mr. Zhu Yufeng and Highexcel Investments Limited (collectively the "Covenantors") entered into a conditional settlement deed dated 25 March 2015 (the "Deed of Settlement"), pursuant to which Mr. Zhu Gongshan agreed to enter into good faith negotiations with the Company in relation to the proposed acquisition, for nil consideration, by the Company of all issued shares in Honour Faith Group Limited ("Honour Faith") which holds indirectly the equity interest of 徐州金山橋熱電有限公司 (Xuzhou Jinshanqiao Cogeneration Co. Ltd.*, the "Jinshanqiao Holdco")) ("Original Settlement").

The Board announced on 14 September 2015 that the Company entered into a sale and purchase agreement (as supplemented by a supplemental agreement dated 29 October 2015) to dispose 100% equity interest in a subsidiary which owned primarily non-solar power plants to a purchaser which was owned by the family trust of Mr. Zhu Gongshan and Mr. Zhu Yufeng (the "Proposed Disposal"). As part of the negotiations of the sale and purchase agreement, the retention of the shares in Honour Faith (and interests in Jinshanqiao Holdco) by entities controlled by Mr. Zhu Gongshan and the payment of a cash compensation of RMB1.16 billion (the "Settlement Sum") in lieu to the Company was proposed by the purchaser in substitution for the Original Settlement ("Revised Settlement"). The revised settlement terms were set out in the amendment deed (the "Amendment Deed"), the execution and performance of which was a condition precedent to the Proposed Disposal.

The Company engaged Herbert Smith Freehills and Optima Capital Limited, respectively, to advise the IBC on the legal and commercial merits of the proposed departure from the Original Settlement. The Company also engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited to provide an updated assessment of the market valuation of the shares in Honour Faith for indicative purposes. In summary, Herbert Smith Freehills advised that, in their view, the IBC and the Board were at liberty to approve the Revised Settlement in lieu of acquiring the shares of Honour Faith under the Deed of Settlement if they consider that doing so would be in the best interests of the Company. Based on its analysis, Optima Capital Limited endorsed the proposed Revised Settlement. In light of the advice received from the Company's legal and financial advisers and after taking all relevant considerations into account, the Board (including members of the IBC), considered that, if the Proposed Disposal would proceed, the proposed amendments to the Deed of Settlement contemplated under the Amendment Deed and the payment of the Settlement Sum to the Company under the Revised Settlement would be an acceptable form of alternative settlement consideration in respect of the Company's possible claims against the Covenantors. Details of the advices from the Company's legal and financial advisers and considerations of the Board was set out in the "Letter from the Board" under a circular of the Company dated 11 November 2015. The Amendment Deed was entered into by the Company and the Covenantors on 8 November 2015.

* English name for identification only

In addition to the Amendment Deed, the purchaser of the Proposed Disposal also proposed that the entering into a restated non-competition deed ("Restated NCD") between the Company and Mr. Zhu Gongshan, Mr. Zhu Yufeng, Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited (collectively the "Restated NCD Covenantors") was another conditions precedent to the Proposed Disposal. It was proposed that the Restated NCD would amend and restate the terms of the non-competition deed dated 27 October 2007 (as amended by an amendment deed dated 27 March 2014, the "Non-competition Deed") to remove all relevant provisions relating to restrictions on the Covenantors from carrying on or being interested in the business comprised in the group of companies to be disposed under the Proposed Disposal and Jinshanqiao Holdco, and any business, project or investment relating to the operation of the cogeneration plants, solid waste incineration plants and wind power plants, including the Covenantors' obligations to first offer to the Company opportunities in respect of such business and the option rights to acquire the interests in the excluded business at the consideration and on the terms as set out in the Non-competition Deed (the "Excluded Business"). Nevertheless, under the Restated NCD, save for the Excluded Business, the Restated NCD Covenantors would still be obliged to not directly or indirectly, carry on or engage or be interested in any business which is or may be in competition with the business carried out by the Company from time to time.

Also, there is no contractual arrangement under the Restated NCD (i) restricting the Company from engaging in the Excluded Business after completion of the Proposed Disposal; and (ii) requiring the Restated NCD Covenantors to take any action or implement any arrangement should the Company decide to re-engage in the Excluded Business. As such, even if the Company re-engages in the Excluded Business, the Restated NCD Covenantors will not be restricted under the Restated NCD from continuing to carry on the Excluded Business. The Restated NCD is conditional upon (i) the approval thereof by the independent shareholders of the Company, and (ii) completion of the Proposed Disposal.

The Board (including the Independent Non-executive Directors) had taken a number of factors for consideration and were of the view that the proposed amendments to the Non-competition Deed under the Restated NCD were fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole. Details of the proposed variation of the Non-competition Deed and factors considered by the Board was set out in the "Letter from the Board" under a circular of the Company dated 11 November 2015.

The Restated NCD was entered into by the Company and the Restated NCD Covenantors on 8 November 2015. The independent shareholders of the Company approved the Restated NCD at the extraordinary general meeting of the Company held on 26 November 2015 and the Proposed Disposal was completed on 8 December 2015. An announcement of the Company dated 26 November 2015 and 8 December 2015 setting out the results of the extraordinary general meeting and completion of the Proposed Disposal were issued by the Company, respectively.

The Restated NCD Covenantors have provided confirmations to the Company that they have complied with the Restated NCD and provided all information necessary for the updating of the INEDs in relation to the business portfolios.

EMOLUMENT POLICY

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

The Company has adopted a Pre-IPO Share Option Scheme and a Share Option Scheme as an incentive to Directors and eligible employees, details of the schemes are set out under the section headed "Pre-IPO Share Option Scheme" and "Share Option Scheme" in this report and in note 55 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

In 2015, the Group's largest supplier accounted for 13.41% of total purchases. The five largest suppliers accounted for 29.25% of the Group's total purchases, evidencing the purchasing department's commitment to ensuring that the Group is not dependent on any one supplier, and that our purchases are at fair market terms.

The Group's largest customer accounted for 18.93% of our revenue for the year 2015. In 2015, the Group's five largest customers accounted for 48.80% of our revenue. To the best knowledge of the Directors, there is no Directors or any of their associates or any shareholder who holds more than 5% of the ordinary shares of the Company has any interests in the suppliers or customers disclosed above.

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

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

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in normal course of business are set out in note 58 to the consolidated financial statements. All related party transactions were constituted connected transactions/ continuing connected transactions under the Listing Rules and that they have complied with the disclosure requirements in accordance with chapter 14A of the Listing Rules.

PUBLIC FLOAT

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

WAIVER OF EMOLUMENT

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

CHANGES IN INFORMATION ON DIRECTORS

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

(i) Director's emoluments

The board of Directors and the remuneration committee of the Company had reviewed and approved an increase in the annual base salary in respect of the following Independent Non-executive Directors and Executive Director as follows:

Name of Director	Capacity	Revised annual base salary/ Annual Director's fee	Effective Date
Zhu Zhanjun	Executive Director	RMB4,000,000	1 April 2016
Yip Tai Him	Independent Non-Executive Director	HK$340,200	1 January 2016
Ho Chung Tai, Raymond	Independent Non-Executive Director	HK$430,920	1 January 2016

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

(ii) Directors' other directorship

The following Directors were appointed or ceased as a director of the following companies during the year, the securities of which are listed on the securities market in Hong Kong or overseas:–

Name of Director	Appointment Date	Ceasation Date	Company Name	Securities market on which the shares are listed
Yip Tai Him	n.a.	2 April 2015	Lajin Entertainment Network Group Limited (Formerly known as: China Star Cultural Media Group Limited)	Hong Kong GEM Board
	20 July 2015	n.a.	Excel Development (Holdings) Limited	Hong Kong Main Board
	14 September 2015	n.a.	Sino Golf Holdings Limited	Hong Kong Main Board
Yeung Man Chung, Charles	18 September 2015	n.a.	GCL New Energy Holdings Limited	Hong Kong Main Board

AUDITOR

The consolidated financial statements for the year ended 31 December 2015 have been audited by Messrs. Deloitte Touche Tohmatsu who will retire on conclusion of the forthcoming annual general meeting. A resolution for re-appointment of Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting.

EVENTS AFTER REPORTING PERIOD

Details of the events after reporting period of the Group are set out in the note 56 to the consolidated financial statements.

On behalf of the Board
Zhu Gongshan
Chairman

Hong Kong, 23 March 2016

Deloitte.
德勤

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

We have audited the consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 79 to 236, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000 (Restated)
Continuing operations			
Revenue	6	**21,766,335**	21,523,355
Cost of sales		**(15,990,346)**	(16,547,893)
Gross profit		**5,775,989**	4,975,462
Other income	7	**951,498**	790,450
Compensation income arising from the amendment of settlement deed	8	**1,160,000**	—
Distribution and selling expenses		**(79,104)**	(66,001)
Administrative expenses		**(1,581,292)**	(1,439,252)
Finance costs	9	**(2,208,776)**	(2,114,294)
Other expenses, gains and losses, net	10	**(1,200,821)**	(383,555)
Share of (losses) profits of joint ventures	21	**(49,859)**	5,681
Share of losses of associates	22	**—**	(277)
Profit before tax		**2,767,635**	1,768,214
Income tax expense	11	**(529,554)**	(291,047)
Profit for the year from continuing operations	12	**2,238,081**	1,477,167
Discontinued operations			
Profit for the year from discontinued operations	13	**488,643**	230,146
Profit for the year		**2,726,724**	1,707,313
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**7,812**	(13,691)
Realisation of fair value change of available-for-sale investment upon disposal		**—**	(50,493)
Total comprehensive income for the year		**2,734,536**	1,643,129

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Profit for the year attributable to owners of the Company			
– from continuing operations		**2,105,933**	1,412,425
– from discontinued operations		**319,287**	136,243
Profit for the year attributable to owners of the Company		**2,425,220**	1,548,668
Profit for the year attributable to non-controlling interests			
– from continuing operations		**132,148**	64,742
– from discontinued operations		**169,356**	93,903
Profit for the year attributable to non-controlling interests		**301,504**	158,645
		2,726,724	1,707,313
Total comprehensive income for the year attributable to:			
Owners of the Company		**2,420,755**	1,486,791
Non-controlling interests		**313,781**	156,338
		2,734,536	1,643,129

	Note	2015 RMB cents	2014 RMB cents (Restated)
Earnings per share	16		
From continuing and discontinued operations			
Basic		**15.52**	9.92
Diluted		**14.52**	9.19
From continuing operations			
Basic		**13.48**	9.04
Diluted		**12.52**	8.35

Consolidated Statement of Financial Position

At 31 December 2015

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)	1 January 2014 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	17	**41,649,905**	39,926,691	34,588,971
Prepaid lease payments	18	**1,101,931**	1,399,000	1,423,874
Goodwill	19	**176,528**	499,859	512,859
Other intangible assets	20	**54,078**	136,349	157,777
Interests in joint ventures	21	**158,063**	244,703	268,379
Interests in associates	22	**—**	198,829	153,052
Held-to-maturity investments	23	**—**	12,075	—
Available-for-sale investments	24	**90,000**	—	229,427
Convertible bonds receivable	25	**93,707**	137,932	193,740
Deferred tax assets	26	**54,305**	74,507	12,218
Deposits, prepayments and other non-current assets	28	**2,685,754**	1,152,624	529,660
Amount due from related companies	29	**129,936**	21,534	—
Pledged and restricted bank deposits	31	**442,225**	124,791	127,765
		46,636,432	43,928,894	38,197,722
CURRENT ASSETS				
Inventories	27	**1,386,584**	2,456,518	1,935,300
Trade and other receivables	28	**14,367,687**	10,775,068	8,693,360
Amounts due from related companies	29	**51,809**	98,639	146,151
Prepaid lease payments	18	**25,127**	32,463	33,534
Available-for-sale investments	24	**38,726**	—	—
Held for trading investment	30	**14,456**	17,159	9,804
Tax recoverable		**2,690**	16,559	37,959
Pledged and restricted bank deposits	31	**6,616,105**	9,316,271	6,352,666
Bank balances and cash	31	**10,259,967**	4,361,794	4,849,922
		32,763,151	27,074,471	22,058,696
Assets classified as held for sale	32	**291,907**	—	—
		33,055,058	27,074,471	22,058,696

Consolidated Statement of Financial Position

At 31 December 2015

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)	1 January 2014 RMB'000 (Restated)
CURRENT LIABILITIES				
Trade and other payables	33	**15,698,110**	16,442,599	10,800,270
Amounts due to related companies	34	**206,171**	579,672	577,762
Loan from a related company	35	**—**	10,176	—
Advances from customers	36	**478,773**	767,973	751,137
Bank and other borrowings				
– due within one year	38	**22,314,968**	17,317,400	19,588,595
Obligations under finance leases				
– due within one year	39	**934,578**	735,118	514,330
Notes payables – due within one year	40	**648,716**	1,797,433	598,558
Bonds payable	41	**360,000**	—	—
Derivative financial instruments	42	**12,575**	—	—
Deferred income		**105,330**	96,514	95,182
Tax payables		**233,857**	184,911	129,868
		40,993,078	37,931,796	33,055,702
Liabilities directly associated with assets classified as held for sale	32	**51,462**	—	—
		41,044,540	37,931,796	33,055,702
NET CURRENT LIABILITIES		**(7,989,482)**	(10,857,325)	(10,997,006)
TOTAL ASSETS LESS CURRENT LIABILITIES		**38,646,950**	33,071,569	27,200,716

Consolidated Statement of Financial Position

At 31 December 2015

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)	1 January 2014 RMB'000 (Restated)
NON-CURRENT LIABILITIES				
Advances from customers	36	**202,735**	510,382	859,643
Bank and other borrowings				
– due after one year	38	**12,120,725**	11,245,219	6,557,198
Obligations under finance leases				
– due after one year	39	**2,499,828**	951,415	1,113,513
Notes payables – due after one year	40	**3,670,615**	1,491,281	2,485,531
Convertible bonds payables	43	**2,018,472**	1,138,452	1,212,330
Deferred income		**352,002**	476,112	488,110
Deferred tax liabilities	26	**223,089**	413,759	328,793
		21,087,466	16,226,620	13,045,118
NET ASSETS		**17,559,484**	16,844,949	14,155,598
CAPITAL AND RESERVES				
Share capital	44	**1,372,260**	1,372,226	1,371,752
Reserves		**14,481,912**	13,136,707	11,322,281
Equity attributable to owners of the Company		**15,854,172**	14,508,933	12,694,033
Non-controlling interests		**1,705,312**	2,336,016	1,461,565
TOTAL EQUITY		**17,559,484**	16,844,949	14,155,598

The consolidated financial statements on pages 79 to 236 were approved and authorised for issue by the Board of Directors on 23 March 2016 and are signed on its behalf by:

Zhu Gongshan
DIRECTOR

Yeung Man Chung, Charles
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000 (Note i)	Capital reserve RMB'000 (Note ii)	Statutory reserve funds RMB'000 (Note iii)	Special reserves RMB'000 (Note iv)	Share options reserve RMB'000	Revaluation reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2014 (Restated)	1,371,752	6,188,910	2,118,150	67,251	1,472,014	(2,405,207)	126,259	50,493	729	3,703,682	12,694,033	1,461,565	14,155,598
Exchange differences arising from translation to presentation currency	—	—	—	—	—	—	—	—	(11,384)	—	(11,384)	(2,307)	(13,691)
Realisation of fair value change of available-for-sale investment upon disposal	—	—	—	—	—	—	—	(50,493)	—	—	(50,493)	—	(50,493)
Profit for the year	—	—	—	—	—	—	—	—	—	1,548,668	1,548,668	158,645	1,707,313
Total comprehensive (expense) income for the year	—	—	—	—	—	—	—	(50,493)	(11,384)	1,548,668	1,486,791	156,338	1,643,129
Recognition of share-based payment expenses in respect of share options (note 55)	—	—	—	—	—	—	55,336	—	—	—	55,336	72,895	128,231
Exercise of share options	474	9,697	—	—	—	—	(3,249)	—	—	—	6,922	—	6,922
Forfeitures of share options	—	—	—	—	—	—	(1,866)	—	—	1,866	—	—	—
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	400	400
Acquisitions of subsidiaries (note 45)	—	—	—	—	—	—	—	—	—	—	—	538,502	538,502
Deemed partial disposal in subsidiaries (Note i)	—	—	265,851	—	—	—	—	—	—	—	265,851	317,768	583,619
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(211,452)	(211,452)
Transfer to reserves	—	—	—	—	106,599	—	—	—	—	(106,599)	—	—	—
At 31 December 2014 (Restated)	1,372,226	6,198,607	2,384,001	67,251	1,578,613	(2,405,207)	176,480	—	(10,655)	5,147,617	14,508,933	2,336,016	16,844,949
Exchange differences arising from translation to presentation currency	—	—	—	—	—	—	—	—	(4,465)	—	(4,465)	12,277	7,812
Profit for the year	—	—	—	—	—	—	—	—	—	2,425,220	2,425,220	301,504	2,726,724
Total comprehensive (expense) income for the year	—	—	—	—	—	—	—	—	(4,465)	2,425,220	2,420,755	313,781	2,734,536
Recognition of share-based payment expenses in respect of share options (note 55)	—	—	—	—	—	—	18,787	—	—	—	18,787	135,542	154,329
Exercise of share options	34	363	—	—	—	—	(113)	—	—	—	284	—	284
Forfeitures of share options	—	—	(2,220)	—	—	—	(19,720)	—	—	47,353	25,413	(25,413)	—
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	100,324	100,324
Dividend recognised as distribution (note 15)	—	(1,120,000)	—	—	—	—	—	—	—	—	(1,120,000)	—	(1,120,000)
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(184,865)	(184,865)
Transfer to reserves	—	—	—	—	172,488	—	—	—	—	(172,488)	—	—	—
Disposal of subsidiaries	—	2,274,472	(1,230,844)	—	(296,312)	5,566	15,412	—	—	(768,294)	—	(970,073)	(970,073)
At 31 December 2015	1,372,260	7,353,442	1,150,937	67,251	1,454,789	(2,399,641)	190,846	—	(15,120)	6,679,408	15,854,172	1,705,312	17,559,484

Notes:

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

Upon disposal of the non-solar power business in the current year, portion of the amount was realised and transferred to the share premium, share options reserve and accumulated profits of the Group.

Movement in 2014 was arising from the completion of a placement of 50,000,000 new shares by GCL New Energy Holdings Limited ("GNE"), which resulted in a deemed disposal of 5.71% of the Company's interest in GNE and the Company also transferred several wholly-owned subsidiaries to GNE. An amount of RMB317,768,000 (being proportionate share of the carrying amount of the net assets of GNE and of the several subsidiaries transferred to GNE) had been transferred to the non-controlling interests and credited to other reserve.

(ii) Capital reserve represents the amount of contribution from former immediate holding company of GCL Solar of US$15,009,000 (equivalent to RMB126,029,000) net of the 500,000 ordinary shares of GCL Solar repurchased for a consideration of US$7,000,000 (equivalent to RMB58,778,000) and cancelled prior to 2009.

(iii) Pursuant to the relevant laws in the PRC, each of the subsidiaries established in the PRC is required to transfer 5% – 10% (2014: 5% – 10%) of its profit after tax as per statutory financial statements (as determined by the management of the subsidiary) to the reserve funds (including the general reserve fund and enterprise development fund where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the subsidiary. The enterprise development fund can only be used for development and is not available for distribution to shareholder.

(iv) Special reserves represent the difference between the consideration to acquire 36% of Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. ("Jiangsu Zhongneng") and the carrying amounts of net assets acquired in prior years.

Consolidated Statement of Cash Flow

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	**2,726,724**	1,707,313
Adjustments for:		
Income tax	**748,312**	506,483
Finance costs	**2,425,248**	2,403,218
Interest income	**(313,886)**	(256,380)
Gain on disposal of non-solar power business	**(82,411)**	—
Loss on fair value change of derivative financial instrument	**12,575**	—
Bargain purchase on business combination	**(21,626)**	—
Unrealised exchange loss, net	**426,473**	40,194
Depreciation of property, plant and equipment	**3,246,772**	2,940,822
Amortisation of prepaid lease payments	**32,873**	32,859
Amortisation of other intangible assets	**18,177**	20,922
Amortisation of deferred income	**(101,247)**	(124,087)
Loss on disposal of property, plant and equipment	**16,297**	16,022
Share of losses (profits) of joint ventures	**49,859**	(5,681)
Share of profits of associates	**(7,481)**	(32,095)
Share-based payment expenses	**154,329**	128,231
Waiver of other payables	**(8,563)**	(13,416)
Loss (gain) on fair value change of held for trading investment	**3,611**	(7,351)
Loss on fair value change of convertible bonds receivable	**44,225**	55,808
Loss (gain) on fair value change of convertible bonds payable	**6,211**	(69,351)
Gain on disposal of joint ventures	**—**	(17,697)
Loss on disposal of available-for-sale investments	**—**	11,270
Impairment loss on trade and other receivables	**285,270**	51,912
Bad debts directly written off	**896**	2,164
Write-down of inventories	**275,419**	172,585
Impairment loss on property, plant and equipment	**187,979**	96,299
Impairment loss on prepaid lease payments	**13,221**	44,440
Impairment loss on available-for-sale investments	**—**	3,287
Reversal of impairment loss on deposits for acquisitions of property, plant and equipment	**—**	(49,519)
Write-off (reversal of write-off) of other receivables	**66**	(1,437)
Provision for pipelines reinstallation charge	**—**	63,320
Impairment loss on goodwill	**16,000**	19,279
Operating cash flows before movements in working capital	**10,155,323**	7,739,414
Decrease (increase) in inventories	**653,432**	(563,499)
Increase in trade and other receivables	**(4,302,486)**	(2,185,029)
Decrease in amounts due from related companies	**36,002**	30,480
(Decrease) increase in trade and other payables	**(1,628,288)**	2,765,480
Decrease in amounts due to related companies	**(438,174)**	(125,331)
Decrease in advances from customers	**(551,918)**	(332,425)
Increase in deferred income	**35,084**	16,625
Increase in deposits, prepayments and other non-current assets	**(162,779)**	—
Cash generated from operations	**3,796,196**	7,345,715
Income taxes paid	**(592,111)**	(445,588)
Income taxes refunded	**14,332**	23,343
NET CASH FROM OPERATING ACTIVITIES	**3,218,417**	6,923,470

Consolidated Statement of Cash Flow

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition of property, plant and equipment		**(9,143,924)**	(5,063,153)
Addition of other intangible assets		**(5,797)**	(2)
Acquisition of subsidiaries	45	**(146,914)**	151,307
Disposal of subsidiaries	46	**1,465,916**	—
Investments in joint ventures		**(17,995)**	(11,237)
Investments in associates		**(118,865)**	(30,900)
Interest received		**340,460**	264,579
Withdrawal of pledged and restricted bank deposits		**9,437,021**	7,245,845
Placement of pledged and restricted bank deposits		**(7,163,104)**	(10,209,723)
(Payment to)/repayment from related companies		**(409)**	49,742
Receipt of repayment from entrusted loans receivable		**50,000**	130,000
Addition of entrusted loan receivable		**(50,000)**	—
Addition of held-to-maturity investment		**(25,275)**	(12,075)
Deposits paid for acquisitions of property, plant and equipment		**(962,508)**	(580,429)
(Refund) receipt of deposits received for a proposed disposal of business		**(400,000)**	400,000
Dividend received from joint ventures		**36,682**	—
Dividend received from associates		**8,785**	8,433
Proceeds from disposal of property, plant and equipment		**86,906**	215,740
Proceeds from disposal of joint ventures		**—**	115,347
Proceeds from disposal of an associate		**56,494**	—
Proceeds from disposal of available-for-sale investments		**—**	164,167
Receipt of government grants related to depreciable assets		**55,900**	80,235
Advances of other loan receivables		**(389,378)**	—
Addition of prepaid lease payments		**(166,652)**	—
Addition of available-for-sale investments		**(90,000)**	—
Settlement of payables to vendors of solar farms		**(171,371)**	—
Loans to joint ventures		**(130,248)**	—
Refund of deposits for acquisition of solar farm projects		**62,614**	—
Placement of deposit for financing of other borrowings		**(23,605)**	—
NET CASH USED IN INVESTING ACTIVITIES		**(7,405,267)**	(7,082,124)

Consolidated Statement of Cash Flow

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(2,475,833)**	(2,378,723)
New bank and other borrowings raised		**39,624,780**	36,048,578
Repayment of bank and other borrowings		**(31,181,853)**	(34,510,066)
Proceeds from issuance of shares of a subsidiary		**—**	583,618
Proceeds from sale and finance lease back arrangements		**3,030,956**	512,673
Repayment of obligations under finance leases		**(1,318,907)**	(525,742)
Interest paid for convertible bonds payable		**(12,215)**	(9,214)
Proceeds from issuance of notes payables	40	**4,697,253**	796,800
Redemption of notes payables	40	**(2,460,000)**	(600,000)
Proceeds from exercise of share options		**284**	6,922
Contribution from non-controlling interests		**100,325**	402
Dividends paid to non-controlling interests		**(149,240)**	(222,350)
(Repayment to) advances from related companies		**(61,508)**	17,165
Redemption of convertible bonds payables		**(1,280,055)**	—
Proceeds from issuance of convertible bonds payables	43	**2,166,079**	—
Proceeds from issuance of bond payable		**360,000**	—
Dividend paid		**(1,120,000)**	—
Other financing costs		**(19,521)**	—
Advance from third parties		**40,600**	—
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**9,941,145**	(279,937)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**5,754,295**	(438,591)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**4,361,794**	4,849,922
Effect of exchange rate changes on the balance of cash held in foreign currencies		**224,726**	(49,537)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER			
represented by			
– Bank balances and cash		**10,259,967**	4,361,794
– Bank balances and cash classified as held for sale		**80,848**	—
		10,340,815	4,361,794

1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company collectively the "Group"), associates and joint ventures are principally engaged in (1) the manufacturing of polysilicon and wafers for the solar industry; and (2) the development, investment, management and operation of solar projects. The Group was also engaged in the development, investment, management and operation of environmental friendly power plants and trading of coal, which were discontinued during the year (see note 13).

The functional currency of the Company is Renminbi ("RMB"). The presentation currency of the consolidated financial statements in prior financial year was Hong Kong dollars ("HK$"). In view of the fact that RMB is being widely accepted and has been used in the pricing and settlement of international trade and the Group's operation is mainly located in the PRC, where transactions are mainly denominated in RMB, the directors of the Company (the "Directors") consider that it is more appropriate to use RMB as the presentation currency in presenting the financial performance and financial positions of the Group effective from 1 July 2015, and the comparative information has been restated to reflect the change in presentation currency to RMB accordingly. The Group has also presented the consolidated statement of financial position as at 1 January 2014 without related notes.

For the purpose of presenting the consolidated financial statements of the Group in RMB, the assets and liabilities for the consolidated statement of financial position are translated into RMB at the closing rate at the respective reporting dates. Income and expenses for the consolidated statement of profit or loss and other comprehensive income are translated at the average exchange rates for the month of the transactions, unless exchange rates fluctuated significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Share capital, share premium and reserves are translated at the exchange rate at the date when the respective amounts were determined. The non-controlling interests presented in the consolidated statement of financial position are translated into RMB at the closing rate at the respective reporting dates.

2. BASIS OF PREPARATION

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group's current liabilities exceeded its current assets by RMB7,989 million as at 31 December 2015 and the Group had cash and cash equivalents of RMB10,341 million (including bank balances and cash classified as held for sale of RMB81 million) against the Group's bank and other borrowings due within one year of RMB22,315 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 ("GNE"), whose shares are listed on the Stock Exchange. As at 31 December 2015, certain subsidiaries of the Company guaranteed bank and other borrowings of GNE amounted to RMB4,163 million. 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 RMB5,000 million to finance the solar energy projects undertaken by the Company and its subsidiaries. Up to the date of approval of these consolidated financial statements, approximately RMB1,905 million were drawn down by the Company and its subsidiaries other than any members of GNE, and approximately RMB1,230 million were drawn down by GNE and its subsidiaries (collectively referred to as "GNE Group"). The remaining undrawn facility of approximately RMB1,865 million is available for GNE 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 application by GNE Group, and provision of guarantees from the Company and GCL-Poly Subsidiaries provided on a borrowing-by-borrowing basis.

The Directors have evaluated the going concern status of GNE Group in preparing these consolidated financial statements, in light of the fact that, as at 31 December 2015, GNE Group's current liabilities exceeded its current assets by RMB6,303 million; and it incurred a net loss of RMB15 million for the year ended 31 December 2015. In addition, GNE Group had existing commitments and entered into agreements during the year ended 31 December 2015 and up to the date of approval of these consolidated financial statements to acquire solar farm sites and construct solar farms which will involve capital expenditures of approximately RMB6,689 million to be settled within the next twelve months from 31 December 2015. This included payables of approximately RMB4,275 million that have been recognised in current liabilities as at 31 December 2015.

2. BASIS OF PREPARATION (Continued)

In addition, subject to the availability of further financial resources, GNE Group is currently looking for further opportunities to increase the scale of its solar farm operations through mergers and acquisitions. In the event that GNE Group is successful in securing more solar farms investments or expanding the investments in the existing solar farms in the coming twelve months from 31 December 2015, significant additional cash outflows will be required to settle further committed capital expenditure. As at 31 December 2015, GNE Group's total borrowings comprising bank and other borrowings, convertible bonds, bonds payable, obligations under finance leases, loan from a shareholder and loans from fellow subsidiaries amounted to RMB13,694 million, out of which RMB5,521 million will be due in the next twelve months from 31 December 2015. GNE Group is required to comply with certain restrictive financial covenant and undertaking requirements under certain borrowing agreements. GNE Group's pledged and restricted bank deposits and bank balances amounted to approximately RMB952 million and RMB1,965 million as at 31 December 2015, respectively. The financial resources available to GNE Group as at 31 December 2015 and up to the date of approval of these consolidated financial statements are not sufficient to satisfy the above capital expenditure equipment. GNE Group is actively pursuing additional source of financing including, but not limited to, equity and debt financing and bank borrowings.

The Directors have evaluated the measures being undertaken by GNE Group to improve their liquidity position, which include:

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

(ii) GNE 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 banking facilities with repayment periods for more than one year. GNE Group also received letters of intent from certain other banks which indicated that these banks tentatively offer banking facilities to GNE Group;

(iii) GNE Group is negotiating with other private investors for additional financing in the form of equity or debt or a combination of both. During the year ended 31 December 2015, GNE Group completed the issuance of convertible bonds to non-banking financial institutions and the issuance of bonds to certain private investors, and entered into trust scheme arrangements with certain financial institutions to secure a 3-year loan facility; and

(iv) GNE Group has completed construction of 41 solar farms with approval for on-grid connection up to 31 December 2015. GNE Group also has additional 10 solar farms under construction targeting to achieve on-grid connection within the coming twelve months from the date of approval of these consolidated financial statements. The abovementioned solar farms have an aggregate installed capacity of approximately 2.3 GW and are expected to generate operating cash inflows to GNE Group.

2. BASIS OF PREPARATION (Continued)

In addition, subsequent to 31 December 2015:

- On 26 January 2016, the Group has announced the completion of rights issue of 3,097,927,453 rights shares at HK$1.12 per rights share on the basis of one rights share for every five shares held on the record date. The net proceeds of the rights issue are approximately RMB2,845 million, of which RMB1,222 million had been utilised in subscribing for 3,240,000,000 GNE rights shares, and

- On 2 February 2016, GNE Group has completed its rights issue of 5,201,922,393 rights shares at HK$0.45 per rights share on the basis of three rights shares for every eight shares held on the record date. The net proceeds of the rights issue are approximately RMB1,935 million.

The Directors are of the opinion that the above mentioned rights issues can further improve the Group's liquidity.

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, the successful implementation of measures of GNE Group as described above, and the net proceeds from the rights issues of the Group, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

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

(a) Application of new and revised IFRSs

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

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 application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

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

		Effective for annual periods beginning on or after
IFRS 9	Financial Instruments	1 January 2018
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14	Regulatory Deferred Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to IAS 1	Disclosure Initiative	1 January 2016
Amendments to IAS 7	Disclosure Initiative	1 January 2017
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to IAS 27	Equity Method in Separate Financial Statements	1 January 2016
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016

Except as described below, the Directors consider that the application of the above new and revised IFRSs will have no significant impact on the Group's consolidated financial statements in coming year.

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

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

IFRS 9 Financial Instruments

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

Key requirements of IFRS 9:

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

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

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

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

IFRS 9 Financial Instruments (Continued)

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

The Directors anticipate that the application of IFRS 9 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practical to provide a reasonable estimate of the effect of IFRS 9 until the Group performs a detailed review.

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

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

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. It distinguishes leases and service contracts on the basis whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees. However, the standard does not significantly change the accounting of lessors.

Application of IFRS 16 may result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of certain lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to these consolidated financial statements.

The Directors anticipate that the application of IFRS 16 in the future may have a material impact on the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until the Group performs a detailed review.

(c) Changes of accounting estimates

In previous years, plant and machinery used for manufacturing of printed circuit boards ("PCB") were depreciated at 10% per annum. Due to technology advancement on plant and machinery and products to be manufactured, the Directors have assessed that the estimated useful lives of these assets are expected to be shorter than previously estimated.

With effect from 31 December 2015, those plant and machinery are depreciated at 16.67% per annum. This change in depreciation rate has increased the depreciation charge for the current year by approximately RMB110,647,000.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits and to streamline with IFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Basis of consolidation

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

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

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

Business combinations

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

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

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

Goodwill

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

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

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

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

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

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current assets held for sale (Continued)

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint control over the joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of electricity is recognised based on the tariff rates determined by the relevant local government authority.

Tariff adjustment is recognised based on the prevailing nationwide government policies on renewable energy for the entitlement of the tariff subsidy when the electricity was delivered on grid.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from sale of goods and scrap materials are recognised when the goods or scrap materials are delivered and titles have passed, at which time all the following conditions are satisfied:

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

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

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

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

Property, plant and equipment

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid lease payments

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

Leasing

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

The Group as lessor

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

The Group as lessee

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

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

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

Leasehold land and building

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

Sale and leaseback resulting in a finance lease

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

Borrowing costs

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

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

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

Retirement benefit costs

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired separately

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

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss in the period when the asset is derecognised.

Research and development expenditure

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

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

Taxation

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

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

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

Financial assets

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

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)
A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the other expenses, gains and losses line item. Fair value is determined in the manner described in note 49.

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

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related companies, pledged and restricted bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see the accounting policy in respect of impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Held-to-maturity investments

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

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

AFS investments

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

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

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

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

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

Equity instruments

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

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities and is included in the "other expenses, gains and losses" line item. Fair value is determined in the manner described in note 49.

Other financial liabilities

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis other than those financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

Convertible bonds payables

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Financial guarantee contracts

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

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

Derecognition

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment arrangements

Share options granted to employees and others providing similar services

For grants of share options that are conditional upon satisfying specified vesting condition, the fair value of services received determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve). Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 55.

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

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

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

Impairment of tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (Continued)

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

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

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Joint arrangement

GNE Group holds 60%, 50% and 50% of the voting rights of its joint arrangements in Shineng, Yili GCL and Qichuang (all defined in note 21), respectively. GNE Group has joint control over these arrangements as under the contractual agreements, unanimous consent is required from all parties to the agreements for relevant activities.

GNE Group's joint arrangements are structured as limited companies and provide GNE Group and the parties to the agreements with rights to the net assets of the limited companies under the arrangements. Therefore, these arrangements are classified as joint ventures.

Key sources of estimation uncertainty

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

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of goodwill

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

The carrying amount of goodwill as at 31 December 2015 was RMB176,528,000 (2014: RMB499,859,000), net of accumulated impairment loss of RMB231,314,000 (2014: RMB484,537,000). Details of the recoverable amount calculation are disclosed in note 19.

Useful lives and impairment of property, plant and equipment

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

Determining whether certain property, plant and equipment is impaired requires an estimation of the value in use of those property, plant and equipment. The value in use calculation requires the Group to estimate the future cash flows expected to arise from respective property, plant and equipment and a suitable discount rate in order to calculate the present value. During the year, impairment losses of RMB187,979,000 (2014: RMB96,299,000) are recognised in profit or loss. Where the actual future cash flows are less than expected due to unfavourable changes in the major assumptions adopted in the Group's estimation, such as market demand, utilisation rate of the Group's production plants and unit production cost, a material impairment loss may arise.

As at 31 December 2015, the carrying amount of property, plant and equipment was RMB41,649,905,000 (2014: RMB39,926,691,000), net of accumulated depreciation and impairment of RMB13,490,961,000 (2014: RMB12,077,996,000).

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

On assessing any impairment of the Group's trade receivables and amounts due from related companies, the management regularly reviews the recoverability, creditworthiness of customers and ages of the trade receivables. Impairment on trade receivables and amounts due from related companies are made based on estimation of the future cash flows discounted at the original effective interest rates. If the financial condition of the customers of the Group deteriorates, resulting in an impairment of their ability to make payments, additional impairment may be required. As at 31 December 2015, the carrying amount of trade and other receivables was RMB14,367,687,000 (2014: RMB10,775,068,000), net of allowance for doubtful debts of RMB452,483,000 (2014: RMB200,988,000). Additionally, as at 31 December 2015, the carrying amounts due from related companies is RMB181,745,000 (2014: RMB120,173,000).

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Inventories

A significant portion of the Group's working capital is devoted to inventories and the nature of inventories is subject to frequent technological changes. As at 31 December 2015, the carrying amount of inventories was RMB1,386,584,000 (2014: RMB2,456,518,000). The management reviews the inventory age listing on a periodic basis to identify slow-moving, obsolete and defective inventories. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The amount of allowance would be changed as a result of changes in current market conditions and technology subsequently. During the year, inventories of RMB275,419,000 (2014: RMB172,585,000) mainly in relation to solar products and spare parts were written-down and included in cost of sales because the costs of certain inventories were higher than their net realisable values.

Fair value of share-based payment expenses

The Group granted share options in exchange for services received from grantees. The Directors have used the binomial model to determine the fair value of the options granted, which is to be expensed over the vesting period. Significant judgment on parameters, such as risk-free rate, dividend yield, expected volatility and expected life of options, is required to be made by the Directors in applying the binomial model.

The grant of equity instruments is conditional upon satisfying service and performance conditions. Judgment is required to take into account the vesting conditions and adjust the number of equity instruments included in the measurement of share-based payment expenses.

Fair value measurements and valuation processes

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

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

As disclosed in note 25, the estimation of fair value of the convertible bonds receivable may include some assumptions not supported by observable market prices or rates, including the volatility of the share price of the issuer and its comparable entities for the relevant period, dividend yield, discount rate, the possibility to satisfy the Profit Guarantee Requirement (as defined in note 25), which is determined based on the management's expectations for the market development. As at 31 December 2015, the fair value of convertible bonds receivable was approximately RMB93,707,000 (2014: RMB137,932,000).

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Fair value measurements and valuation processes (Continued)

As disclosed in note 43, the estimation of fair value of the convertible bonds payables may include some assumptions not supported by observable market prices or rates, including the volatility of the share price of the Company, dividend yields and discount rate, which are determined based on the management's expectations for the market development. As at 31 December 2015, the fair value of the convertible bonds payables was approximately RMB2,018,472,000 (2014: RMB1,138,452,000).

Note 49 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

6. SEGMENT INFORMATION

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

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

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

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

(b) Solar farm business — manages and operates 371 MW solar farms, of which 18 MW is located in the United States of America (the "USA") and 353 MW is located in the PRC. These solar farms were constructed or acquired by the Group prior to obtaining a controlling stake in GNE.

(c) New energy business — represents the business operations of GNE, which is principally engaged in the development, construction, operation and management of solar farms, as well as manufacturing and selling of printed circuit boards.

An operating segment regarding the development, construction, management and operation of power plants and sales of coals in the PRC (collectively referred to as the "non-solar power business") was discontinued in the current year. The segment information reported below does not include any amounts for these discontinued operations which are described in more details in note 13.

6. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

Year ended 31 December 2015

Continuing operations

	Solar material business RMB'000	Solar farm business RMB'000	New energy business RMB'000 (Note)	Total RMB'000
Segment revenue				
Revenue from external customers	19,242,635	553,801	1,969,899	21,766,335
Segment profit (loss)	1,872,435	(302,945)	6,393	1,575,883
Elimination of inter-segment profit				(28,196)
Unallocated income				9,296
Unallocated expenses				(395,791)
Loss on fair value change of convertible bonds receivable (note 25)				(44,225)
Loss on fair value change of convertible bonds issued by the Company (note 43)				(35,275)
Loss on fair value change of held for trading investment				(3,611)
Compensation income arising from the amendment of settlement deed (note 8)				1,160,000
Profit for the year from continuing operations				2,238,081

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Year ended 31 December 2014 (Restated)

Continuing operations

	Solar material business RMB'000	Solar farm business RMB'000	New energy business RMB'000 (Note)	Total RMB'000
Segment revenue				
Revenue from external customers	20,165,714	545,283	812,358	21,523,355
Segment profit (loss)	1,787,145	(56,756)	(138,970)	1,591,419
Unallocated income				10,592
Unallocated expenses				(131,181)
Impairment loss on available-for-sale investments				(3,287)
Loss on disposal of available-for-sale investments				(11,270)
Loss on fair value change of convertible bonds receivable (note 25)				(55,808)
Gain on fair value change of convertible bonds payable issued by the Company (note 43)				69,351
Gain on fair value change of held for trading investment				7,351
Profit for the year from continuing operations				1,477,167

Note: The operating results of new energy business includes post-acquisition operating results of GNE Group, allocated corporate expenses and the effect arising from fair value adjustments relating to the assets and liabilities of GNE acquired in 2014, which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets.

The revenue of the new energy business for the current year mainly comprised sales of electricity (including tariff adjustment) amounting to approximately RMB688 million and sales of printed circuit boards amounting to approximately RMB1,282 million.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit (loss) from continuing operations represents the profit (loss) of each respective segment excluding unallocated income, unallocated expenses (including exchange losses, depreciation of an aircraft and respective finance costs under sale and finance leaseback arrangements), change in fair value of convertible bonds receivable, change in fair value of convertible bonds issued by the Company, change in fair value of held for trading investment, loss on disposal of available-for-sale investments, impairment loss on available-for-sale investments and compensation income arising from the amendment of settlement deed. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	2015 RMB'000	2014 RMB'000 (Restated)
Segment assets		
Solar material business	47,161,479	48,050,608
Solar farm business	4,709,445	4,994,247
New energy business (Note)	23,194,743	7,759,556
Total segment assets	75,065,667	60,804,411
Assets relating to discontinued operations	291,907	9,516,996
Convertible bonds receivable	93,707	137,932
Held for trading investments	14,456	17,159
Available-for-sale investments	38,726	—
Held-to-maturity investments	—	12,075
Unallocated bank balances and cash	3,989,362	229,577
Unallocated corporate assets	197,665	285,215
Consolidated assets	79,691,490	71,003,365
Segment liabilities		
Solar material business	36,246,293	37,667,433
Solar farm business	3,843,939	3,948,732
New energy business (Note)	20,422,363	4,787,560
Total segment liabilities	60,512,595	46,403,725
Liabilities relating to discontinued operations	51,462	6,372,744
Convertible bonds payables issued by the Company	1,285,616	1,138,452
Unallocated corporate liabilities	282,333	243,495
Consolidated liabilities	62,132,006	54,158,416

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

- All assets are allocated to operating segments, other than assets relating to discontinued operations, corporate bank balances and cash and other assets (including an aircraft, convertible bonds receivable, held for trading investment, available-for-sale investments and held-to-maturity investments) of the management companies and investment holdings companies; and

- All liabilities are allocated to operating segments, other than liabilities relating to discontinued operations and other liabilities (including convertible bonds payables issued by the Company) of the management companies and investment holdings companies.

Note: The segment assets and liabilities of new energy business included the segment assets and liabilities of GNE Group and the effect arising from fair value adjustments relating to the assets and liabilities of GNE acquired in 2014, which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets.

6. SEGMENT INFORMATION (Continued)

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

Year ended 31 December 2015

Continuing operations

	Solar material business RMB'000	Solar farm business RMB'000	New energy business RMB'000 (Note)	Unallocated RMB'000	Elimination of inter-segment profit RMB'000	Total RMB'000
Amount included in the measure of segment profit or loss or segment assets:						
Addition to joint ventures	—	1,740	16,256	—	—	17,996
Addition to property, plant and equipment, prepaid lease payments and other intangible assets						
— arising from acquisition of subsidiaries	—	—	1,522,872	—	—	1,522,872
— other additions	1,080,580	56,699	7,874,596	—	(28,196)	8,983,679
Depreciation of property, plant and equipment	(2,314,424)	(164,507)	(372,671)	(24,831)	—	(2,876,433)
Finance costs	(1,649,311)	(215,977)	(335,923)	(7,565)	—	(2,208,776)
Amortisation of prepaid lease payments	(20,050)	(269)	(2,340)	—	—	(22,659)
Amortisation of other intangible assets	(8,039)	—	—	—	—	(8,039)
(Loss) gain on disposal of property, plant and equipment	(14,675)	669	(941)	—	—	(14,947)
Write-down of inventories	(9,315)	(266,104)	—	—	—	(275,419)
Impairment loss on trade and other receivables	(252,936)	(28,882)	—	—	—	(281,818)
Impairment loss on property, plant and equipment	(147,286)	(28,000)	—	—	—	(175,286)
Research and development expenses	(257,190)	—	—	—	—	(257,190)
Amount regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Income tax expense	(467,938)	(10,093)	(51,523)	—	—	(529,554)

Note: The other segment information in new energy business has included the effect arising from fair value adjustments related to the assets and liabilities of GNE in 2014, which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets.

6. SEGMENT INFORMATION (Continued)

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

Year ended 31 December 2014 (Restated)

Continuing operations

	Solar material business RMB'000	Solar farm business RMB'000	New energy business RMB'000 (Note)	Unallocated RMB'000	Elimination of inter-segment profit RMB'000	Total RMB'000
Amount included in the measure of segment profit or loss or segment assets:						
Addition to joint ventures	—	108,745	40,157	—	—	148,902
Addition to associates	18,400	—	—	—	—	18,400
Addition to property, plant and equipment, prepaid lease payments and other intangible assets						
— arising from acquisition of subsidiaries	—	—	1,262,507	—	—	1,262,507
— other additions	2,129,389	961,099	3,902,185	553	(41,571)	6,951,655
Depreciation of property, plant and equipment	(2,321,685)	(138,932)	(72,233)	(24,822)	—	(2,557,672)
Finance costs	(1,910,187)	(169,010)	(11,995)	(23,102)	—	(2,114,294)
Amortisation of prepaid lease payments	(21,476)	(257)	(167)	—	—	(21,900)
Amortisation of other intangible assets	(8,039)	—	—	—	—	(8,039)
Loss on disposal of property, plant and equipment	(16,485)	—	—	—	—	(16,485)
Write-down of inventories	(24,246)	(148,339)	—	—	—	(172,585)
Impairment loss on trade and other receivables	(32,907)	(6,343)	—	—	—	(39,250)
Impairment loss on property, plant and equipment	(59,776)	—	—	—	—	(59,776)
Impairment loss on prepaid lease payments	—	—	(9,435)	—	—	(9,435)
Impairment loss on available-for-sale investments	—	—	—	(3,287)	—	(3,287)
Reversal of impairment loss on deposits for acquisitions of property, plant and equipment	49,519	—	—	—	—	49,519
Research and development expenses	(285,993)	—	—	—	—	(285,993)
Amount regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Income tax (expense) credit	(271,606)	9,870	(9,311)	(20,000)	—	(291,047)

Note: The other segment information in new energy business has included the effect arising from fair value adjustments related to the assets and liabilities of GNE in 2014, which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets.

6. SEGMENT INFORMATION (Continued)

Revenue from major products

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

	2015 RMB'000	2014 RMB'000 (Restated)
Sales of wafer	**16,791,000**	16,679,323
Sales of electricity (Note)	**1,217,659**	525,998
Sales of polysilicon	**1,741,766**	2,060,245
Others (comprising the sales of ingots, modules, printed circuit boards and processing fees)	**2,015,910**	2,257,789
	21,766,335	21,523,355

Note: Sales of electricity included RMB503,551,000 (2014: RMB319,709,000) tariff adjustment received and receivable from the state grid companies in the PRC based on the prevailing nationwide government policies on renewable energy for solar farms. In August 2013, the National Development and Reform Commission of the PRC released the New Tariff Notice (the "New Tariff Noitce") to launch a new subsidising policy for distributed solar farms and to adjust benchmark on-grid price for electricity generated by centralised solar farms. In particular, according to the New Tariff Notice, (i) for the centralised solar farms, which will obtain on-grid approval and commence generating electricity on and after 1 January 2014, the benchmark on-grid price will be set at RMB0.9/KWh, RMB0.95/KWh and RMB1.0/KWh for the projects in energy zones I, II and III respectively which are categorised based on local solar energy resources and (ii) the new subsidising policy will apply to the solar farms registered after 1 September 2013 and those registered before 1 September 2013 but which did not commence generating electricity until after 1 January 2014.

Geographical information

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

	Revenue from external customers		Non-current assets*	
	2015 RMB'000	2014 RMB'000 (Restated)	2015 RMB'000	2014 RMB'000 (Restated)
The PRC	**18,702,037**	17,832,914	**44,985,222**	42,485,304
Taiwan	**2,016,045**	2,957,782	**—**	—
Malaysia	**196,061**	—	**—**	—
Netherlands	**162,903**	90,031	**—**	—
Hong Kong	**159,610**	99,024	**306,749**	352,295
The USA	**101,353**	86,881	**502,082**	720,456
Germany	**91,479**	81,077	**—**	—
Japan	**35,888**	156,090	**32,206**	—
Others	**300,959**	219,556	**—**	—
	21,766,335	21,523,355	**45,826,259**	43,558,055

* Non-current assets excluded those relating to discontinued operations, deferred tax assets and financial instruments.

6. SEGMENT INFORMATION (Continued)

Information about major customers

Continuing operations

No individual customer contributed over 10% of total sales of the Group for both years.

7. OTHER INCOME

	2015 RMB'000	2014 RMB'000 (Restated)
Continuing operations		
Government grants (note 37)	170,469	198,559
Sales of scrap materials	232,683	252,585
Bank and other interest income	313,886	237,239
Management and consultancy fee income	91,430	11,395
Waiver of other payables	7,614	10,780
Commission income on modules procurement	89,245	—
Others	46,171	79,892
	951,498	790,450

8. COMPENSATION INCOME ARISING FROM THE AMENDMENT OF SETTLEMENT DEED

In November 2015, the Company entered into a deed of amendment of terms of settlement ("Amended Deed of Settlement") with Mr. Zhu Gongshan, Mr. Zhu Yufeng and High Excel Investment Limited (hereinafter collectively defined as the "Covenantors") to amend the terms of the deed of agreement dated 25 March 2015 entered into between the Company and the Covenantors ("Deed of Settlement") pursuant to which such parties conditionally agreed to settle the possible claims relating to, or as a result of any breach or alleged breach of the deed of non-competition dated 27 October 2007 (as amended by a deed of amendment dated 27 March 2014) entered into between the Company and the Covenantors by virtue of the acquisition of, or investments in or the enjoyment of any benefits from, any interest in Jinshanqiao Cogeneration Plant ("Jinshanqiao") by Mr. Zhu Gongshan or Mr. Zhu Yufeng. In terms of the Amended Deed of Settlement, the Covenantors paid a cash compensation to the Company of RMB1.16 billion in lieu of a transfer of 100% equity interest in the Jinshanqiao to the Company as originally provided for under the Deed of Settlement. Such amount was fully received in December 2015. Further details on this settlement arrangement have been set out in a circular of the Company to the shareholders dated 11 November 2015.

9. FINANCE COSTS

	2015 RMB'000	2014 RMB'000 (Restated)
Continuing operations		
Interest on:		
Bank and other borrowings	**1,263,299**	1,165,637
Discounted bills receivable and letters of credit	**782,716**	828,380
Obligations under finance leases	**157,180**	89,502
Notes and bonds payable	**176,778**	108,255
Imputed interest expenses on payables (Note)	**21,383**	—
Total borrowing costs	**2,401,356**	2,191,774
Less: Interest capitalised	**(192,580)**	(77,480)
	2,208,776	2,114,294

Borrowing costs capitalised during the year included borrowing costs arising from specific borrowings for the purchase or construction of certain property, plant and equipment and borrowings costs arose on the general borrowing pool and are calculated by applying a capitalisation rate of 8.03% (2014: 4.4%) per annum to expenditure on qualifying assets.

Note: Imputed interest expenses arose from a discontinuing effect of the EPC payable by GNE Group in relation to the acquisition of Changzhou Xintian. For more details, please refer to note 45.

10. OTHER EXPENSES, GAINS AND LOSSES, NET

	2015 RMB'000	2014 RMB'000 (Restated)
Continuing operations		
Research and development costs	**257,190**	285,993
Exchange loss, net	**426,584**	39,855
Loss on fair value change of convertible bonds receivable (note 25)	**44,225**	55,808
Loss (gain) on fair value change of convertible bonds payables (note 43)	**6,211**	(69,351)
Loss (gain) on fair value change of held for trading investment	**3,611**	(7,351)
Bargain purchase from business combination	**(21,626)**	—
Impairment loss on property, plant and equipment (note 17)	**175,286**	59,776
Loss on fair value change of derivative financial instruments	**12,575**	—
Impairment loss on trade and other receivables (note 28)	**281,818**	39,250
Loss on disposal of property, plant and equipment	**14,947**	16,485
Impairment loss on prepaid lease payments (note 18)	**—**	9,435
Impairment loss on goodwill (note 19)	**—**	6,314
Reversal of impairment loss on deposits for acquisitions of property, plant and equipment	**—**	(49,519)
Impairment loss on available-for-sale investments (note 24)	**—**	3,287
Loss on disposal of available-for-sale investments (note 24)	**—**	11,270
Gain on disposal of joint ventures (note 21)	**—**	(17,697)
	1,200,821	383,555

11. INCOME TAX EXPENSE

	2015 RMB'000	2014 RMB'000 (Restated)
Continuing operations		
PRC Enterprise Income Tax ("EIT")		
Current tax	**414,609**	168,705
(Over)underprovision in prior years	**(20,150)**	25,042
	394,459	193,747
USA Federal and State Income Tax		
Current tax	**28**	1,336
Overprovision in prior years (Note)	**—**	(26,155)
	28	(24,819)
Hong Kong Profits Tax — Current tax	**3,993**	24,966
Other jurisdictions	**—**	52
PRC dividend withholding tax	**104,867**	46,655
Deferred tax	**26,207**	50,446
	529,554	291,047

Note: The overprovision in prior years of RMB26,155,000 was mainly due to the refund of income taxes previously paid resulting from the agreement with the relevant tax authority for carrying backward certain taxable losses of a subsidiary in the USA to offset relevant assessable profits of prior years.

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

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

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

Certain subsidiaries of GNE Group, being enterprises in public infrastructure projects, under the PRC Tax Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived.

11. INCOME TAX EXPENSE (Continued)

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

During the current year, Federal and State income taxes in the USA are calculated at 35% and 8.84%, respectively, of the assessable profit (2014: 35% and 8.84%, 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 tax resident immediate holding companies registered in Hong Kong and the British Virgin Islands ("BVI"), respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008. Accordingly, a provision for deferred taxation of RMB27,291,000 (2014: RMB86,342,000) in respect of withholding tax on undistributed profits has been charged to profit or loss during the current year. See note 26 for details.

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

	2015 **RMB'000**	2014 RMB'000 (Restated)
Profit before tax (from continuing operations)	**2,767,635**	1,768,214
Tax at PRC EIT rate of 25% (Note)	**691,909**	442,054
Tax effect of expenses not deductible for tax purpose	**183,491**	72,437
Tax effect of income not taxable for tax purpose	**(357,482)**	(54,193)
Tax effect of share of losses of associates	**—**	70
Tax effect of gain on disposal of joint ventures	**—**	(4,424)
Tax effect of share of losses (profits) of joint ventures	**12,465**	(1,420)
Tax effect of impairment loss on goodwill	**—**	1,579
Tax effect of deductible temporary difference not recognised	**183,131**	62,671
Tax effect of tax losses not recognised	**143,813**	117,838
Utilisation of tax losses previously not recognised	**(64,520)**	(366,452)
Effect of tax exemption and tax concessions granted to certain subsidiaries in the PRC	**(103,549)**	(43,443)
Effect of different tax rates of group companies operating in jurisdictions other than the PRC	**(241,915)**	(59,473)
Withholding tax	**102,362**	124,916
Overprovision in prior years, net	**(20,151)**	(1,113)
Income tax expense for the year from continuing operations	**529,554**	291,047

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

12. PROFIT FOR THE YEAR

	2015 RMB'000	2014 RMB'000 (Restated)
Continuing operations		
Profit for the year has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**2,255,659**	1,860,321
Retirement benefit scheme contributions	**69,205**	55,768
Share-based payment expenses	**152,328**	126,900
Total staff costs	**2,477,192**	2,042,989
Depreciation of property, plant and equipment	**2,876,433**	2,557,672
Amortisation of prepaid lease payments	**22,659**	21,900
Amortisation of other intangible assets (included in cost of sales)	**8,039**	8,039
Total depreciation and amortisation	**2,907,131**	2,587,611
Add: Amounts included in inventories	**39,100**	29,063
Total of depreciation and amortisation charged to profit or loss	**2,946,231**	2,616,674
Auditor's remuneration	**17,553**	20,862
Bad debts directly written off (included in administrative expenses)	**896**	2,164
Cost of inventories recognised as an expense	**15,866,511**	16,442,437
Impairment loss on trade and other receivables (included in other expenses, gains or losses, net)	**281,818**	39,250
Write-off (reversal of write-off) of other receivables	**66**	(1,437)
Loss on disposal of property, plant and equipment (included in other expenses, gains or losses, net)	**14,947**	16,485
Write-down of inventories (included in cost of sales)	**275,419**	172,585

13. DISCONTINUED OPERATIONS

On 14 September 2015, the Company entered into a sale agreement to dispose of the Group's non-solar power business to 上海其辰投資管理有限公司 Shanghai Qichen Investment Management Co. Ltd., a company in which Mr. Zhu Gongshan has control, at a consideration of RMB3.2 billion. The disposal of non-solar power business is consistent with the Group's long-term policy to focus on its core integrated solar business, including the manufacturing and sale of polysilicon and wafer products, and developing, owning and operating downstream solar farms both within the PRC and overseas, to reinforce its position as a leading global player in the rapidly growing photovoltaic industry. The disposal was completed on 8 December 2015, when control of the non-solar power business was passed to the acquirer, a company in which Mr. Zhu Gongshan has control. Details of the disposal of the non-solar power business are set out in the announcement of the Company dated 7 September 2015 and the circular of the Company issued to the shareholders dated 11 November 2015.

The profit for the year from the discontinued non-solar power business is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the non-solar power business as discontinued operations.

	2015 RMB'000	2014 RMB'000 (Restated)
Profit of non-solar power business for the year	**406,232**	230,146
Gain on disposal of non-solar power business (see note 46)	**82,411**	—
	488,643	230,146

13. DISCONTINUED OPERATIONS (Continued)

Analysis of profit for the year from discontinued operations

The results of the discontinued operations for the period from 1 January 2015 to 8 December 2015, were as follows:

	Period ended 8 December 2015 RMB'000	Year ended 31 December 2014 RMB'000 (Restated)
Revenue	**6,624,587**	7,967,195
Cost of sales	**(5,630,479)**	(6,924,157)
Other income	**219,817**	252,250
Distribution and selling expenses	**(6,723)**	(6,882)
Administrative expenses	**(528,082)**	(425,885)
Finance costs	**(216,472)**	(288,924)
Other expenses, gains and losses	**154,861**	(160,387)
Share of profits of associates	**7,481**	32,372
Profit before tax	**624,990**	445,582
Income tax expense	**(218,758)**	(215,436)
	406,232	230,146
Gain on disposal of non-solar power business	**82,411**	—
Profit for the year from discontinued operations	**488,643**	230,146

13. DISCONTINUED OPERATIONS (Continued)

Analysis of profit for the year from discontinued operations (Continued)

	Period ended 8 December 2015 RMB'000	Year ended 31 December 2014 RMB'000 (Restated)
Profit for the year from discontinued operations include the following:		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**444,111**	350,619
Retirement benefit scheme contributions	**30,288**	27,388
Share-based payment expenses	**2,000**	1,037
Total staff costs	**476,399**	379,044
Depreciation of property, plant and equipment	**331,239**	354,087
Amortisation of prepaid lease payments	**10,214**	10,959
Amortisation of other intangible assets (included in cost of sales)	**10,138**	12,883
Total of depreciation and amortisation charged to profit or loss	**351,591**	377,929
Auditor's remuneration	**2,163**	2,834
Cost of inventories recognised as an expense	**4,942,511**	6,023,758
Impairment loss on trade and other receivables (included in other expenses, gain or losses, net)	**3,452**	12,662
Loss (gain) on disposal of property, plant and equipment	**1,350**	(463)
Write-down of inventories (included in cost of sales)	**—**	86

During the year, the Group's non-solar power business contributed RMB949 million (2014: RMB982 million) to the Group's net operating cash flows, paid RMB72 million (2014: RMB472 million) in respect of investing activities and contributed RMB330 million (2014: RMB337 million) in respect of financing activities.

The carrying amounts of the assets and liabilities of the Group's non-solar power business at the date of disposal are disclosed in note 46.

14. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID EMPLOYEES

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

(a) Directors' and Chief Executive's emoluments

Directors' and chief executive's remuneration for this year, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, is as follows:

Year ended 31 December 2015

Name of director	Directors' fee RMB'000	Salaries and other benefit RMB'000	Performance related bonuses RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
Executive Directors (Note 6)						
Mr. ZHU Gongshan	—	4,021	4,820	—	—	8,841
Mr. JI Jun	—	1,205	96	56	235	1,592
Mr. ZHU Yufeng	—	2,080	3,214	74	816	6,184
Mr. YEUNG Charles Man Chung	—	3,811	1,825	102	2,616	8,354
Mr. ZHU Zhanjun (Note 1)	—	1,879	2,169	52	610	4,710
Ms. Sun Wei (Note 2)	—	178	—	7	168	353
Non-executive Directors (Note 7)						
Mr. SHU Hua (Note 3)	—	131	—	—	571	702
Independent Non-executive Directors (Note 8)						
Ir. Dr. HO Raymond Chung Tai	603	—	—	—	168	771
Mr. YIP Tai Him	442	—	—	—	168	610
Mr. XUE Zhongsu (Note 4)	53	—	—	—	—	53
Dr. SHEN Wenzhong (Note 5)	103	—	—	—	—	103
	1,201	13,305	12,124	291	5,352	32,273

Note 1: Mr. Zhu Zhanjun was appointed as an executive director on 23 January 2015.
Note 2: Ms. Sun Wei resigned as an executive director on 23 January 2015.
Note 3: Mr. Shu Hua was re-designated as a non-executive director from an executive director on 23 January 2015.
Note 4: Mr. Xue Zhongsu resigned as an independent non-executive director on 8 May 2015.
Note 5: Dr. Shen Wenzhong was appointed as an independent non-executive director on 15 July 2015.
Note 6: The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.
Note 7: The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.
Note 8: The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

14. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID EMPLOYEES (Continued)

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

Year ended 31 December 2014 (Restated)

Name of director	Directors' fee RMB'000	Salaries and other benefit RMB'000	Performance related bonuses RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
Executive Directors (Note 7)						
Mr. ZHU Gongshan	—	3,680	3,961	—	—	7,641
Mr. JI Jun	—	1,188	182	55	458	1,883
Mr. YU Baodong (Note 4)	—	1,418	3,193	57	827	5,495
Ms. SUN Wei (Note 6)	—	3,029	2,282	128	4,859	10,298
Mr. ZHU Yufeng	—	1,584	2,495	73	981	5,133
Mr. YEUNG Charles Man Chung (Note 5)	—	1,696	1,188	47	1,583	4,514
Non-executive Directors (Note 8)						
Mr. SHU Hua	—	2,377	3,070	110	1,112	6,669
Mr. ZHANG Qing (Note 2)	—	—	—	—	—	—
Mr. ZHOU Yuan (Note 3)	—	—	—	—	—	—
Independent Non-executive Directors (Note 9)						
Ir. Dr. HO Raymond Chung Tai	594	—	—	—	387	981
Mr. YIP Tai Him	436	—	—	—	387	823
Mr. XUE Zhongsu	238	—	—	—	387	625
Mr. QIAN Zhixin (Note 1)	2	—	—	—	1	3
	1,270	14,972	16,371	470	10,982	44,065

Note 1: Mr. Qian Zhixin resigned as an independent non-executive director on 8 January 2014.
Note 2: Mr. Zhang Qing resigned as a non-executive director on 14 January 2014.
Note 3: Mr. Zhou Yuan resigned as a non-executive director on 14 January 2014.
Note 4: Mr. Yu Baodong resigned as an executive director on 5 September 2014.
Note 5: Mr. Yeung Charles Man Chung was appointed as an executive director on 5 September 2014.
Note 6: Ms. Sun Wei resigned as an executive director on 23 January 2015.
Note 7: The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.
Note 8: The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.
Note 9: The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

14. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID EMPLOYEES (Continued)

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

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

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

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years except that Mr. Shu Hua had waived his director's fee of HK$500,000 per annum with effect from 23 January 2015.

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

(b) Five highest paid employees

The five highest paid employees of the Group during the year included four directors (2014: five directors), details of whose remuneration set out in (a) above. Details of the emoluments of the remaining one highest paid employee in 2015 who is neither a director nor chief executive of the Company are as follows:

	2015 RMB'000	2014 RMB'000
Salaries and other allowances	**4,257**	—
Retirement benefits scheme contributions	**137**	—
	4,394	—

The number of the highest paid employee, who is not the directors of the Company, with emolument fell within the following bands is as follows:

	2015 No. of employees	2014 No. of employees
HK$5,000,001 to HK$5,500,000	**1**	—

14. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID EMPLOYEES (Continued)

(c) Compensation of key management personnel

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

	2015 RMB'000	2014 RMB'000 (Restated)
Short-term benefits	30,887	34,988
Post-employment benefits	428	580
Share-based payments	5,352	10,982
	36,667	46,550

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

15. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the year:

	2015 RMB'000	2014 RMB'000
2015 special dividend — HK$0.0862 (2014: Nil) per share	1,120,000	—

Subsequent to the end of the reporting period, no dividend was proposed by the Directors.

16. EARNINGS PER SHARE

For continuing and discontinued operations

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

	2015 RMB'000	2014 RMB'000 (Restated)
Earnings		
Earnings for the purpose of basic earnings per share		
— Profit for the year attributable to owners of the Company	**2,425,220**	1,548,668
Effect of dilutive potential ordinary shares:		
— Fair value change on convertible bonds issued by the Company	**(111,499)**	(64,653)
Earnings for the purpose of diluted earnings per share	**2,313,721**	1,484,015

	2015 '000	2014 '000 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**15,621,866**	15,619,258
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**8,923**	25,084
Convertible bonds issued by the Company	**303,034**	500,459
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**15,933,823**	16,144,801

The weighted average number of ordinary shares for the purpose of basic earning per share for 2014 and 2015 has been adjusted for the effect of the rights issue completed on 26 January 2016.

16. EARNINGS PER SHARE (Continued)

For continuing and discontinued operations (Continued)

Diluted earnings per share for the year ended 31 December 2015 did not assume (1) the conversion of the convertible bonds issued by the Company in 2013 and the convertible bonds issued by GNE because the assumed conversion would result in an increase in earnings per share; and (2) the exercise of share options granted by GNE because the exercise price of those options was higher than the average market price for the GNE shares.

Diluted earnings per share for the year ended 31 December 2014 did not assume the exercise of share options granted by GNE because the exercise price of those options was higher than the average market price for the GNE shares.

For continuing operations

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

Earnings figures are calculated as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Profit for the year attributable to owners of the Company	**2,425,220**	1,548,668
Less: Profit for the year from discontinued operations attributable to owners of the Company	**(319,287)**	(136,243)
Earnings for the purpose of basic earnings per share from continuing operations	**2,105,933**	1,412,425

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operations

Basic earnings per share for the discontinued operations is RMB2.04 cents per share (2014: RMB0.87 cent per share) and diluted earnings per share for the discontinued operations is RMB2.00 cents per share (2014: RMB0.84 cent per share), based on the profit for the year from the discontinued operations attributable to owners of the Company of RMB319,287,000 (2014: RMB136,243,000) and the denominators detailed above for both basic and diluted earnings per share.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Aircraft RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2014 (Restated)	6,756,312	33,399,451	368,655	395,947	128,073	2,811,734	43,860,172
Additions	125,660	258,429	—	23,260	29,293	6,897,877	7,334,519
Acquired on acquisition of subsidiaries	175,277	1,013,884	—	19,545	2,671	21,033	1,232,410
Transfer	198,529	3,055,319	—	61,448	—	(3,315,296)	—
Disposals	(90,548)	(322,072)	—	(8,424)	(11,711)	—	(432,755)
Effect of foreign currency exchange differences	(1,092)	(7,045)	—	(145)	(21)	18,644	10,341
At 31 December 2014 (Restated)	7,164,138	37,397,966	368,655	491,631	148,305	6,433,992	52,004,687
Additions	348,598	324,912	—	50,603	42,934	8,970,302	9,737,349
Acquired on acquisition of subsidiaries	—	442,569	—	53	—	1,080,252	1,522,874
Transfer	834,886	8,997,169	—	5,245	—	(9,837,300)	—
Transfer to assets held for sale	(63,246)	(182,092)	—	—	—	—	(245,338)
Disposals	(28,306)	(160,236)	—	(11,695)	(12,737)	(1,350)	(214,324)
Disposals of non-solar power business	(1,512,668)	(5,870,438)	—	(46,039)	(31,765)	(221,300)	(7,682,210)
Effect of foreign currency exchange differences	817	13,488	—	3,253	270	—	17,828
At 31 December 2015	6,744,219	40,963,338	368,655	493,051	147,007	6,424,596	55,140,866
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2014 (Restated)	981,408	7,737,749	34,817	165,608	66,684	284,935	9,271,201
Depreciation expense	267,503	2,548,304	24,577	50,427	20,948	—	2,911,759
Eliminated on disposals of assets	(33,241)	(152,330)	—	(4,746)	(10,676)	—	(200,993)
Impairment losses recognised in profit or loss	—	94,949	—	—	—	1,350	96,299
Effect of foreign currency exchange differences	(11)	(278)	—	(8)	27	—	(270)
At 31 December 2014 (Restated)	1,215,659	10,228,394	59,394	211,281	76,983	286,285	12,077,996
Depreciation expense	338,276	2,768,100	24,578	54,210	22,508	—	3,207,672
Transfer to assets held for sale	(19,211)	(56,009)	—	—	—	—	(75,220)
Eliminated on disposals of assets	(19,793)	(76,407)	—	(6,829)	(6,741)	(1,350)	(111,120)
Eliminated on disposals of non-solar power business	(353,928)	(1,425,129)	—	(22,699)	(11,157)	(200)	(1,813,113)
Impairment losses recognised in profit or loss	12,158	136,531	—	—	—	39,290	187,979
Effect of foreign currency exchange differences	359	13,479	—	2,745	184	—	16,767
At 31 December 2015	1,173,520	11,588,959	83,972	238,708	81,777	324,025	13,490,961
CARRYING AMOUNTS							
At 31 December 2015	5,570,699	29,374,379	284,683	254,343	65,230	6,100,571	41,649,905
At 31 December 2014 (Restated)	5,948,479	27,169,572	309,261	280,350	71,322	6,147,707	39,926,691

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Buildings	Over the shorter of lease terms or 2% – 5%
Plant and machinery	4% – 25% or % calculated based on license period
Aircraft	$6\frac{2}{3}$%
Office equipment	20% – 33%
Motor vehicles	20% – 30%

The carrying value of property, plant and equipment as at 31 December 2015 includes (i) an aircraft; (ii) plant and machinery located in the PRC; and (iii) solar farms in the USA, all held under sale and finance leaseback arrangements of approximately RMB284,683,000 (2014: RMB309,260,000), RMB3,955,448,000 (2014: RMB2,156,279,000) and RMB327,373,000 (2014: RMB330,400,000), respectively.

Impairment loss on non-solar power business (discontinued operations)

The local government of Xuzhou city and Taicang city were undertaking an integration of cogeneration plants in Xuzhou city and Taicang 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") and Taicang Poly Xiexin Thermal Power Co., Ltd. ("Taicang Poly Plant"), subsidiaries of the Group, agreed with the local government of Xuzhou city and Taicang city to shut down the power plant and to cease its operation in 2014 and 2015, respectively. During the year ended 31 December 2015, an impairment loss of RMB12,693,000 and RMB13,221,000 in respective of the property, plant and equipment and prepaid lease payments of Taicang Poly Plant, respectively, has been recognised in other expenses, gains or losses in discontinued operations. During the year ended 31 December 2014, an impairment loss of RMB36,523,000 and RMB35,005,000 in respect of the property, plant and equipment and prepaid lease payments of the Xuzhou Cogeneration Plant, respectively, had been recognised in other expenses, gains or losses in discontinued operations.

As part of the overall integration arrangement, Xuzhou Cogeneration Plant also signed a steam supply agreement with an independent third party who will replace Xuzhou Cogeneration Plant to supply steam to customers after its shut down. According to the steam supply agreement, Xuzhou Cogeneration Plant agreed to share 50% of the cost for reinstalling steam pipelines connecting the Xuzhou Cogeneration Plant's customers with the facilities of the independent third party, and accordingly, a provision for reinstallation cost of RMB63,320,000 was recognised as at 31 December 2014 which was charged against other expenses, gains and losses in discontinued operations, and an additional provision of RMB10,680,000 has been recognised in the current year.

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment loss on solar material business

During the year ended 31 December 2015, the Group recognised an impairment loss of RMB147,286,000 (2014: RMB59,776,000) in respect of the property, plant and equipment of four (2014: two) subsidiaries since their actual operating results are lower than the expected results by the management.

Impairment loss on solar farm business

During the year ended 31 December 2015, the Group recognised an impairment loss of RMB28,000,000 (2014: Nil) in respect of the property, plant and equipment in relation to the solar farm business since their actual operating results are lower than the expected results by the management.

18. PREPAID LEASE PAYMENTS

	2015 RMB'000	2014 RMB'000 (Restated)
Analysed for reporting purposes as:		
Current assets	**25,127**	32,463
Non-current assets	**1,101,931**	1,399,000
	1,127,058	1,431,463

The Group shut down Xuzhou Cogeneration Plant and Taicang Poly Plant in 2014 and 2015, respectively, due to the government policy on integration of cogeneration plants in Xuzhou city and Taicang city (note 17). Accordingly, an impairment loss of RMB13,221,000 in respect of the prepaid lease payments of Taicang Poly Plant (2014: RMB35,005,000 in respect of the prepaid lease payments of Xuzhou Cogeneration Plant) has been recognised during the year ended 31 December 2015 in other expenses, gains and losses in discontinued operations.

During the year ended 31 December 2014, GNE Group received a notice from the local municipal government in the PRC in relation to the forfeiture of GNE Group's prepaid lease payments of certain portions of a piece of land in Jiangxi Province, the PRC. The relevant prepaid lease payments of RMB9,435,000 were fully impaired accordingly.

19. GOODWILL

	2015 RMB'000	2014 RMB'000 (Restated)
COST		
Balance at beginning of the year	**984,396**	978,117
Acquisition of subsidiaries (note 45)	**—**	6,279
Disposal of non-solar power business (note 46)	**(576,554)**	—
Balance at end of the year	**407,842**	984,396
ACCUMULATED IMPAIRMENT LOSSES		
Balance at beginning of the year	**484,537**	465,258
Impairment loss recognised in the year	**16,000**	19,279
Disposal of non-solar power business (note 46)	**(269,223)**	—
Balance at end of the year	**231,314**	484,537
CARRYING AMOUNTS		
Balance at end of the year	**176,528**	499,859

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

	2015 RMB'000	2014 RMB'000 (Restated)
CGUs in non-solar power business	**—**	323,331
Konca Solar Cell Co., Ltd. ("Konca Solar")	**176,528**	176,528
Delingha (as defined in note 21)	**—**	—
	176,528	499,859

19. GOODWILL (Continued)

During the year ended 31 December 2015, the actual operating profits and cash flows for certain CGUs in the non-solar power business were lower than expected. Accordingly, the Group recognised an impairment loss of RMB16,000,000 (2014: RMB13,000,000) in relation to the goodwill allocated to the non-solar power business.

The recoverable amounts of CGUs in the non-solar power business are determined based on a value in use calculation by the Directors on the CGUs in the non-solar power business. That calculation uses cash flow projections based on a five year financial budgets approved by the Directors at a discount rate of 12.02% (2014: 12.02%). Cash flows beyond the five-year period are extrapolated using zero growth rate (2014: zero) for the non-solar power business. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows include budgeted sales and gross margin. Such estimation is based on past performance of the CGUs in the non-solar power business and management's expectations for the market development.

As at 31 December 2015, the Group carried out an annual goodwill impairment testing in relation to goodwill for Konca Solar. The basis of the recoverable amounts of the CGU in Konca Solar and its major underlying assumptions are summarised below:

The recoverable amount of the CGU in Konca Solar is determined based on a value in use calculation by the Directors on the CGU in Konca Solar as at 31 December 2015. That calculation uses cash flow projections based on a five-year financial budgets approved by the Directors at a discount rate of 10.03% (2014: 11.18%) for the CGU in Konca Solar. Cash flows beyond the five-year period are extrapolated using 3% (2014: 3%) growth rate for Konca Solar. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows include budgeted sales and gross margin. Such estimation is based on past performance of the CGU in Konca Solar and management's expectations for the market development.

The management determined there is no impairment for Konca Solar for the years ended 31 December 2015 and 2014 as Konca Solar has been profitable and has strong financial position as at 31 December 2015 and 2014 and therefore, the recoverable amounts exceed its carrying value.

As at 31 December 2014, goodwill arising from the acquisition of Delingha had been fully impaired with an impairment charge of RMB6,279,000. The impairment charge represents the difference between the recoverable amount and carrying amount of this solar farm acquired which is considered as a CGU. The recoverable amount of the CGU is determined based on the value in use calculation. The budgeted revenue and the annual growth rate are based on the past performance and its expectations of the market development. The discount rate of 8% used is pre-tax and reflects specific risks relating to the operations.

20. OTHER INTANGIBLE ASSETS

	Customer lists RMB'000	Licences RMB'000	Restricted licence RMB'000	Total RMB'000
COST				
At 1 January 2014 (Restated)	—	109,115	111,989	221,104
Additions	—	2	—	2
Disposals	—	(610)	—	(610)
At 31 December 2014 (Restated)	—	108,507	111,989	220,496
Addition	5,797	—	—	5,797
Disposal of non-solar power business (note 46)	(5,797)	—	(111,989)	(117,786)
At 31 December 2015	—	108,507	—	108,507
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 January 2014 (Restated)	—	38,453	24,874	63,327
Amortisation expense	—	8,039	12,883	20,922
Disposals	—	(102)	—	(102)
At 31 December 2014 (Restated)	—	46,390	37,757	84,147
Amortisation expense	—	8,039	10,138	18,177
Disposal of non-solar power business (note 46)	—	—	(47,895)	(47,895)
At 31 December 2015	—	54,429	—	54,429
CARRYING AMOUNTS				
At 31 December 2015	—	54,078	—	54,078
At 31 December 2014 (Restated)	—	62,117	74,232	136,349

Customer lists are acquired through the acquisition of a company by the non-solar power business and it has been disposed of together with the non-solar power business during the year.

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

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

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

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

21. INTERESTS IN JOINT VENTURES

	2015 RMB'000	2014 RMB'000 (Restated)
Cost of unlisted investment in joint ventures	**284,352**	258,987
Share of post-acquisition loss, net of dividend received	**(119,208)**	(14,273)
Loan to a joint venture	**313**	—
Effect of foreign currency exchange differences	**(7,394)**	(11)
	158,063	244,703

As at 31 December 2015, the Group has interests in the joint ventures incorporated and operated in Luxembourg, the PRC, USA and BVI/Japan as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activities
		2015	2014	**2015**	2014	
SA Equity Holdco S.à r.l. ("SA Equity") (Note a)	Luxembourg	**51%**	51%	**51%**	51%	Investment holding of photovoltaic power generation projects in South Africa
伊犁協鑫能源有限公司 Yili GCL New Energy Limited* ("Yili") (Note b)	PRC	**31.14%**	31.14%	**31.14%**	31.14%	Operation of solar farm in the PRC
海南州世能光伏發電有限公司 Hainanzhou Shineng Photovoltaic Power Co., Ltd.* ("Shineng") (Note c)	PRC	**37.37%**	37.37%	**37.37%**	37.37%	Operation of solar farm in the PRC
GCL-SR Solar Energy, LLC	USA	**50%**	50%	**50%**	50%	Development of photovoltaic power generation projects in USA
啟創環球有限公司 Qichuang Global Limited ("Qichuang") (Note d)	BVI/Japan	**31.14%**	—	**31.14%**	—	Operation of solar farm in Japan

* English name for identification only

21. INTERESTS IN JOINT VENTURES (Continued)

Notes:

(a) In March 2014, the Group completed the disposal of 49% equity interests in SA Equity, a then wholly-owned subsidiary of the Group, to China-Africa Development Fund (the "CAD Fund") at a total consideration of approximately US$18,872,000 (equivalent to RMB117,005,000) (the "Disposal"). SA Equity is an investment holding company which holds 76% equity interest in each of GCL Soutdrift and GCL Humansrus, which were the two joint ventures of the Group before the disposal and indirectly holds a 150MW photovoltaic power plant in South Africa.

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

After completion of the transaction, the Group recognised its remaining 51% equity interest in SA Equity at fair value which becomes its initial cost of investment. The amount is adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of this joint venture. At the same time, the Group lost the joint control over GCL Soutdrift and GCL Humansrus upon the Disposal. The gain on disposal of GCL Soutdrift and GCL Humansrus of RMB17,697,000 in total was recognised in profit or loss for the year ended 31 December 2014.

(b) At 31 December 2014, GNE, a 62.28% owned subsidiary of the Group, holds 50% equity interest in Yili. Therefore, the Group indirectly holds 31.14% equity interest in Yili with investment cost of approximately RMB8,479,000.

In December 2014, GNE Group and the other joint venturer agreed to increase Yili's paid up capital from RMB2,000,000 to RMB49,200,000 in proportion to the percentage of the respective equity interest held by the joint ventures. As at 31 December 2015, GNE Group has further injected capital of RMB16,100,000 (2014: RMB750,000) to Yili.

(c) On 30 December 2014, GNE acquired 100% equity interests in Delingha Century Concord Photovoltaic Power Co., Ltd. ("Delingha") which in turn holds 60% equity interest in Shineng. Therefore, the Group indirectly holds 37.37% equity interest in Shineng through GNE. Pursuant to shareholders agreement of Shineng, two-third of the votes is required to direct the relevant activities. The Directors consider that the Group can only exercise joint control over Shineng and it is therefore classified as a joint venture of the Group.

(d) In November 2015, GNE entered into an agreement with independent third parties, pursuant to which GNE invested 50% equity interest in Qichuang at a consideration of approximately RMB155,000. Therefore, the Group indirectly holds 31.14% equity interest in Qichuang. The Group has joint control over Qichuang as under the contractual agreements, unanimous consent is required from all parties to the agreements for all the relevant activities.

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

Aggregate information of joint ventures that are not individually material

	2015 **RMB'000**	2014 RMB'000 (Restated)
The Group's share of (losses) profits	**(49,859)**	5,681
The Group's share of other comprehensive income	**11,011**	7,704
The Group's share of total comprehensive income	**(38,848)**	13,385

22. INTERESTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000 (Restated)
Cost of unlisted investments in associates	—	211,773
Share of post-acquisition loss, net of dividends received/receivable	—	(12,944)
	—	198,829

As at 31 December 2015 and 2014, the Group had interests in associates established and operated in the PRC as follows:

Name of company	Proportion of ownership interest held by the Group		Proportion of board composition held		Principal activities
	2015	2014	2015	2014	
阜寧協鑫環保熱電有限公司 Funing Golden Concord Environmental Protection Co-generation Co., Ltd ("Funing Cogeneration Plant") (Note a)	—	60%	—	6/11	Operation of power plant
華潤協鑫(北京)熱電有限公司 China Resources Golden Concord (Beijing) Co-generation Power Co., Ltd ("Beijing Cogeneration Plant") (Note a)	—	49%	—	3/7	Operation of power plant
寧夏協佳光伏電力有限公司 Ningxia XieJia Photovoltaic Power Co., Ltd.* ("Ningxia XieJia") (Note b)	—	31%	—	2/5	Production of solar modules
鹽城阿特斯協鑫陽光電子科技有限公司 Yancheng CSI-GCL Sunshine Power Technology Co. Ltd.* ("Yancheng Sunshine Power") (Note c)	—	20%	—	1/3	Production of solar modules
上海嘉定再生能源有限公司 Shanghai Jiading Renewable Energy Co. Ltd.* (Note a)	—	20%	—	2/7	Operation of power plant

* English name for identification only

22. INTERESTS IN ASSOCIATES (Continued)

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

Notes:

(a) These associates, being part of the Group's non-solar power business, were disposed of during the year ended 31 December 2015.

(b) The Group disposed of its entire 31% equity interest in Ningxia XieJia to a third party at a consideration of RMB12,400,000 in March 2015.

(c) The Group disposed of its entire 20% equity interest in Yancheng Sunshine Power at a consideration of RMB12,800,000 in August 2015.

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

Aggregate information of associates that are not individually material

	2015 RMB'000	2014 RMB'000 (Restated)
The Group's share of profits and total comprehensive income	—	32,095

23. HELD-TO-MATURITY INVESTMENTS

	2015 RMB'000	2014 RMB'000 (Restated)
Debt securities	—	12,075

As at 31 December 2014, the Group's held-to-maturity investment represents debt securities that are issued by a company listed on the Stock Exchange, and carry fixed interest at 4.75% per annum, payable semi-annually, and will mature in May 2018. Such debt securities are reclassified as available-for-sale investments in the current year upon the change in intention of the management in relation to the investment objective of this investment.

24. AVAILABLE-FOR-SALE INVESTMENTS

	2015 RMB'000	2014 RMB'000
Available-for-sale investments comprise:		
Listed investments:		
Debt securities listed in the Stock Exchange with fixed interest of 6.75%	12,683	—
Debt securities listed in the Stock Exchange with fixed interest of 4.75% and maturity date on 16 May 2018	12,847	—
Debt securities listed in the Stock Exchange with fixed interest of 6.125% and maturity date on 4 February 2020	13,196	—
Unlisted investments:		
Equity securities (Note)	90,000	—
Total	128,726	—
Analysed for reporting purpose as:		
Current assets	38,726	—
Non-current assets	90,000	—
	128,726	—

Note: The above unlisted equity interests represent investments in unlisted equity securities issued by a private entity incorporated in the PRC. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair value cannot be measured reliably.

During the year ended 31 December 2014, the Group recognised an impairment loss of RMB3,287,000 in respect of the equity investment in United Photovoltaics Group Limited ("United Photovoltaics") as its fair value was significantly below cost. The Group subsequently disposed of its entire interest in United Photovoltaics in 2014 at a consideration of RMB163,283,000 with a loss on disposal of RMB11,270,000 recognised in profit or loss in 2014.

25. CONVERTIBLE BONDS RECEIVABLE

During the year ended 31 December 2013, the Group disposed of its 17.39% equity interests in China Merchant New Energy Holdings Limited ("CMNE") to United Photovoltaics Group Limited ("United Photovoltaics") ("CMNE Disposal") in exchange for the convertible bonds receivable from United Photovoltaics with principal amount of HK$159,988,000 (equivalent to RMB125,783,000). The convertible bonds receivable is non-interest bearing and matures on 10 June 2018.

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

According to certain profit guarantee requirements set out in the sale and purchase agreement of the CMNE Disposal, if the profits earned by CMNE during 1 January 2013 to 31 December 2015 (the "Profit Guarantee Period") is less than approximately HK$495,000,000 (equivalent to RMB414,711,000) (the "Guaranteed Profit"), the principal amount of the convertible bonds receivable will be downward adjusted in the proportion of the actual profits earned by CMNE during the Profit Guarantee Period to the Guaranteed Profit (the "Profit Guarantee Requirement"). No adjustment will be made if the Profit Guarantee Requirement is achieved.

The Directors have designated the convertible bonds receivable as financial assets at FVTPL on initial recognition, and the fair value of the convertible bonds receivable at initial recognition and at the end of the reporting period is determined with reference to a valuation prepared by an independent professionally qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited. Disclosures of the fair value measurement and significant unobservable inputs are set out in note 49.

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

	RMB'000
At initial recognition (Restated)	193,740
Change in fair value charged to profit or loss (note 10)	(55,808)
As at 31 December 2014 and 1 January 2015 (Restated)	137,932
Change in fair value charged to profit or loss (note 10)	(44,225)
As at 31 December 2015	93,707

26. DEFERRED TAXATION

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

	2015 RMB'000	2014 RMB'000 (Restated)
Deferred tax assets	**54,305**	74,507
Deferred tax liabilities	**(223,089)**	(413,759)
	(168,784)	(339,252)

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

	Property, plant and equipment RMB'000	Prepaid lease payments RMB'000	Other intangible assets RMB'000	Withholding tax on undistributed profits RMB'000	Unrealised profits on inventories RMB'000	Others RMB'000	Total RMB'000
At 1 January 2014 (Restated)	(20,228)	(52,032)	(21,779)	(234,754)	12,218	—	(316,575)
Acquisitions of subsidiaries	36,630	(3,363)	—	(10,420)	—	713	23,560
Credit (charge) to profit or loss	1,541	7,466	3,221	(86,342)	27,815	—	(46,299)
Effect of foreign currency exchange differences	(12)	—	—	78	1	(5)	62
At 31 December 2014 (Restated)	17,931	(47,929)	(18,558)	(331,438)	40,034	708	(339,252)
Acquisitions of subsidiaries	—	—	—	—	—	(72)	(72)
(Charge) credit to profit or loss	(18,466)	4,554	2,534	(27,291)	(7,484)	—	(46,153)
Disposal of non-solar power business	15,791	40,146	16,024	144,764	—	—	216,725
Effect of foreign currency exchange differences	(32)	—	—	—	—	—	(32)
At 31 December 2015	15,224	(3,229)	—	(213,965)	32,550	636	(168,784)

26. DEFERRED TAXATION (Continued)

At the end of the reporting period, the Group has unused tax losses of RMB1,831,879,000 (2014: RMB1,770,944,000), among which RMB1,514,705,000 is contributed by continuing operations available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses of approximately RMB1,423,238,000 will expire from 2016 to 2023 and RMB408,641,000 may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences mainly in respect of impairment of certain assets in aggregate of RMB732,523,000 (2014: RMB365,235,000). No deferred tax asset has been recognised due to the unpredictability of future profit streams.

27. INVENTORIES

	2015 **RMB'000**	2014 RMB'000 (Restated)
Raw materials	**427,138**	835,977
Work in progress	**206,593**	353,272
Semi-finished goods (Note)	**376,208**	389,800
Finished goods	**133,288**	196,798
Solar modules	**79,065**	293,716
Spare parts	**—**	57,112
Project assets	**164,292**	329,843
	1,386,584	2,456,518

Note: Semi-finished goods mainly represented polysilicon.

During the current year, inventories were written down by RMB275,419,000 (2014: RMB172,585,000) mainly in relation to solar products and spare parts because the costs of certain inventories were higher than their net realisable values.

28. DEPOSITS, PREPAYMENTS AND OTHER NON-CURRENT ASSETS/TRADE AND OTHER RECEIVABLES

Deposits, prepayments and other non-current assets

	2015 RMB'000	2014 RMB'000 (Restated)
Deposits for acquisitions of property, plant and equipment	330,432	310,433
Deposits paid for engineering, procurement and construction ("EPC") contracts and constructions (Note)	929,739	393,789
Refundable value-added tax	1,036,986	335,670
Deposits paid for acquisitions of solar farm projects	13,410	76,024
Prepaid rent for parcels of land	160,715	21,557
Trade receivables (Note a)	175,700	—
Others	38,772	15,151
	2,685,754	1,152,624

Note: Deposits for EPC contracts and constructions represent deposits paid to contractors which will be transferred to property, plant and equipment when the constructions commence.

Trade and other receivables

	2015 RMB'000	2014 RMB'000 (Restated)
Trade receivables (Note a)	3,386,109	4,711,235
Less: allowance for doubtful debts	(352,483)	(79,519)
	3,033,626	4,631,716
Other receivables	432,712	527,863
Less: allowance for doubtful debts	(100,000)	(121,469)
	332,712	406,394
Value-added tax receivables	399,141	551,838
Bills receivable (trade) (Note a)	8,347,730	4,434,496
Other loan receivables (Note b)	389,378	—
Receivables for modules procurement (Note c)	1,325,203	—
Prepayments	539,897	750,624
	14,367,687	10,775,068

28. DEPOSITS, PREPAYMENTS AND OTHER NON-CURRENT ASSETS/TRADE AND OTHER RECEIVABLES (Continued)

Notes:

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

	2015 RMB'000	2014 RMB'000 (Restated)
Within 3 months	**4,304,120**	2,550,234
3 to 6 months	**4,043,610**	1,884,262
	8,347,730	4,434,496

Included in the Group's trade receivables are tariff adjustment receivables amounting to approximately RMB1,013,018,000 (2014: RMB376,310,000) recognised based on the prevailing nationwide government policies on renewable energy for solar farms. The Directors expected certain part of the tariff adjustment receivables will be recovered after twelve months from the reporting date and have classified them as non-current assets accordingly. The current portion and non-current portion of tariff adjustment receivables are approximately RMB837,318,000 (2014: RMB376,310,000) and RMB175,700,000 (2014: Nil), respectively.

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

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

	2015 RMB'000	2014 RMB'000 (Restated)
Unbilled (Note)	**837,318**	376,310
Within 3 months	**1,626,908**	3,697,262
3 to 6 months	**286,662**	219,903
Over 6 months	**282,738**	338,241
	3,033,626	4,631,716

Note: Unbilled receivable represents tariff adjustment to be billed and received based on prevailing national government policies on renewable energy.

The Directors closely monitor the credit quality of trade, bills and other receivables and consider 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 RMB581,196,000 (2014: RMB654,615,000) which are past due as at the end of the reporting date. The average age of these receivables is 144 days (2014: 207 days). The Group has not provided allowance for doubtful debts for such receivables as part of such receivables are either covered by letters of credit and advances from customers or substantially settled subsequent to the end of the reporting period. For the remaining receivables, there is 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.

28. DEPOSITS, PREPAYMENTS AND OTHER NON-CURRENT ASSETS/TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(a) (Continued)

Ageing of trade receivables which are past due but not impaired:

	2015 RMB'000	2014 RMB'000 (Restated)
Within 3 months	**293,185**	289,690
3 to 6 months	**115,158**	127,217
More than 6 months	**172,853**	237,708
	581,196	654,615

Full allowance has been made for certain trade and other receivables which have been past due and considered as doubtful debts or irrecoverable by the management. Movement of the allowance for doubtful debts for trade and other receivables is set out as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Balance at beginning of the year	**200,988**	150,743
Impairment loss recognised on receivables	**285,270**	51,912
Amounts written off as uncollectible	**—**	(1,667)
Disposal of non-solar power business	**(33,775)**	—
Balance at end of the year	**452,483**	200,988

Included in the allowance for trade and other receivables are individually impaired trade and other receivables with an aggregate balance of RMB285,270,000 (2014: RMB51,912,000) in which the counterparties have either been placed under liquidation or in severe financial difficulties and it is not likely that such amounts will be recovered in the future.

During the year ended 31 December 2015, bad debt of RMB896,000 (2014: RMB2,164,000) were directly written off.

(b) During the year ended 31 December 2015, GNE Group, as lender, entered into loan agreements with independent third parties to provide an aggregate principal amount of RMB460,000,000 to finance their development and operation of certain solar farm projects in the PRC (the "Projects"). Approximately RMB389,378,000 was drawn down as at the end of the reporting period. The terms of the loans are one year to no specific maturity and carry interest 6.765% to 15% per annum.

Certain loan receivables are secured by pledge of equity interest of the borrowers, pledge of the rights over electricity fee receivables by borrowers in the Projects and a grant of security over any future equipment and engineering works acquired or constructed by borrowers in the Projects.

(c) Receivables for modules procurement comprise modules procurement cost and commission earned by the Group.

Consultancy service fee and commission receivables and receivables for modules procurement are aged from 0 to 90 days.

29. AMOUNTS DUE FROM RELATED COMPANIES

	2015 RMB'000	2014 RMB'000 (Restated)
Non-trade related:		
Companies in which Mr. Zhu Gongshan and his family have control#:		
江蘇協鑫房地產有限公司 Jiangsu Golden Concord Property Co., Ltd.*	5,694	5,694
協鑫光伏系統有限公司 GCL Solar System Co., Ltd.*	6,400	6,400
江蘇協鑫石油天然氣有限公司 GCL (Jiangsu) Petroleum Limited*	—	15
內蒙古協鑫錫林礦業有限公司 GCL (Inner Mongolia) Xilinhot Mining Co., Ltd.*	—	1,000
上海和恒管理諮詢有限公司 Shanghai He Heng Management Consulting Ltd.*	—	650
徐州協鑫光電科技有限公司 Xuzhou GCL Photoelectric Technology Co., Ltd.*	—	3,525
	12,094	17,284
Joint ventures of the Group:		
Shineng	19,459	44,459
Yili	125,289	—
Qichuang	18,639	—
	163,387	44,459
Associates of the Group:		
Beijing Cogeneration Plant	—	8,785
Xuzhou Cogeneration Plant	4,600	—
	4,600	8,785
Total — non-trade related	180,081	70,528

29. AMOUNTS DUE FROM RELATED COMPANIES (Continued)

	2015 RMB'000	2014 RMB'000 (Restated)
Trade-related:		
Companies in which Mr. Zhu Gongshan and his family have control[#]	**1,664**	18,160
Associates of the Group:		
Funing Cogeneration Plant	**—**	856
Ningxia Xiejia	**—**	30,629
	—	31,485
Total — trade related	**1,664**	49,645
	181,745	120,173
Analysed for reporting purposes as:		
— Current assets	**51,809**	98,639
— Non-current assets	**129,936**	21,534
	181,745	120,173

[#] Mr. Zhu Gongshan is a director and a substantial shareholder of the Company, holding 32.40% (2014: 32.40%) of the Company's share capital as at 31 December 2015, and exercises significant influence over the Company.

* English name for identification only

For non-trade related amounts due from related companies, the amounts are unsecured, non-interest bearing and repayable on demand.

For trade related amounts due from related companies, the amounts are unsecured, non-interest bearing and the credit period is normally within 90 days.

29. AMOUNTS DUE FROM RELATED COMPANIES (Continued)

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:

	2015 RMB'000	2014 RMB'000 (Restated)
Within 3 months	474	46,492
3 to 6 months	111	395
More than 6 months	1,079	2,758
	1,664	49,645

The Directors closely monitors the credit quality of amounts due from related companies and consider those accounts, which are neither past due nor impaired, are of a good credit quality in view of the good historical repayment records of such parties.

30. HELD FOR TRADING INVESTMENT

	2015 RMB'000	2014 RMB'000 (Restated)
Listed securities:		
— Equity securities listed in Hong Kong	14,456	17,159

31. PLEDGED AND RESTRICTED BANK DEPOSITS AND BANK BALANCES

Bank balances

Bank balances carry interest at floating rates which range from 0.001% to 0.44% (2014: 0.001% to 0.4%) per annum or fixed rates which range from 0.001% to 2.75% (2014: 0.001% to 1.485%) per annum.

Pledged bank deposits

These bank deposits carry fixed interest rates ranging from 0.30% to 2.80% (2014: 0.385% to 3.05%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to RMB2,162,769,000 (2014: RMB2,004,415,000) have been pledged to secure short-term borrowings granted to the Group and obligations under finance leases in the PRC and the USA and are therefore classified as current assets. The remaining deposits amounting to RMB343,700,000 (2014: RMB62,909,000) have been pledged to secure long-term borrowings granted to the Group and obligations under finance leases which are due after one year, and are therefore classified as non-current assets.

31. PLEDGED AND RESTRICTED BANK DEPOSITS AND BANK BALANCES (Continued)

Restricted bank deposits

The deposits carry interest at 0.35% floating rates (2014: 0.35%) per annum or fixed rates which range from 1.3% to 3.25% (2014: 2.55% to 3.25%) per annum and will be released upon the settlement or discharge of the relevant letters of credit and guarantee.

Restricted bank deposits amounting to RMB4,453,336,000 (2014: RMB7,311,856,000) have been restricted to secure bills payable, short-term letters of credit for trade and other payables and are therefore classified as current assets. The remaining deposits amounting to RMB98,525,000 (2014: RMB61,882,000) have been restricted to secure obligations under finance leases which are due after one year, and therefore classified as non-current assets.

32. ASSETS CLASSIFIED AS HELD FOR SALE

As disclosed in note 13, the Group had disposed of its non-solar power business on 8 December 2015. However, certain non-solar power entities, which had ceased operation, remained in the Group and the Group is in the process of disposing of the related assets. The related non-solar power assets are expected to be sold before these entities are liquidated. The Directors expect that the fair value less costs to sell of the power assets will be higher than the carrying amounts of the relevant assets and accordingly, no impairment loss was recognised on reclassification of the assets as held for sale as at 31 December 2015.

	2015 **RMB'000**	2014 RMB'000
Assets related to the non-solar power business	**291,907**	—
Liabilities associated with assets classified as held for sale	**51,462**	—

The major classes of assets and liabilities of the remaining non-solar power business classified as held for sale are as follows:

	8 December 2015 **RMB'000**
Property, plant and equipment and prepaid lease payments	**180,490**
Interest in an associate	**30,569**
Bank balances and cash	**80,848**
Total assets classified as held for sale	**291,907**
Trade and other payables	**33,950**
Tax payable	**17,512**
Total liabilities classified as held for sale	**51,462**

33. TRADE AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000 (Restated)
Trade payables	**2,876,485**	4,182,830
Bills payable (trade)	**4,477,586**	5,682,828
Bills payable (non-trade)	**86,756**	49,000
Construction payables	**5,307,897**	4,351,957
Payables for modules procurement	**1,211,075**	—
Other payables	**898,670**	1,442,885
Dividend payable to non-controlling shareholders of subsidiaries	**38,773**	9,539
Other tax payables	**286,430**	204,629
Interest payables	**177,693**	166,975
Accruals	**336,745**	351,956
	15,698,110	16,442,599

The credit period for trade payables and bills payable (trade) are normally within 90 days and 180 days, respectively. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

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

	2015 RMB'000	2014 RMB'000 (Restated)
Within 3 months	**1,616,474**	2,203,601
3 to 6 months	**1,248,556**	1,783,416
More than 6 months	**11,455**	195,813
	2,876,485	4,182,830

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

	2015 RMB'000	2014 RMB'000 (Restated)
Within 3 months	**2,923,941**	2,010,142
3 to 6 months	**1,553,645**	3,672,686
	4,477,586	5,682,828

Included in the trade and other payables are obligations arising from endorsing bills receivable with recourse issued by third parties for settlement of trade and other payables with an aggregate amount of RMB1,350,601,000 (2014: RMB1,053,871,000).

34. AMOUNTS DUE TO RELATED COMPANIES

	2015 RMB'000	2014 RMB'000 (Restated)
Non-trade related:		
Companies in which Mr. Zhu Gongshan and his family have control (Note a)	**202,319**	135,838
Trade-related:		
Companies in which Mr. Zhu Gongshan and his family have control (Note b)	**3,852**	443,834
	206,171	579,672

Notes:

(a) The amounts are unsecured, non-interest bearing and repayable on demand.

(b) The amounts are unsecured, non-interest bearing and the credit period is normally within 90 days.

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

	2015 RMB'000	2014 RMB'000 (Restated)
Within 3 months	**3,660**	245,292
3 to 6 months	**24**	198,000
More than 6 months	**168**	542
	3,852	443,834

35. LOAN FROM A RELATED COMPANY

Name of related company	Terms of the loan	2015 RMB'000	2014 RMB'000 (Restated)
Associate of the Group:			
Funing Cogeneration Plant	Unsecured, interest-bearing at rate of 2% to 6% per annum and payable within one year	—	10,176

36. ADVANCES FROM CUSTOMERS

The Group entered into goods supply contracts with customers and received advance payments from customers which are interest-free. As at 31 December 2015, the advances of RMB478,773,000 (2014: RMB767,973,000) and RMB202,735,000 (2014: RMB510,382,000) are included in current liabilities and non-current liabilities based on the estimated amounts of purchase of goods within one year and after one year, respectively.

37. GOVERNMENT GRANTS

	2015 RMB'000	2014 RMB'000 (Restated)
Amounts credited to profit or loss during the year:		
Continuing operations		
Incentive subsidies (Note a)	**80,675**	60,883
Subsidies related to property, plant and equipment (Note b)	**83,126**	121,572
Value-added tax refunds related to depreciable assets (Note c)	**6,668**	16,104
	170,469	198,559
Discontinued operations		
Incentive subsidies (Note a)	**55,995**	63,818
Subsidies related to property, plant and equipment (Note b)	**5,491**	600
Value-added tax refunds related to depreciable assets (Note c)	**991**	1,081
	62,477	65,499
Deferred income related to government grants:		
Subsidies related to property, plant and equipment (Note b)	**351,499**	357,936
Value-added tax refunds related to depreciable assets (Note c)	**63,788**	86,671
Total	**415,287**	444,607
Less: current portion (included in deferred income)	**(102,605)**	(93,947)
Non-current portion (included in deferred income)	**312,682**	350,660

Notes:

(a) Incentive subsidies were received from the relevant PRC Government for improvement of working capital and financial assistance to the operating activities to enhance the competitiveness in the industry. The amount also includes grants for relevant expenses incurred such as those for research and development activities and interest subsidies. The subsidies were granted on a discretionary basis to the Group during the year.

(b) The Group received government subsidies for capital expenditure incurred for the plant and machinery. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

(c) The Group received value-added tax refunds on purchases of domestic manufactured plant and machinery. The amounts are deferred and amortised over the estimated useful lives of the respective plant and machinery.

38. BANK AND OTHER BORROWINGS

Details of the bank and other borrowings are as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Bank loans	**29,782,430**	28,562,629
Other loans	**4,653,263**	—
	34,435,693	28,562,629
Secured	**21,803,960**	21,970,877
Unsecured	**12,631,733**	6,591,742
	34,435,693	28,562,619
Carrying amount repayable:		
Short-term borrowings	**17,135,195**	14,954,892
Long-term borrowings		
Within one year	**5,179,773**	2,362,508
More than one year, but not exceeding two years	**3,913,745**	5,572,569
More than two years, but not exceeding five years	**4,165,874**	3,322,601
More than five years	**4,041,106**	2,350,049
	17,300,498	13,607,727
	34,435,693	28,562,619
Less: Amounts due within one year shown under current liabilities	**(22,314,968)**	(17,317,400)
Amounts due after one year	**12,120,725**	11,245,219
Analysed as:		
Fixed-rate borrowings	**17,899,452**	12,248,780
Variable-rate borrowings	**16,536,241**	16,313,839
	34,435,693	28,562,619

38. BANK AND OTHER BORROWINGS (Continued)

Included in other loans is an amount of RMB1,000,000,000 obtained by GNE 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 GNE Group as to approximately 20% with the remainder contributed by a third party asset management company (the "Limited Partner"). Pursuant to the investment agreement and fund repurchase agreement entered into between GNE Group and the Limited Partner in conjunction with the formation of the Limited Partnership, the capital contributed by the Limited Partner will reserve a fixed return of 7.2% per annum ("Fixed Return") and GNE Group has agreed to repurchase the Limited Partner's interest in the Limited Partnership upon the occurrence of certain events but in any case 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 GNE Group, this arrangement is accounted for as financing to GNE Group with the equity interest in the invested project companies as collateral.

At 31 December 2015, included in other loans is an amount due to a shareholder of subsidiary of RMB16,756,000 (2014: RMB15,778,000) which is unsecured, interest free and repayable in July 2016 (2014: July 2015).

The repayable amounts of bank borrowings due are based on scheduled repayment dates set out in the loan agreements.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are analysed as follows:

	2015	2014
Fixed-rate borrowings	**1.35% to 11.45%**	1% to 7.84%
Variable-rate borrowings		
US$ borrowings	**London Interbank Offered Rate ("LIBOR") +1.25% to 4.1%**	LIBOR + 2.0% to 4.5%
RMB borrowings	**100% to 120% of Benchmark Rate**	95% to 120% of Benchmark Rate

The Group's borrowings are denominated in the currencies other than the functional currency of the relevant group entities are set out below:

	2015 RMB'000	2014 RMB'000 (Restated)
US$	**8,902,240**	9,983,859
HK$	**25,855**	—

Certain borrowings are secured by property, plant and equipment, prepaid lease payments and bank deposits as set out in note 54.

Included in short-term bank borrowings are obligations arising from bills receivable issued by third parties and the Group's entities with aggregate carrying amount of approximately RMB8,783,986,000 (2014: RMB7,379,753,000) discounted to banks with recourse at interest rates ranging from 2.63% to 10.00% (2014: 4.17% to 6.78%).

38. BANK AND OTHER BORROWINGS (Continued)

GNE Group is required to comply with certain restrictive financial covenants and undertaking requirements. During 2015, certain subsidiaries of GNE Group did not comply with a required debt to asset ratio requirement as set out in the loan agreements entered into between the subsidiaries and a PRC bank. On discovery of the breach, the directors of GNE Group informed the lender and the relevant bank has agreed to grant a grace period to GNE Group up to 31 December 2015 in order for the subsidiaries to remediate and meet the required covenant requirement. As at 31 December 2015, the relevant covenant requirement has been remediated and the directors of GNE Group had reviewed all required covenant requirements of GNE Group and no breach of covenants was noted.

In respect of a bank loan with a carrying amount of approximately RMB6,044,032,000 (2014: RMB5,935,430,000) as at 31 December 2015 which contains certain covenants, the Directors had reviewed these covenants and no breach of covenants was noted at 31 December 2015.

The shares of a subsidiary with net asset value of RMB9 billion (2014: RMB8.6 billion) were pledged to secure bank borrowings totalling RMB3,153,408,000 (2014: RMB2,937,120,000) granted to the Group as at 31 December 2015.

39. 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	
	2015 RMB'000	2014 RMB'000 (Restated)	**2015 RMB'000**	2014 RMB'000 (Restated)
Amounts payable under finance leases				
Within one year	**1,104,586**	802,470	**934,578**	735,118
More than one year, but not exceeding two years	**999,480**	404,374	**873,120**	373,692
More than two years, but not exceeding five years	**1,365,741**	377,272	**1,194,639**	323,877
More than five years	**512,228**	318,958	**432,069**	253,846
	3,982,035	1,903,074	**3,434,406**	1,686,533
Less: future finance charges	**(547,629)**	(216,541)	**N/A**	N/A
Present value of lease obligations	**3,434,406**	1,686,533	**3,434,406**	1,686,533
Less: Amount due for settlement within one year (shown under current liabilities)			**(934,578)**	(735,118)
Amount due for settlement after one year			**2,499,828**	951,415

39. OBLIGATIONS UNDER FINANCE LEASES (Continued)

Finance lease arrangements in the PRC

The Group entered into several finance lease agreements with third party financial institutions with lease terms of 3 to 5 years, pursuant to which the Group agreed to sell certain plants and equipment to the financial institutions, and concurrently lease the assets back for terms ranging from 3 to 5 years with quarterly rent payments. At the end of the lease term, the Group has the option to purchase the assets at nominal value. As the lease terms have covered major part of the useful lives of the relevant assets, the sale and leaseback arrangement resulted in finance leases.

At 31 December 2015, such finance leases have outstanding obligations of RMB3,048,862,000 (2014: RMB1,275,810,000). The average effective interest rate of these leases is 7.56% (2014: 6.82%) per annum after adjusting the effect of initial direct costs. The Group's obligations under finance lease arrangements in the PRC are secured by pledged and restricted deposits of approximately RMB215,120,000 (2014: RMB97,280,000) made to lessors at the inception of the lease.

Finance lease arrangements in the USA

GCL Solar Energy Inc. ("GCL Solar"), an indirect wholly-owned subsidiary of the Company, and its subsidiaries (collectively the "Project Companies"), entered into master lease agreements and various related agreements with Wells Fargo & Company ("Wells Fargo") and Bank of America Merrill Lynch ("Bank of America") (collectively the "Lease Agreements") to fund solar photovoltaic power projects ("Solar Projects"). Pursuant to the Lease Agreements, the Project Companies will design, construct and build the Solar Projects, and upon completion of which, will sell the Solar Projects to Wells Fargo and Bank of America which will in turn, lease back the Solar Projects to the Project Companies. Separately, the Project Companies has entered into power purchase agreements with end customers, who will buy electricity directly from the Project Companies.

In 2012 and 2011, the Project Companies sold 1MW Solar Projects to Bank of America, and 4.9MW to Bank of America and 11MW to Wells Fargo, respectively. Concurrent with the sale, the Project Companies entered into agreements to lease the Solar Projects back from Wells Fargo and Bank of America at a predetermined basis rent for terms of 17 to 25 years. At the end of the lease term, the Project Companies have the option to purchase the Solar Projects at market price, renew the lease, or dispose the Solar Projects. The sale and leaseback of all these Solar Projects resulted in finance leases and accordingly the profit on the sale of these thirteen Solar Projects is deferred and amortised over the lease terms.

At 31 December 2015, such finance leases have outstanding obligations of US$31,470,000 (equivalent to RMB204,356,000) (2014: US$35,815,000, equivalent to RMB219,150,000). The average effective interest rate of these leases was 6.39% (2014: 6.59%) per annum after adjusting the effect of initial direct cost. The Group's obligations under these finance lease arrangements are secured by pledged and restricted bank deposits of approximately RMB65,677,000 (2014: RMB61,882,000) made to lessors at the inception of the lease.

39. OBLIGATIONS UNDER FINANCE LEASES (Continued)

Finance lease arrangements in Hong Kong

In 2013, the Group entered into a sale and leaseback agreement with a financial institution to sell an aircraft for an amount of US$35,000,000 (equivalent to RMB219,412,000), and concurrently lease the aircraft back for a term of 7 years. At the end of the lease term, the Group has the option to purchase the aircraft at nominal value. The sale and leaseback arrangement resulted in a finance lease at a floating rate of 3 months LIBOR with a margin per annum.

The Group also entered into several finance lease agreements with third party financial institutions with lease terms of 3 years, pursuant to which the Group agreed to sell certain plants and equipment to the financial institutions, and concurrently lease the assets back for terms ranging from 3 to 5 years with monthly rental payments. At the end of the lease term, the Group has the opinion to purchase the assets at nominal value. As the lease terms have covered major part of the useful lives of the relevant assets, the sales and leaseback arrangement resulted in finance leases.

At 31 December 2015, such finance leases have outstanding obligations of RMB181,188,000 (2014: RMB191,573,000). The average effective interest rate of these leases is 4.61% (2014: 4.29%) per annum after adjusting the effect of initial direct costs. The Group's obligations under finance lease arrangement in Hong Kong are secured by a pledged and restricted deposit of approximately RMB32,848,000 (2014: RMB18,929,000) made to lessors at the inception of the lease.

40. NOTES PAYABLES

The carrying amounts of the Group's notes payables are as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
7.05% fixed rate notes due 2018 (Note a)	**1,500,000**	1,500,000
7.50% fixed rate notes due 2018 (Note b)	**700,000**	—
7.00% fixed rate notes due 2018 (Note c)	**500,000**	—
5.50% fixed rate notes due 2016 (Note d)	**650,000**	—
5.60% fixed rate notes due 2018/2020 (Note e)	**1,000,000**	—
6.90% fixed rate notes due 2015 (Note f)	**—**	400,000
5.77% fixed rate notes due 2015 (Note f)	**—**	600,000
5.23% fixed rate notes due 2015 (Note g)	**—**	400,000
6.05% fixed rate notes due 2015 (Note h)	**—**	400,000
Less: Unamortised issuance costs	**(30,669)**	(11,286)
Net carrying amount	**4,319,331**	3,288,714
Less: Amounts due within one year shown under current liabilities	**(648,716)**	(1,797,433)
Amounts due for settlement after one year shown under non-current liabilities	**3,670,615**	1,491,281

40. NOTES PAYABLES (Continued)

Notes:

(a) On 15 November 2011, Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. ("Jiangsu Zhongneng"), a wholly-owned subsidiary of the Group, issued RMB1,500,000,000 notes due on 15 November 2018 (the "Notes") in the PRC unless there is an earlier resale pursuant to terms of the Notes. The Notes bear interest at a fixed rate of 7.05% per annum for the first five years, payable annually in arrears on 15 November each year, commencing from 15 November 2012.

Jiangsu Zhongneng has the absolute right (but not the obligation) to adjust upward the annual interest rate within the range from 0 to 100 basis point upon the end of five years from the date of issue. The interest rate for the last two years will be 7.05% per annum plus any of the upward adjustment.

Any investors of the Notes has the right to register within 5 business days from the date of announcement of any upward adjustment of the interest rate upon the end of five years from the date of issue in order to qualify for resale of the whole or any part of the Notes held by them to Jiangsu Zhongneng at par.

(b) On 18 June 2015, the Shanghai Stock Exchange issued a notice to Jiangsu Zhongneng notifying it that the terms of the proposed non-public issue of not more than RMB1,500,000,000 bonds by Jiangsu Zhongneng to qualified investors have fulfilled the trading conditions of the Shanghai Stock Exchange and that it has no objection to the trading of such proposed issue.

On 27 October 2015, Jiangsu Zhongneng issued notes payable in an aggregate principal amount of RMB700,000,000 to qualified investors in the PRC. The maturity date of the notes payable is 23 October 2018 and bears interest at 7.5%, which is payable annually, commencing from 23 October 2015.

(c) On 20 May 2015, the National Association of Financial Market Institutional Investors ("NAFMI") issued a notice to GCL-Poly (Suzhou) New Energy Co., Ltd.* ("GCL-Poly Suzhou") notifying it that it had accepted the registration of a total amount of RMB2,500,000,000 medium term notes to be issued by GCL-Poly Suzhou.

On 20 July 2015, GCL-Poly Suzhou issued the first tranche of the medium term notes in the principal amount of RMB500,000,000 due 2018 to financial institutions in the PRC. The maturity date of the notes payable is 20 July 2018 and bear interest at a fixed rate of 7% per annum, which is payable annually, commencing from 20 July 2016.

(d) On 20 May 2015, the NAFMI issued notices to GCL-Poly Suzhou notifying it that it had accepted the registration of a total amount of RMB1,300,000,000 short term notes to be issued by GCL-Poly Suzhou.

On 20 July 2015, GCL-Poly Suzhou issued the first tranche of the short term notes in the principal amount of RMB650,000,000 due 2016. The maturity of the notes payable is 20 July 2016 and bear interest at a fixed rate of 5.5% per annum, which is payable together with the principal upon the maturity date, commencing from 20 July 2015.

(e) On 16 October 2015, the China Securities Regulatory Commission issued a notice to GCL-Poly Suzhou notifying it that it had approved the issue of not more than RMB2,000,000,000 notes payable to be issued by GCL-Poly Suzhou to qualified investors, and that the first tranche and the second tranche of such issue should be completed within 12 months and 24 months from the date of approval, respectively.

On 30 October 2015, GCL-Poly Suzhou issued notes payable in an aggregate principal amount of RMB1,000,000,000 to qualified investors in the PRC. The maturity date of the notes payable is either 28 October 2020 or 28 October 2018 if the option to resell is selected by the investors. The notes payable bears interest at 5.6% per annum, which is payable annually on 28 October in each year from 2016 to 2020. If any investors selects to sell the bonds held by them back to GCL-Poly Suzhou, the interest payable date will be on 28 October in each year from 2016 to 2018. The interest commencement date is 28 October 2015.

40. NOTES PAYABLES (Continued)

Notes: (Continued)

(f) 保利協鑫有限公司 GCL-Poly Limited* ("GCL"), a wholly-owned subsidiary of the Group, completed the registration of RMB1,000,000,000 notes with a tenor of three years with the NAFMI. GCL has issued RMB400,000,000 (the "First Tranche Notes") and RMB600,000,000 (the "Second Tranche Notes") in the PRC on 16 February 2012 and 10 May 2012, respectively. The First Tranche Notes bear interest at a fixed rate of 6.9% per annum, payable annually in arrears on 16 February each year, commencing from 16 February 2013. The Second Tranche Notes bear interest at a fixed rate of 5.77% per annum, payable annually in arrears on 10 May each year, commencing from 10 May 2013. Both notes were matured and redeemed on 16 February 2015 and 10 May 2015, respectively.

(g) On 13 May 2013, GCL completed the registration of RMB1,000,000,000 short term notes with NAFMI, and such registered amount will be valid for a period of two years until 12 May 2015. On 11 July 2013, GCL issued the first tranche notes in an aggregate principal amount of RMB600,000,000 out of the registered RMB1,000,000,000 short term notes with interest at 5.8% per annum. The first tranche notes were matured and redeemed on 12 July 2014. On 20 October 2014, GCL issued the second tranche notes in an aggregate principal amount of RMB400,000,000 out of the registered RMB1,000,000,000 short term notes, with interest at 5.23% per annum. The interest is payable together with the principal upon date of redemption. The second tranche notes were matured and redeemed on 22 October 2015.

(h) On 25 June 2014, GCL issued notes payable in an aggregate principal amount of RMB400,000,000. The notes payable bear interest at a rate of 6.05% per annum, which is payable together with the principal upon the maturity date. The notes were matured and redeemed on 25 June 2015.

* English name for identification only

41. BONDS PAYABLE

On 19 June 2015 and 7 July 2015, Nanjing GCL New Energy Development Co., Ltd., a wholly-owned subsidiary of GNE Group, issued bonds with a total nominal value of RMB360,000,000. The bonds mature one year from the date of issuance. The bonds payable is interest bearing at 6.7% per annum.

42. DERIVATIVE FINANCIAL INSTRUMENTS

Current

	2015 RMB'000	2014 RMB'000
Foreign currency forward contracts	12,575	—

Major terms of the foreign currency forward contracts are as follows:

The Group entered into certain forward contracts to manage foreign currency exchange rate risk, which was primarily related to its US dollar denominated indebtedness. Current US dollar forward contracts are typically for a period of less than 12 months. The timing and amount of foreign exchange contracts are largely based on the estimated timing of payments of indebtedness that are denominated in US dollar.

The foreign currency forward contracts were related to the purchase of US$ and the sale of RMB at contract rates ranging from RMB6.4867 to RMB6.6037 per one US$ with future maturity dates ranging from 19 June 2016 to 19 August 2016 at an aggregate notional amount of approximately RMB2,213 million.

43. CONVERTIBLE BONDS PAYABLES

	2018 Convertible Bonds issued by the Company RMB'000	2019 Convertible Bonds issued by the Company RMB'000	Convertible bonds issued by GNE RMB'000	Total RMB'000
At 1 January 2014 (Restated)	1,212,330	—	—	1,212,330
Change in fair value charged to profit or loss (note 10)	(69,351)	—	—	(69,351)
Payments of interests	(9,225)	—	—	(9,225)
Effect of foreign currency exchange differences	4,698	—	—	4,698
As at 31 December 2014 and 1 January 2015 (Restated)	1,138,452	—	—	1,138,452
Issue of convertible bonds	—	1,397,115	768,964	2,166,079
Change in fair value charged (credited) to profit or loss (note 10)	146,774	(111,499)	(29,064)	6,211
Payments of interests	(5,171)	—	(7,044)	(12,215)
Redemption of convertible bonds	(1,280,055)	—	—	(1,280,055)
At 31 December 2015	—	1,285,616	732,856	2,018,472

2018 Convertible Bonds issued by the Company

On 29 November 2013, the Company issued US$200 million (equivalent to approximately RMB1,226,500,000) convertible bonds payable (the "2018 Convertible Bonds") that are in registered form in the denomination of US$200,000 each and integral multiples. The 2018 Convertible Bonds bore interest at a fixed rate of 0.75% per annum and were payable semi-annually. The maturity date would be 29 November 2018. The bonds entitled the holders to convert into ordinary shares of the Company at any time after six months of the date of issue to the maturity date at an initial conversion price of HK$3.125 per share, but would be subject to adjustment of anti-dilution protection. If the bonds had not been converted, they would be redeemed at 109.7% of its principal amount upon maturity.

The Directors have designated the 2018 Convertible Bonds as FVTPL and initially recognised at fair value. In subsequent periods, the 2018 Convertible Bonds is measured at fair value with changes in fair value recognised in profit or loss. The Company early redeemed the 2018 Convertible Bonds during the year ended 31 December 2015 at an amount of RMB1,280,055,000 from the proceeds of the 2019 Convertible Bonds (as defined below).

43. CONVERTIBLE BONDS PAYABLES (Continued)

2019 Convertible Bonds issued by the Company

On 22 July 2015, the Company completed the issue of convertible bonds due 2019 (the "2019 Convertible Bonds") in the aggregate principal amount of US$225,000,000 (equivalent to approximately RMB1,397,115,000), at the interest rate of 0.75% per annum.

The bonds entitle the holders to convert into ordinary shares of the Company at any time after six months of the date of issue to the maturity date at an initial conversion price of HK$2.60 per share, but will be subject to adjustment of anti-dilution protection. If the bonds have not been converted, they will be redeemed at 107.7% of its principal amount upon maturity. The Company will, at the option of the bonds holders, redeem all or some of the holder's bonds as requested on 22 July 2018, at 105.7% of the principal amount of the bonds when a relevant event has occurred or may occur. If at anytime that 90% of the bonds have been converted and/or redeemed and/or cancelled, the Company may redeem the remaining bonds in whole together with the unpaid interest.

The proceeds of the issuance of the 2019 Convertible Bonds was primarily used for the early redemption of the 2018 Convertible Bonds. The Directors have designated the 2019 Convertible Bonds as FVTPL and initially recognised at fair value and it is measured at fair value with changes in fair value recognised in profit or loss.

The conversion price of the 2019 Convertible Bonds was adjusted to HK$2.45 with effective from 24 December 2015 as a result of the declaration of a special dividend, and it was adjusted further down to HK$2.34 with effective from 29 December 2015 as a result of the determination of entitlements to the rights issue mentioned in note 56.

Convertible bonds issued by GNE

On 27 May 2015 and 20 July 2015, GNE issued three-year convertible bonds at a nominal value of HK$775,100,000 (equivalent to approximately RMB611,244,000) ("Talent Legend Issue") and HK$200,000,000 (equivalent to approximately RMB157,720,000) ("Ivyrock Issue"), respectively. The major terms and conditions of the convertible bonds issued by GNE are as follows:

(a) **Interest rate**
GNE shall pay an interest on the convertible bonds at 6% per annum.

(b) **Conversion price**
The bonds mature three years from the date of issuance at its nominal value of HK$775,100,000 and HK$200,000,000 respectively or can be converted into ordinary shares of GNE 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.

43. CONVERTIBLE BONDS PAYABLES (Continued)

Convertible bonds issued by GNE (Continued)

(b) Conversion price (Continued)

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.

(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 and 20 July 2015), the 30-day average price of GNE 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 (see definition below) 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 GNE 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 GNE 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 "Further 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 GNE is ascertained. For these purposes, "Minimum Conversion Price" means HK$0.78 subject to adjustment in the same manner as the conversion price. The Minimum Commission Price has been further adjusted to HK$0.754 with effect from 6 January 2016 as a result of the determination of entitlements to the rights issue.

Pursuant to the terms of the Talent Legend issue, the 30-day average price has fallen below 80% of the applicable conversion price. Accordingly, the conversion price of the Talent Legend Issue was adjusted from HK$1.20 per share of GNE to HK$0.96 per share of GNE with effect from 30 October 2015. GNE further announced that the conversion price of such convertible bond was adjusted down to HK$0.93 with effect from 6 January 2016 as a result of the determination of entitlements to the rights issue. On 29 February 2016, GNE announced that the conversion price of Talent Legend Issue was adjusted further down to HK$0.754 per share as a result of the 30-day average price has fallen below 80% of the applicable conversion price.

Pursuant to the terms of Ivyrock Issue, GNE announced that the conversion of such convertible bond was adjusted from HK$1.20 to HK$1.16 with effect from 6 January 2016 as a result of the determination of entitlements to the rights issue. On 21 January 2016, GNE announced that the conversion price of such convertible bond was adjusted further down HK$0.93 per share of GNE as a result of the 30-day average price has fallen below 80% of the applicable conversion price.

43. CONVERTIBLE BONDS PAYABLES (Continued)

Convertible bonds issued by GNE (Continued)

(c) **Maturity**
The maturity for Talent Legend Issue and Ivyrock Issue are 26 May 2018 and 19 July 2018, respectively.

(d) **Redemption**
Unless previously redeemed, converted or purchased and cancelled, GNE will redeem all the principal amount of the convertible bonds outstanding on the maturity date at 112% of the outstanding principal amount.

GNE designated the convertible bonds (including the conversion option) as a financial liability at FVTPL, and initially recognised at fair value. In subsequent period, such convertible bonds are measured at fair value with changes in fair values recognised in profit or loss. Transaction costs relating to the issuance of the convertible bonds payable are charged to profit or loss immediately.

The fair values of the convertible bonds were determined by independent qualified valuers, Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Cushman & Wakefield Valuation and Advisory Service Limited based on the Binomial Lattice Model.

The following assumptions were applied.

2019 Convertible Bonds issued by the Company

	31 December 2015	22 July 2015
Discount rate	10.07%	9.69%
Share price (per share)	HK$1.16	HK$1.76
Conversion price (per share)	HK$2.34	HK$2.60
Risk free interest rate	1.52%	1.44%
Time to maturity	3.56	4.00
Expected volatility	56.29%	61.52%
Expected dividend yield	0%	0%

43. CONVERTIBLE BONDS PAYABLES (Continued)

Convertible bonds issued by GNE (Continued)

Convertible bonds issued by GNE

	Talent Legend Issue		Ivyrock Issue	
	31 December 2015	27 May 2015	**31 December 2015**	20 July 2015
Discount rate	**30.77%**	22.13%	**31.03%**	16.96%
Share price	**HK$0.46**	HK$0.87	**HK$0.46**	HK$0.61
Conversion price (per share)	**HK$0.96**	HK$1.20	**HK$1.20**	HK$1.20
Risk free interest rate	**0.62%**	0.70%	**0.68%**	0.79%
Time to maturity	**2.41 years**	3 years	**2.56 years**	3 years
Expected volatility	**64.85%**	54.23%	**64.42%**	63.94%
Expected dividend yield	**0%**	0%	**0%**	0%

44. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	20,000,000	2,000,000
Issued and fully paid:		
At 1 January 2014	15,483,223	1,548,322
Exercise of share options (Note a)	5,984	598
At 31 December 2014 and 1 January 2015	15,489,207	1,548,920
Exercise of share options (Note b)	430	43
At 31 December 2015	15,489,637	1,548,963

44. SHARE CAPITAL (Continued)

	2015 RMB'000	2014 RMB'000 (Restated)
Shown in the financial statements as	**1,372,260**	1,372,226

Notes:

(a) During the year ended 31 December 2014, share option holders exercised their rights to subscribe for 890,000, 246,000 and 4,848,000 ordinary shares in the Company at HK$0.59, HK$1.054 and HK$1.642 per share, respectively, with the net proceeds of approximately HK$8,749,000 (equivalent to RMB6,931,000).

(b) During the year ended 31 December 2015, share option holders exercised their rights to subscribe for 240,000, 160,000 and 30,000 ordinary shares in the Company at HK$0.59, HK$1.054 and HK$1.642 per share, respectively, with the net proceeds of approximately HK$360,000 (equivalent to RMB284,000).

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during both years.

All shares issued during the years ended 31 December 2014 and 2015 rank pari passu in all respects with the existing shares of the Company.

45. ACQUISITIONS OF SUBSIDIARIES

Year ended 31 December 2015

During the current year, GNE Group had several material acquisitions in acquiring a controlling interest in certain companies for a total consideration of approximately RMB175,831,000. For the companies set out in note (i), they did not operate any business prior to the respective dates of acquisitions and accordingly, GNE Group considers the nature of these acquisitions as acquisitions of assets in substance and the considerations have been attributed to the individual assets acquired and liabilities assumed based on the relative fair values of the individual items. For the other four acquisitions as mentioned in note (ii), the construction of the respective solar farm projects is either close to completion or have been completed as at the date of the respective acquisitions. Therefore, the acquisitions are considered as a business combination under IFRS 3 and accounted for using acquisition method.

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2015 (Continued)

(i) **Assets acquisition**

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

On 12 January 2015, GNE Group acquired 100% equity interest in Nantong at a consideration of RMB10,000,000. At the date of acquisition, Nantong had a 22MW solar farm project under development.

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

On 16 March 2015, GNE Group acquired 30% equity interest in Yuanmou at a consideration of RMB6,000,000 and obtained control of Yuanmou by holding 70% voting power in the shareholders' meeting. At the date of acquisition, Yuanmou had a 50MW solar farm project under preliminary development.

GNE Group has an obligation to acquire the remaining 70% equity interest in Yuanmou at RMB14,000,000. The acquisition of the remaining 70% equity interest was subsequently completed during the current year.

Following the acquisition of the remaining 70% equity interest, GNE Group further injected capital to Yuanmou by increasing its total registered capital from RMB20,000,000 to RMB85,000,000. In December 2015, GNE Group entered into a separate sales and purchase agreement with a related party of the vendor to dispose 20% equity interest in Yuanmou to the related party of the vendor at RMB17,000,000. The disposal was yet to be completed as at 31 December 2015.

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

On 13 May 2015, GNE Group acquired 30% equity interest in Taigu at a consideration of RMB2,819,000 and obtained control of Taigu by holding 100% voting power in the shareholders' meeting. At the date of acquisition, Taigu had a 20MW solar farm project under preliminary development.

GNE Group has an obligation to acquire the remaining 70% equity interest in Taigu at RMB6,578,000 after the project has obtained the on-grid connection and accordingly, other payable of RMB6,578,000 had been recognised as at 31 December 2015 in this regard.

(d) *Acquisition of 余干縣協鑫新能源有限責任公司 ("Yugan")*

On 26 August 2015, GNE Group acquired 100% equity interest in Yugan at a consideration of RMB500,000 and obtained control of Yugan. At the date of acquisition, Yugan had a 130MW solar farm project under preliminary development.

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2015 (Continued)

(i) Assets acquisition (Continued)

(e) *Acquisition of 榆林隆源光伏電力有限公司 ("Longyuan")*

On 26 August 2015, GNE Group acquired 100% equity interest in Longyuan at a consideration of RMB10,000,000 and obtained control of Longyuan. At the date of acquisition, Longyuan had a 200MW solar farm project under preliminary development.

Pursuant to the acquisition agreement, GNE Group is required to settle the consideration of RMB10,000,000 after the project has been connected to the grid, and accordingly, other payable of RMB10,000,000 has been recognised as at 31 December 2015.

As at 31 December 2015, the project was not yet connected to the grid.

(f) *Acquisition of 寧夏綠昊光伏發電有限公司 ("Lvhao")*

On 17 November 2015, GNE Group acquired 95% equity interest in Lvhao at a consideration of RMB9,500,000 and obtained control of Lvhao. At the date of acquisition, Lvhao had a 20MW solar farm project under development. GNE Group has an obligation to acquire the remaining 5% equity interest in Lvhao at approximately RMB500,000. Accordingly, other payable of RMB500,000 had been recognised as at 31 December 2015 in this regard.

Following the transfer of the equity interest, both GNE Group and the vendor further injected capital to Lvhao by increasing its total registered capital from RMB10,000,000 to RMB36,050,000 at the same time maintaining their respective ownership of 95% (attributable to GNE Group) and 5% (attributable to the vendor) of the total equity interests in Lvhao. The minority shareholder paid up RMB1,303,000 during 2015, and accordingly, total payable of RMB1,803,000 had been recognised as at 31 December 2015 as GNE Group has an obligation to acquire the remaining 5% interest as enlarged by the capital contribution at this price.

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2015 (Continued)

(i) Assets acquisition (Continued)

(g) *Acquisition of 靖邊縣順風新能源有限公司 ("Jingbian")*

On 4 December 2015, GNE Group acquired 95% equity interest in Jingbian at a consideration of RMB1,012,000 and obtained control of Jingbian. At the date of acquisition, Jingbian had a 40MW solar farm project under preliminary development. The Group has an obligation to acquire the remaining 5% equity interest in Jingbian at approximately RMB53,000. Accordingly, other payable of RMB53,000 had been recognised as at 31 December 2015 in this regard.

	Nantong RMB'000	Yuanmou RMB'000	Taigu RMB'000	Yugan RMB'000	Longyuan RMB'000	Lvhao RMB'000	Jingbian RMB'000	Total RMB'000
Consideration paid as at acquisition date	10,000	6,000	2,819	500	—	9,500	1,012	29,831
Consideration payable to the former owner	—	14,000	6,578	—	10,000	500	53	31,131
Total consideration	10,000	20,000	9,397	500	10,000	10,000	1,065	60,962
Assets and liabilities recognised at the date of acquisition								
Property, plant and equipment	3,250	—	—	—	—	455	18,945	22,650
Prepayments and other receivables	8,003	19,993	9,900	—	120	14,491	8,652	61,159
Bank balances and cash	1,512	7	8	4,350	21,790	74	—	27,741
Other payables	(2,765)	—	(511)	(3,850)	(11,910)	(5,020)	(26,532)	(50,588)
Total identifiable net assets acquired	10,000	20,000	9,397	500	10,000	10,000	1,065	60,962
Cash consideration paid	10,000	6,000	2,819	500	—	9,500	1,012	29,831
Bank balances and cash	(1,512)	(7)	(8)	(4,350)	(21,790)	(74)	—	(27,741)
Net cash outflow (inflow)	8,488	5,993	2,811	(3,850)	(21,790)	9,426	1,012	2,090

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2015 (Continued)

(ii) **Business acquisition**

(a) *Acquisition of 常州新天新能源有限公司 ("Changzhou Xintian")*

On 30 December 2014, GNE 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 GNE Group agreed to acquire 100% equity interest of Changzhou Xintian for a total consideration of RMB5,000,000. The transaction was completed on 31 March 2015. At the date of acquisition, a wholly-owned subsidiary of Changzhou Xintian had a 50MW solar farm project under development. The acquisition was accounted for using the acquisition method.

(b) *Acquisition of 湖北麻城市金伏太陽能電力有限公司 ("Hubei Macheng")*

On 10 December 2015, GNE Group entered into equity purchase agreement with 武漢日新能源有限公司 ("Wuhan Rixin"), pursuant to which GNE Group agreed to acquire 100% equity interest of Hubei Macheng for a total consideration of approximately RMB45,000,000. The transaction was completed on 11 December 2015. At the date of acquisition, Wuhan Rixin had a 110MW solar farm project under development. The acquisition was accounted for using the acquisition method.

(c) *Acquisition of 內蒙古源海新能源有限責任公司 ("Yuanhai")*

In November 2015, GNE Group entered into equity purchase agreement with two individuals, pursuant to which GNE Group agreed to acquire 100% equity interest of Yuanhai for a total consideration of approximately RMB51,000,000. The transaction was completed on 11 December 2015. At the date of acquisition, a wholly owned subsidiary of Yuanhai had a 30MW solar farm project, of which 20MW was completed while 10MW was under development. The acquisition was accounted for using the acquisition method.

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2015 (Continued)

(ii) Business acquisition (Continued)

(d) *Acquisition of 邯能廣平縣光伏電力開發有限公司 ("Guangping") (Continued)*

On 30 December 2015, GNE Group entered into equity purchase agreement with 英利光伏電力投資集團有限公司 ("Yingli"), pursuant to which GNE Group agreed to acquire 100% equity interest of Guangping for a total consideration of approximately RMB124,760,000. Included in the total consideration, RMB45,000,000 has been paid by cash and RMB79,760,000 has been recognised as other payable as at 31 December 2015 in this regards. At the date of acquisition, Guangping had a solar farm project of 50MW under development. The acquisition was accounted for using the acquisition method.

	Changzhou Xintian RMB'000	Hubei Macheng RMB'000	Yuanhai RMB'000	Guangping RMB'000	Total RMB'000
Fair value of assets and liabilities recognised at the date of acquisition:					
Property, plant and equipment	477,246	518,754	136,295	367,927	1,500,222
Prepayments and other receivables	50,592	1,958	51,976	49,446	153,972
Bank balances and cash	206	23	947	—	1,176
Other payables	(501,346)	(475,735)	(138,218)	(38,738)	(1,154,037)
Deferred tax liabilities	(72)	—	—	—	(72)
Borrowings	—	—	—	(253,875)	(253,875)
Total identifiable net assets acquired	26,626	45,000	51,000	124,760	247,386
Consideration payable to the former owner	—	—	—	(79,760)	(79,760)
Cash consideration paid	(5,000)	(45,000)	(51,000)	(45,000)	(146,000)
Bargain purchase recognised (Note)	21,626	—	—	—	21,626
Cash consideration paid	5,000	45,000	51,000	45,000	146,000
Bank balances and cash acquired	(206)	(23)	(947)	—	(1,176)
Net cash outflow	4,794	44,977	50,053	45,000	144,824

Note: The bargain purchase arose because the consideration paid by GNE 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 discounting effect of the EPC payable.

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2015 (Continued)

(ii) Business acquisition (Continued)

Impact of acquisition on the results of GNE Group

Had the acquisitions as mentioned in note (ii) been effected at the beginning of the year, the total amounts of revenue and profit for the year of GNE Group would have been increased by RMB16,768,000 and decreased by RMB1,358,000, respectively. Such pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of GNE Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the above pro-forma financial information, depreciation and amortisation of the property, plant and equipment was calculated based on their recognised amounts as at the date of the acquisition.

Year ended 31 December 2014

(i) Acquisition of GNE

On 13 February 2014, the Group entered into a subscription agreement with GNE to subscribe for 360,000,000 new shares of GNE in cash at a subscription price of HK$4.00 per share for a total consideration of HK$1,440,000,000 (equivalent to approximate RMB1,143,792,000). The acquisition was completed on 9 May 2015 and resulted in GNE becoming a non wholly-owned subsidiary of the Group. Details of this acquisition were set out in the announcements of the Group dated 13 February 2014 and 9 May 2014.

GNE and its subsidiaries were then principally engaged in the manufacture and sales of printed circuit boards in the PRC. It was being acquired with the objective of expanding into the renewable energy sector including development, construction, operation and management of solar power, energy storage, energy conservation, smart micro-grid and distribution of energy.

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(i) Acquisition of GNE (Continued)

The acquisition has been accounted for using the acquisition method.

Assets and liabilities recognised at the date of acquisition

	RMB'000 (Restated)
Non-current assets	
Property, plant and equipment	538,294
Prepaid lease payments	29,977
Deferred tax assets	31,535
Other non-current assets	5,100
Current assets	
Inventories	159,366
Trade and other receivables	302,541
Pledged bank deposit	4,007
Cash and cash equivalents	194,337
Current liabilities	
Trade and other payables	(381,115)
Amount due to a related party	(15,886)
Bank borrowings	(193,241)
Obligations under finance leases	(22,406)
Tax payables	(38,738)
Non-current liabilities	
Bank borrowings	(40,073)
Obligations under finance leases	(24,263)
Deferred tax liabilities	(10,933)
Net assets of GNE before share subscription by the Group	538,502
Share subscription by the Group	1,143,792
Total identifiable net assets acquired	1,682,294

The fair values of trade and other receivables amounted to approximately RMB302,541,000, representing the gross contractual amounts at the date of acquisition and the contractual cashflows are expected to be fully collected.

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(i) Acquisition of GNE (Continued)

Non-controlling interests

The non-controlling interest (32.01%) in GNE recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of GNE and amounted to RMB538,502,000.

Goodwill arising on acquisition

	RMB'000 (Restated)
Consideration transferred	1,143,792
Plus: non-controlling interests	538,502
Less: fair values of identifiable net assets acquired	(1,682,294)
Goodwill arising on acquisition	—

Net cash inflow arising on acquisition

	RMB'000 (Restated)
Consideration paid in cash	1,143,792
Less: cash and cash equivalents acquired (including the consideration for share subscription paid by the Group)	(1,338,130)
Net cash inflow arising on acquisition	(194,338)

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

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(i) Acquisition of GNE (Continued)

Impact of acquisition on the results of the Group

Included in the profit and revenue of the Group for the year ended 31 December 2014 were approximately a loss of RMB138,969,000 and RMB812,358,000, respectively, generated from GNE.

Had the acquisition of GNE been effected at the beginning of the year, the total amount of revenue of the Group for the year ended 31 December 2014 would have been increased by RMB608,159,000, and the amount of the profit for the year would have been increased by RMB11,420,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit of the Group had GNE been acquired at the beginning of the year, the management calculated depreciation and amortisation of property, plant and equipment acquired on the basis of fair values arising in the initial accounting for the business combination rather than the carrying amounts.

(ii) Acquisition of 德令哈協合光伏發電有限公司 ("Delingha")

On 3 December 2014, GNE Group, Yinhua Century Concord New Energy Investment Limited* (銀華協合新能源投資有限公司) ("Yinhua") and Century Concord Wind Power Investment Co., Ltd.* (協合風電投資有限公司) ("Century Concord") entered into a sale and purchase agreement pursuant to which GNE Group acquired 100% equity interest in Delingha at a consideration of RMB232,590,000 in cash.

The acquisition of 100% equity interest in Delingha was completed on 31 December 2014 and was accounted for using acquisition method.

* English name for identification only

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(ii) Acquisition of 德令哈協合光伏發電有限公司 ("Delingha") (Continued)

Assets and liabilities recognised at the date of acquisition

	RMB'000 (Restated)
Non-current assets	
Property, plant and equipment	670,502
Investment in a joint venture	32,476
Deferred tax assets	2,939
Non-current deposits and prepayments	11,928
Amount due from joint venture — non-current	21,534
Current assets	
Trade receivables	66,608
Prepayments and other receivables	58,027
Amount due from a joint venture — current	22,925
Bank balances and cash	60,821
Current liabilities	
Trade and other payables	(76,449)
Borrowings	(645,000)
Total identifiable net assets acquired	226,311
Goodwill arising on acquisition	
Consideration payable	232,590
Less: fair values of identifiable net assets acquired	(226,311)
Goodwill arising on acquisition	6,279
Less: impairment of goodwill (note 19)	(6,279)
	—
Net cash inflow arising on acquisition	
Consideration paid in cash	50,000
Less: cash and cash equivalents acquired	(60,821)
Net cash inflow arising on acquisition	(10,821)

Goodwill arising from the acquisition of Delingha had been fully impaired with an impairment charge of RMB6,279,000. The impairment charge represents the difference between the recoverable amount and carrying amount of this solar farm acquired which is considered as a CGU. The recoverable amount of the CGU is determined based on the value in use calculation. The budgeted revenue and the annual growth rate are based on the past performance and the management's expectations of the market development. The discount rate of 8% used is pre-tax and reflects specific risks relating to the operation.

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(ii) Acquisition of 德令哈協合光伏發電有限公司 ("Delingha") (Continued)

Impact of acquisition on the results of GNE Group

As Delingha was acquired on 31 December 2014, no profit or loss from Delingha was included in the loss for the year ended 31 December 2014 of GNE Group.

Had the acquisition of Delingha been effected at the beginning of the period, the total amounts of revenue and the loss for the period of GNE Group would have been increased by RMB106,547,000 and decreased by RMB21,822,000, respectively. Such pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of GNE Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the above pro-forma financial information, depreciation and amortisation of the plant and equipment was calculated based on their recognised amounts of at the date of the acquisition.

(iii) Acquisition of other subsidiaries

During the year ended 31 December 2014, the Group also acquired controlling equity interests in several companies through GNE Group. These companies, as detailed below, did not operate any business prior to the respective dates of acquisitions. Therefore, GNE Group considers the nature of these acquisitions as acquisitions of assets in substance and the considerations should be attributable to the individual assets acquired and liabilities assumed based on the relative fair values of the individual items.

(a) Acquisition of 金湖正輝太陽能電力有限公司 ("Jinhu Zhenghui")

On 26 August 2014, GNE Group acquired 90% equity interest in Jinhu Zhenghui at a consideration of RMB72,000,000 and obtained control of Jinhu Zhenghui. At the date of acquisition, Jinhu Zhenghui owns a 100MW solar farm project under development.

Pursuant to the subscription agreement, GNE Group is required to further inject capital to Jinhu Zhenghui by increasing its total registered capital from RMB80,000,000 to RMB160,600,000 which changed GNE Group and the vendor's respective ownership to 95.02% (attributed to GNE Group) and to 4.98% (attributable to the vendor) of the total enlarged equity interest in Jinhu Zhenghui, respectively. GNE Group subsequently injected the additional RMB80,600,000 capital accordingly in 2014 and the acquisition was completed on 4 September 2014.

Pursuant to the above subscription agreement, GNE Group has an obligation to purchase the remaining 4.98% equity interest in Jinhu Zhenghui at RMB8,000,000 within one year and two months after the completion of the development project and grid connection testing. Accordingly, other payable of RMB8,000,000 had been recognised as at 31 December 2014 and 2015 in this regard.

The project was completed in December 2014 and the respective procedures to apply for shares transfer is in progress.

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(iii) Acquisition of other subsidiaries (Continued)

(b) *Acquisition of 横山晶合太陽能發電有限公司 ("Hengshan")*

On 28 August 2014, GNE Group entered into a subscription agreement with 西安黃河光伏科技有限公司 ("Huanghe Solar") pursuant to which GNE Group agreed to subscribe for 91% equity interest in Hengshan at a total consideration of RMB81,900,000. Hengshan has a 150 MW photovoltaic power generation project which was then under development in Xian, the PRC. The acquisition was completed on 5 November 2014.

Pursuant to the acquisition agreement, GNE Group has an obligation to acquire the remaining 9% equity interest in Hengshan at RMB8,100,000 one year after connecting to the grid. However, the minority shareholders only paid up RMB500,000 at the date of acquisition and 31 December 2014, and accordingly, other payable of RMB500,000 had been recognised as at 31 December 2014 in this regard. During the year ended 31 December 2015, the minority shareholders paid up the remaining RMB7,600,000 of registered capital and accordingly, total payable of RMB8,100,000 has been recognised as at 31 December 2015.

The project was connected to the grid in December 2015 and the respective procedures to apply for shares transfer will be started one year after.

(c) *Acquisition of 正藍旗國電光伏發電有限公司 ("Zheng Lan Qi")*

On 22 September 2014, GNE Group acquired 93.75% equity interest in Zheng Lan Qi at a consideration of RMB15,000,000. At the date of acquisition, Zheng Lan Qi owned a 50MW solar farm project which was then under preliminary development.

Pursuant to the acquisition agreement, GNE Group has an obligation to purchase the remaining 6.25% equity interest in Zheng Lan Qi at RMB1,000,000 after grid connection and generation of electricity. However, the minority shareholders not yet paid up its share capital of RMB1,000,000 at acquisition date, which was settled subsequently during the year of 2014. Accordingly, other payable of RMB1,000,000 had been recognised as at 31 December 2014 and 2015 in this regard.

The project was completed in February 2015 and the respective procedures to apply for shares transfer is in progress.

(d) *Acquisition of 哈密耀輝光伏電力有限公司 ("Hami Yaohui")*

On 25 September 2014, GNE Group acquired 100% equity interest in Hami Yaohui at a consideration of RMB10,000,000. At the date of acquisition, Hami Yaohui owned a 60MW solar farm project under preliminary development.

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(iii) **Acquisition of other subsidiaries (Continued)**

(e) *Acquisition of 榆林市榆神工業區東投能源有限公司 ("YuShen")*

On 25 September 2014, GNE Group acquired 100% equity interest in YuShen at a consideration of equivalent to RMB1,000,000. YuShen is a 100MW solar power plant project under development.

(f) *Acquisition of 浙江舒奇蒙能源科技股份有限公司 ("Zhejiang Shuqimeng")*

On 29 September 2014, GNE Group acquired 91% equity interest in Zhejiang Shuqimeng at a consideration of RMB9,100,000. At the date of acquisition, Zhejiang Shuqimeng owned a 17.5MW solar farm project which was then under development.

Pursuant to the acquisition agreement, GNE Group has an obligation to acquire the remaining 9% equity interest in Zhejiang Shuqimeng at RMB900,000 three years after the agreement date of 8 August 2014.

Following the transfer of the equity interest, both GNE Group and the vendor further injected capital to Zhejiang Shuqimeng by increasing its total registered capital from RMB10,000,000 to RMB28,403,000 at the same time maintaining their respective ownership of 91% (attributable to the Group) and 9% (attributable to the vendor) of the total equity interests in Zhejiang Shuqimeng. The minority shareholders paid up RMB1,656,000 during 2014, and accordingly, total payable of RMB2,556,000 has been recognised as at 31 December 2014 and 2015.

(g) *Acquisition of 內蒙古香島新能源開發有限公司 ("Inner Mongolia Xiangdao")*

On 6 October 2014, GNE Group entered into an investment agreement with 內蒙古香島生態農業開發有限公司 (the "Seller") pursuant to which the Seller agrees to sell to Suzhou GCL New Energy Investment Company Limited, a wholly-owned subsidiary of the Company, 90.10% of the issued share capital of Inner Mongolia Xiangdao at a consideration of RMB45,050,000. The acquisition was completed on 22 October 2014.

Pursuant to the investment agreement, GNE Group has an obligation to acquire the remaining 9.90% equity interest in Inner Mongolia Xiangdao at RMB4,950,000.

Inner Mongolia Xiangdao has two solar farm projects under development in the city of Hohhot in the Inner Mongolia Autonomous Region; namely (i) a 31MW photovoltaic power generation project; and (ii) a 130MW building-integrated photovoltaic project.

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(iii) Acquisition of other subsidiaries (Continued)

(g) *Acquisition of 內蒙古香島新能源開發有限公司 ("Inner Mongolia Xiangdao") (Continued)*

Following the transfer of the equity interest, both GNE Group and the Seller further injected capital to Inner Mongolia Xiangdao by increasing its total registered capital from RMB50,000,000 to RMB273,600,000 at the same time maintaining their respective ownership of 90.10% (attributable to GNE Group) and 9.90% (attributable to the Seller) of the total equity interests in Inner Mongolia Xiangdao. The minority shareholders paid up RMB22,136,000 during 2014, and accordingly, total payable of RMB27,086,000 has been recognised as at 31 December 2014 and 2015.

(h) *Acquisition of 海南天利科新能源項目投資有限公司 ("Tianlike")*

On 11 October 2014, GNE Group acquired 76.47% equity interest in Tianlike at a consideration of RMB32,880,000. At the date of acquisition, Tianlike owned a 25MW solar farm project which was then under development.

Pursuant to the acquisition agreement, GNE Group has an obligation to acquire the remaining 23.53% equity interest in Tianlike at RMB10,120,000 within three years from the date of connecting the grid. Accordingly, other payable of RMB10,120,000 had been recognised as at 31 December 2014 and 2015 in this regard.

The project has been connected to the grid in February 2015.

(i) *Acquisition of 海南意晟新能源有限公司 ("Yicheng")*

On 12 October 2014, GNE Group acquired 61.54% equity interest in Yicheng at a consideration of RMB16,000,000. At the date of acquisition, Yicheng owned a 25MW solar farm project which was then under development.

Pursuant to the subscription agreement, GNE Group is required to further inject capital to Yicheng by increasing its total registered capital from RMB26,000,000 to RMB43,000,000 which changed GNE Group and the vendor's respective ownership to 76.74% (attributed to GNE Group) and to 23.26% (attributable to the vendor) of the total equity interest in Yicheng, respectively. GNE Group paid RMB16,000,000 to the vendor with outstanding investment commitment of RMB17,000,000 as at 31 December 2014. GNE Group subsequently injected RMB17,000,000 capital to Yicheng on 23 June 2015.

Pursuant to the acquisition agreement, GNE Group has an obligation to acquire the remaining 23.26% equity interest in Yicheng at RMB10,000,000 with three settlement conditions: (i) to settle 50% of outstanding balance after the transfer of 76.74%; (ii) to settle 30% of the outstanding balance when registration of the transfer of 23.26% is completed; and (iii) to settle 20% of outstanding balance upon the date when Yicheng obtains the approval of tariff subsidy from the PRC Government. Accordingly, other payable of RMB10,000,000 had been recognised as at 31 December 2014 in this regard. As at 31 December 2015, the second and third conditions were yet to complete and accordingly, other payable of RMB5,000,000 is outstanding as at 31 December 2015.

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(iii) Acquisition of other subsidiaries (Continued)

(j) *Acquisition of 尚義元辰新能源開發有限公司 ("Shangyi")*

On 13 November 2014, GNE Group acquired 95% equity interest in Shangyi at a consideration of RMB1,900,000. At the date of acquisition, Shangyi owned a 50MW solar farm project which was then under development.

(k) *Acquisition of 宿遷綠能電力有限公司 ("Suqian")*

On 13 November 2014, GNE Group acquired 90.50% equity interest in Suqian at a consideration of RMB1,810,000. At the date of acquisition, Suqian owned a 22MW solar farm project which was then under preliminary development.

Pursuant to the acquisition agreement, GNE Group has an obligation to acquire the remaining 9.50% equity interest in Suqian at initial investment cost within three years from the date of acquisition agreement. Accordingly, other payable of approximately RMB190,000 had been recognised as at 31 December 2014 and 2015 in this regard.

(l) *Acquisition of 山西佳盛能源股份有限公司 ("Jiasheng")*

On 17 November 2014, GNE Group acquired 93.33% equity interest in Jiasheng at a consideration of RMB28,000,000. At the date of acquisition, Jiasheng owned a 20MW solar farm project which was then under development.

Pursuant to the acquisition agreement, GNE Group has the obligation to acquire the remaining 6.67% equity interest in Jiasheng at RMB2,000,000 after connecting to the grid. Accordingly, other payable of RMB2,000,000 had been recognised as at 31 December 2014 and 2015 in this regard.

The project has been connected to the grid in January 2015 and the respective procedures to apply for shares transfer is in progress.

(m) *Acquisition of 盂縣晉陽新能源發電有限公司 ("Jinyang")*

On 27 October 2014, GNE Group acquired 98.86% equity interest in Jinyang at a consideration of RMB86,800,000. At the date of acquisition, Jinyang owned a 50MW solar farm project which was then under preliminary development.

Pursuant to the acquisition agreement, GNE Group has an obligation to acquire the remaining 1.14% equity interest in Jinyang at RMB1,000,000. Accordingly, other payable of RMB1,000,000 had been recognised as at 31 December 2014 and 2015 in this regard.

(n) *Acquisition of 哈密歐瑞光伏發電有限公司 ("Ouri")*

On 29 October 2014, GNE Group acquired 100% equity interest in Ouri at a consideration of RMB10,000,000. At the date of acquisition, Ouri owned a 20MW solar farm project which was then under preliminary development.

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(iii) Acquisition of other subsidiaries (Continued)

(o) *Acquisition of 寧夏盛景太陽能科技有限公司 ("Shengjing")*

On 29 October 2014, GNE Group acquired 90.10% equity interest in Shengjing at a consideration of RMB46,221,000. At the date of acquisition, Shengjing owned a 30MW solar farm project which was then under preliminary development.

Pursuant to the acquisition agreement, the minority shareholders have an option to sell the remaining 9.90% equity interest in Shengjing at initial investment cost. Accordingly, other payable of RMB5,079,000 had been recognised as at 31 December 2014 in this regard.

Following the transfer of the equity interest above, Shengjing increased its total registered capital from RMB51,300,000 to RMB75,000,000 with same shareholding percentage and the minority shareholders paid up RMB2,346,000 during 2015 and accordingly, total payable of RMB7,425,000 has been recognised as at 31 December 2015.

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(iii) Acquisition of other subsidiaries (Continued)

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

	Jinhu Zhenghui RMB'000 (Restated)	Hengshan RMB'000 (Restated)	Zheng Lan Qi RMB'000 (Restated)	Hami Yaohui RMB'000 (Restated)	YuShen RMB'000 (Restated)	Zhejiang Shuqimeng RMB'000 (Restated)	Inner Mongolia Xiangdao RMB'000 (Restated)	Tianlike RMB'000 (Restated)	Yicheng RMB'000 (Restated)	Total RMB'000 (Restated)
Assets and liabilities										
Property, plant and equipment	199	5,552	–	–	971	3,582	2,128	5,213	2,035	19,680
Non-current deposits and prepayments	721	–	–	182	6,070	1,586	47,871	4,907	7,821	69,158
Amount due from former owner	6,222	–	–	–	–	4,698	–	–	–	10,920
Prepayments and other receivables	819	–	–	–	959	–	–	–	141	1,919
Receivable from a shareholder	–	–	1,000	–	–	–	–	–	–	1,000
Bank balances and cash	72,039	81,924	15,000	10,010	–	134	1	32,880	16,003	227,991
Trade and other payables	–	(5,076)	–	(192)	(7,000)	–	–	–	–	(12,268)
Total identifiable net assets acquired	80,000	82,400	16,000	10,000	1,000	10,000	50,000	43,000	26,000	318,400
Consideration payable to former owner	(8,000)	(500)	(1,000)	–	–	(900)	(4,950)	(10,120)	(10,000)	(35,470)
Consideration paid as at acquisition date	72,000	81,900	15,000	10,000	1,000	9,100	45,050	32,880	16,000	282,930
Consideration paid in cash	72,000	81,900	15,000	10,000	1,000	9,100	45,050	32,880	16,000	282,930
Bank balances and cash acquired	(72,039)	(81,924)	(15,000)	(10,010)	–	(134)	(1)	(32,880)	(16,003)	(227,991)
Net cash (inflow) outflow	(39)	(24)	–	(10)	1,000	8,966	45,049	–	(3)	54,939

45. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2014 (Continued)

(iii) Acquisition of other subsidiaries (Continued)

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

	Shangyi RMB'000 (Restated)	Suqian RMB'000 (Restated)	Jiasheng RMB'000 (Restated)	Jinyang RMB'000 (Restated)	Ouri RMB'000 (Restated)	Shengjing RMB'000 (Restated)	Total RMB'000 (Restated)
Assets and liabilities							
Property, plant and equipment	756	—	203	—	—	—	959
Non-current deposits and prepayments	—	—	—	—	—	1,000	1,000
Receivable from a shareholder	—	190	1,965	—	—	4,070	6,225
Bank balances and cash	1,900	1,810	28,078	87,800	10,000	46,230	175,818
Trade and other payables	(756)	—	(246)	—	—	—	(1,002)
Total identifiable net assets acquired	1,900	2,000	30,000	87,800	10,000	51,300	183,000
Consideration payable to former owner	—	(190)	(2,000)	(1,000)	—	(5,079)	(8,269)
Consideration paid as at acquisition date	1,900	1,810	28,000	86,800	10,000	46,221	174,731
Consideration paid in cash	1,900	1,810	28,000	86,800	10,000	46,221	174,731
Bank balances and cash acquired	(1,900)	(1,810)	(28,078)	(87,800)	(10,000)	(46,230)	(175,818)
Net cash inflow	—	—	(78)	(1,000)	—	(9)	(1,087)

46. DISPOSAL OF A SUBSIDIARY

As disclosed in note 13, on 8 December 2015, the Group disposal of its non-solar power business through disposal of its subsidiary, GCL-Poly Limited. The net assets of the non-solar power business being disposed of at the date of disposal were as follows:

	RMB'000
Consideration received:	
Cash received	3,200,000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	5,869,096
Prepaid lease payments	408,283
Interest in associates	238,112
Goodwill	307,331
Other non-current assets	79,094
Inventories	174,710
Trade and other receivables	1,372,822
Pledged and restricted bank deposits	132,718
Other current assets	81,700
Bank balances and cash	1,477,146
Trade and other payables	(1,194,496)
Bank borrowings — due within one year	(1,917,653)
Notes payable — due within one year	(1,218,787)
Other current liabilities	(107,061)
Bank borrowings — due after one year	(1,554,648)
Other non-current liabilities	(317,643)
Net assets disposed of	3,830,724
Gain on disposal of a subsidiary:	
Consideration received	3,200,000
Net assets disposed of	(3,830,724)
Non-controlling interests	970,073
Transaction costs and tax expenses	(256,938)
Gain on disposal	82,411
Net cash inflow arising on disposal:	
Cash consideration	3,200,000
Less: Transaction costs and tax expenses	(256,938)
Less: bank balances and cash disposed of	(1,477,146)
	1,465,916

The impact of discontinued operations on the Group's results and cash flows in the current and prior periods is disclosed in note 13.

47. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2014.

The capital structure of the Group consists of net debt, which mainly includes bank and other borrowings, obligations under finance leases, notes payables, bonds payable and convertible bonds payables disclosed in notes 38, 39, 40, 41 and 43, respectively, net of cash and cash equivalents, and equity attributable to owners of the company, comprising issued share capital and reserves.

The Directors review the capital structure on a periodical basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debt.

48. FINANCIAL INSTRUMENTS

48a. Categories of financial instruments

	2015 RMB'000	2014 RMB'000 (Restated)
Financial assets		
FVTPL:		
Held for trading investment	**14,456**	17,159
Convertible bonds receivable	**93,707**	137,932
Held-to-maturity investments	**—**	12,075
Available-for-sale investments	**128,726**	—
Loans and receivables (including cash and cash equivalents)	**30,928,691**	23,395,634
Financial liabilities		
FVTPL:		
Convertible bonds issued by GNE	**732,856**	—
2019 convertible bonds issued by the Company	**1,285,616**	—
2018 convertible bonds issued by the Company	**—**	1,138,452
Derivative financial instruments	**12,575**	—
Amortised cost	**54,396,130**	48,327,195
Obligations under finance leases	**3,434,406**	1,686,533

48. FINANCIAL INSTRUMENTS (Continued)

48b. Financial risk management objectives and policies

The management provides services to the business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The management reports periodically to the Directors who monitor risks and policies implemented to mitigate exposures.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Market risk

Foreign currency risk management

The Group's exposure to foreign currency risk arose from certain bank deposits and balances, bank borrowings, obligations under finance leases, trade and other receivables and payables, held for trading investment, available-for-sale investments, convertible bonds receivable and payables of the Group that are denominated in foreign currencies. The Group currently does not have a currency risk hedging policy. However, the management monitors foreign currency risk exposure by closely monitoring the movement of foreign currency rate and considers hedging against it should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2015	2014	**2015**	2014
	RMB'000	RMB'000 (Restated)	**RMB'000**	RMB'000 (Restated)
Euro ("EUR")	**17,738**	16,412	**17,016**	25,615
HK$	**283,675**	243,623	**880,138**	3,270
United States dollar ("US$")	**1,587,207**	1,563,220	**10,457,786**	11,786,304
South African Rand ("ZAR")	**—**	2,176	**—**	—

The foreign currency assets in 2015 and 2014 mainly relate to the HK$ denominated convertible bonds receivable, and the US$ denominated held-to-maturity investments, available-for-sales investments, trade and other receivables, pledged and restricted bank deposits and bank balances as set out in notes 25, 23, 24, 28 and 31, respectively.

The foreign currency liabilities in 2015 and 2014 mainly relate to the US$ denominated bank borrowings, obligations under finance leases and convertible bonds payable as set out in notes 38, 39 and 43.

48. FINANCIAL INSTRUMENTS (Continued)

48b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency sensitivity analysis

The following sensitivity analysis details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in functional currency of respective entities against the relevant foreign currencies. 5% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2014: 5%) change in foreign currency rates where functional currency of the respective entities had strengthened 5% (2014: 5%) against the relevant foreign currency. For a 5% (2014: 5%) weakening of functional currency of respective entities against the relevant foreign currency, there would be an equal and opposite impact on the profit for the year.

	EUR RMB'000	HK$ RMB'000	US$ RMB'000	ZAR RMB'000
2015				
(Decrease) increase in profit for the year	**(27)**	**22,367**	**332,647**	**—**
2014 (Restated)				
Increase (decrease) in profit for the year	345	(9,013)	383,366	(82)

Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to fixed-rate, interest-bearing held-to-maturity investments, available-for-sale investments, loan from a related company, bank and other borrowings, obligations under finance leases, notes payables, bonds payable and convertible bonds payables (see notes 23, 24, 35, 38, 39, 40, 41 and 43 for details of the above financial instruments, respectively). The Group currently has not entered into interest rate swaps to hedge against its exposure to changes in fair values of such financial assets and financial liabilities.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 38).

48. FINANCIAL INSTRUMENTS (Continued)

48b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk management (Continued)

The management has considered the Group's exposure to cash flow interest rate risk in relation to variable-rate pledged and restricted bank deposits and bank balances (see note 31) to be limited because the current market interest rates on general deposits are relatively low and stable.

It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk. The Group's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The following sensitivity analysis is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Variable-rate borrowings

If interest rates had been 50 basis points higher/lower on LIBOR and lending benchmark interest rate stipulated by People's Bank of China benchmark rate ("Benchmark Rate") and all other variables were held constant, the Group's profit for the year ended 31 December 2015 would increase/decrease by approximately RMB62,011,000 (2014: RMB61,177,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

The Group's sensitivity to interest rates has decreased during the current year mainly due to the increase in variable-rate borrowings.

Other price risks

The Group is exposed to equity price risk through its investments in listed equity securities, convertible bonds receivable and convertible bonds payables. The Group's equity price risk is mainly concentrated on equity instruments operating in solar, and securities and financing industries sector quoted on the Stock Exchange. In addition, the Group has monitored the price risk and will consider hedging the risk exposure should the need arise.

48. FINANCIAL INSTRUMENTS (Continued)

48b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date. If the equity prices had been 5% higher/lower (2014: 5%):

- post-tax profit for the year ended 31 December 2015 would increase/decrease by RMB20,201,000 and RMB28,138,000 respectively (2014: post-tax profit would increase/decrease by RMB10,927,000 and RMB10,933,000) as a result of the changes in fair value of held-for-trading investment, convertible bonds receivables, convertible bonds payables.

- investment valuation reserve would increase/decrease by RMB1,933,000 (2014: Nil) for the Group as a result of the changes in fair value of available-for-sale investments.

The Group's sensitivity to held-for-trading investments, convertible bonds receivable and convertible bonds payables has not changed significantly from the prior year.

Credit risk management

As at 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 53.

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade debt periodically to ensure that adequate impairment losses are made for irrecoverable amounts. Each major operating business has a policy of credit control in place under which credit evaluations of customers are performed on all customers requiring credit.

Credit terms are mainly granted to customers in the PRC which were either secured by letters of credit issued by banks or good credit quality customers. The management also has monitoring procedures to ensure the follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of its financial assets including trade and other receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

48. FINANCIAL INSTRUMENTS (Continued)

48b. Financial risk management objectives and policies (Continued)

Credit risk management (Continued)

Credit risk on sales of polysilicon and wafer products is not significant as the Group generally requires deposits received from customers or letter of credit before delivery of goods and the major customers are listed entities with good repayment history.

Credit risk on pledged and restricted bank deposits and bank balances is limited because the counterparties are reputable banks in the PRC, Hong Kong and the USA.

The Group has concentration of credit risk on convertible bonds receivable amounting to RMB93,707,000 (2014: RMB137,932,000). Credit risk is considered as limited because the counterparty is a company listed on the Stock Exchange with strong financial position, and the convertible bonds receivable can be redeemed as marketable securities.

As at 31 December 2015, GNE Group also had concentration of credit risk on loan receivables amounting to approximately RMB389 million (2014: Nil). Credit risk is considered to be limited as GNE Group holds collateral over most of these balances as disclosed in note 28.

Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings to ensure unutilised banking facilities are adequate and ensures compliance with loan covenants.

The Group finances its capital intensive operations by short-term and long-term bank and other borrowings and shareholders' equity. The Group earned a profit of RMB2,238 million from continuing operations for the year ended 31 December 2015, and the Group's current liabilities exceeded its current assets by RMB7,989 million as at 31 December 2015. Further, the Group had cash and cash equivalents of RMB10,341 million (including bank balances and cash classified as held for sale of RMB81 million) with bank and other borrowings due within one year amounted to RMB22,315 million.

The Group successfully renewed banking facilities that were due during the year. In addition, management maintains continuous communication with the Group's principal banks on the renewal of existing banking facilities that will fall due in the coming twelve months and the grant of additional banking facilities. The Directors have reviewed the Group's bank loans and banking facilities available to the Group and are of the opinion that the bank loans and banking facilities would be renewed when their current terms expire. The Directors have evaluated all the relevant facts available to them and are of the opinion that there are good track records or relationship with the relevant banks which enhance the Group's ability to renew the current bank loans upon expiry. Up to the date of approval of these financial statements, the Directors are not aware of any intention of the Group's principal banks to withdraw their banking facilities granted or request early repayment of the utilised facilities within the next twelve months from the end of the reporting period.

Despite uncertainties and measures mentioned in note 2, the Directors believe that the Group will be able to generate sufficient cash flows to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

48. FINANCIAL INSTRUMENTS (Continued)

48b. Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

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

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest risk tables

	Weighted average interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2015								
Non-derivative financial liabilities								
Trade and other payables	—	12,261,279	2,813,656	—	—	—	15,074,935	15,074,935
Amounts due to related companies	—	206,171	—	—	—	—	206,171	206,171
Bank and other borrowings								
— fixed-rate	7.03	6,089,740	8,180,378	1,518,697	2,667,313	527,263	18,983,391	17,899,452
— variable-rate	4.61	1,337,599	7,817,960	3,082,708	2,535,995	3,919,363	18,693,625	16,536,241
Notes payables	6.55	71,250	846,496	249,250	3,984,119	—	5,151,115	4,319,331
Bonds payable	6.70	—	384,120	—	—	—	384,120	360,000
Subtotal		19,966,039	20,042,610	4,850,655	9,187,427	4,446,626	58,493,357	54,396,130
Convertible bonds payables	2.80	14,994	44,981	59,974	2,526,802	—	2,646,751	2,018,472
Obligations under finance leases	7.34	283,043	821,543	999,480	1,365,741	512,228	3,982,035	3,434,406
Derivative — net settlement								
Foreign exchange forward contracts		578	11,997	—	—	—	12,575	12,575
		20,264,654	20,921,131	5,910,109	13,079,970	4,958,854	65,134,718	59,861,583

48. FINANCIAL INSTRUMENTS (Continued)

48b. Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

Liquidity and interest risk tables (Continued)

	Weighted average interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2014 (Restated)								
Non-derivative financial liabilities								
Trade and other payables	—	10,234,099	5,651,915	—	—	—	15,886,014	15,886,014
Amounts due to related companies	—	579,672	—	—	—	—	579,672	579,672
Loan from a related company	6.00	10,329	—	—	—	—	10,329	10,176
Bank and other borrowings								
— fixed-rate	5.41	3,703,570	7,557,231	1,169,261	—	—	12,430,062	12,248,780
— variable-rate	4.87	755,540	6,130,633	4,870,524	3,954,039	2,564,558	18,275,294	16,313,839
Notes payables	6.46	451,523	1,507,928	108,000	1,706,906	—	3,774,357	3,288,714
Subtotal		15,734,733	20,847,707	6,147,785	5,660,945	2,564,558	50,955,728	48,327,195
Convertible bonds payables	0.75	2,295	6,884	1,298,146	—	—	1,307,325	1,138,452
Obligations under finance leases	6.50	240,551	561,919	404,374	372,272	318,958	1,898,074	1,686,533
Financial guarantee contracts	—	100,000	—	—	—	—	100,000	—
		16,077,579	21,416,510	7,850,305	6,033,217	2,883,516	54,261,127	51,152,180

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable-rate borrowings is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

49. FAIR VALUE MEASUREMENTS

(i) 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
	2015 RMB'000	2014 RMB'000 (Restated)				
1) Convertible bonds receivable (Note a)	**93,707**	137,932	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 50.08% (2014: 50%), taking into account the historical share price of United Photovoltaics and comparable companies for the period of time close to the expected time to exercise.	The higher the volatility the higher the fair value.
					Dividend yield of 0% (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% (2014: 100%) for a subsidiary of United Photovoltaics achieving the profit guarantee requirement.	The higher the probability the higher the fair value.
2) 2018 Convertible Bonds issued by the Company	**—**	1,138,452	Level 3	Binomial model, the key inputs are: underlying share price, exercise price, risk free interest rate, share price volatility, risky interest rate, and dividend yield.	Share price volatility of 79.6% in 2014, 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.
3) 2019 Convertible Bonds issued by the Company (Note b)	**1,285,616**	N/A	Level 3	Binomial model, the key input are: underlying share price, exercise price, risk free interest rate, share price volatility, risky interest rate, and dividend yield.	Share price volatility of 56.29% (2014: N/A) 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.
4) Convertible bonds issued by GNE (Note c)	**732,856**	N/A	Level 3	Binomial Lattice model, the key inputs are: underlying share price, conversion price, risk free rate, share price volatility, discount rate and dividend yield.	Share price volatility of 64.42% — 64.85% and discount rate of 30.97% — 31.03% (2014: N/A) taking into account the historical share price of GNE for the period of time close to the expected time to exercise.	The higher the volatility the higher the fair value.
5) Listed equity securities classified as held for trading investment	**14,456**	17,159	Level 1	Quoted bid price in an active market.	N/A	N/A
6) Listed available-for-sale investments	**38,726**	N/A	Level 1	Quoted bid price in an active market	N/A	N/A
7) Foreign currency forward contracts classified as derivative financial instruments in the statement of financial position	**12,575**	N/A	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various parties.	N/A	N/A

49. FAIR VALUE MEASUREMENTS (Continued)

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

Notes:

(a) If the 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 RMB2,535,000/decrease by approximately RMB5,287,000.

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 RMB6,620,000.

(b) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the fair value of the derivative financial instrument in relation to the 2019 Convertible Bonds issued by the Company would increase by approximately RMB16,221,000/decrease by approximately RMB16,215,000.

(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 GNE would decrease by approximately RMB11,230,000/increase by approximately RMB23,494,000.

If the discount rate 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 issued by GNE would increase by approximately RMB12,863,000/decrease by approximately RMB13,383,000.

Except the reclassification of certain held-to-maturity investments to available-for-sale investments there is no transfer between the different levels of the fair value hierarchy for the year.

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

Included in other expenses, gains and losses set out in note 10, a net loss of RMB66,622,000 is related to financial assets and financial liabilities measured as at FVTPL held in 2015 (2014: a net gain of RMB20,894,000).

Fair value hierarchy as at 31 December 2015

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Convertible bonds receivable	—	—	93,707	93,707
Listed equity securities classified as held for trading investment	14,456	—	—	14,456
Available-for-sale investments				
Listed debt securities	38,726	—	—	38,726
Total	53,182	—	93,707	146,889
Financial liabilities				
Convertible bonds issued by GNE	—	—	732,856	732,856
2019 Convertible Bonds issued by the Company	—	—	1,285,616	1,285,616
Foreign currency forward contracts classified as derivative financial instruments in the statement of financial position	—	12,575	—	12,575
Total	—	12,575	2,018,472	2,031,047

49. FAIR VALUE MEASUREMENTS (Continued)

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

Fair value hierarchy as at 31 December 2014 (Restated)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Convertible bonds receivable	—	—	137,932	137,932
Listed equity securities classified as held for trading investment	17,159	—	—	17,159
Total	17,159	—	137,932	155,091
Financial liabilities				
2018 Convertible Bonds issued by the Company	—	—	1,138,452	1,138,452

The fair values of the financial assets and financial liabilities included in the Level 2 and Level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

(ii) Reconciliation of Level 3 fair value measurements

31 December 2015

	Convertible bonds receivable RMB'000	**2018 Convertible Bonds issued by the Company** RMB'000	**2019 Convertible Bonds issued by the Company** RMB'000	**Convertible bonds issued by GNE** RMB'000	**Total** RMB'000
Opening balance	137,932	(1,138,452)	—	—	(1,000,520)
(Loss) gain in profit or loss	(44,225)	(146,774)	111,499	29,064	(50,436)
Issues	—	—	(1,397,115)	(768,964)	(2,166,079)
Payment of interests	—	5,171	—	7,044	12,215
Redemption of convertible bonds	—	1,280,055	—	—	1,280,055
Closing balance	93,707	—	(1,285,616)	(732,856)	(1,924,765)

49. FAIR VALUE MEASUREMENTS (Continued)

(ii) Reconciliation of Level 3 fair value measurements (Continued)

31 December 2014 (Restated)

	Convertible bonds receivable RMB'000	2018 Convertible Bonds issued by the Company RMB'000	Total RMB'000
Opening balance	193,740	(1,212,330)	(1,018,590)
(Loss) gain in profit or loss	(55,808)	69,351	13,543
Payment of interests	—	9,225	9,225
Effect of foreign currency exchange differences	—	(4,698)	(4,698)
	137,932	(1,138,452)	(1,000,520)

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 management 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.

50. TRANSFER OF FINANCIAL ASSETS

During the current year, the Group endorsed certain bills receivable for the settlement of trade and other payables; and discounted certain bills receivable/letters of credit to banks for financing.

The following were the Group's bills receivable as at 31 December 2015 and 2014 that were transferred to banks or creditors by discounting or endorsing those receivables, respectively, on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and recognised the cash received on the transfer as a secured borrowing (see note 38) or the amounts outstanding with the creditors remain to be recognised as trade and other payables and amount due to related companies, respectively. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

50. TRANSFER OF FINANCIAL ASSETS (Continued)

At 31 December 2015

	Bills receivable/ letters of credit discounted to banks with full recourse RMB'000	Bills receivable endorsed to creditors with full recourse RMB'000	Total RMB'000
Bills receivable/letters of credit from third parties	**3,557,122**	**1,350,601**	**4,907,723**
Bills receivable from group entities	**5,440,382**	**—**	**5,440,382**
Carrying amount of transferred assets	**8,997,504**	**1,350,601**	**10,348,105**
Carrying amount of associated liabilities	**(8,997,504)**	**(1,350,601)**	**(10,348,105)**
Net position	**—**	**—**	**—**

At 31 December 2014 (Restated)

	Bills receivable/ letters of credit discounted to banks with recourse RMB'000	Bills receivable endorsed to creditors with recourse RMB'000	Total RMB'000
Bills receivable/letters of credit from third parties	717,883	1,053,871	1,771,754
Bills receivable from group entities	6,661,869	—	6,661,869
Carrying amount of transferred assets	7,379,752	1,053,871	8,433,623
Carrying amount of associated liabilities	(7,379,752)	(1,053,871)	(8,433,623)
Net position	—	—	—

50. TRANSFER OF FINANCIAL ASSETS (Continued)

Further, in the opinion of the Directors, the Group has transferred the significant risks and rewards relating to certain endorsed or discounted bills receivable/letters of credit, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the endorsed and discounted bills receivable/letters of credit is remote because those endorsed and discounted receivables are issued and guaranteed by reputable PRC banks. Accordingly, the relevant assets and liabilities were not recognised in the consolidated financial statements. As at 31 December 2015, the maximum exposure to the Group that may result from default of these endorsed and discounted receivables is RMB2,690,736,000 and RMB581,699,000 respectively (2014: RMB1,017,717,000 and RMB1,354,872,000, respectively), and aggregate of RMB3,272,435,000 (2014: RMB2,372,589,000).

Maturity analysis of the derecognised endorsed or discounted bills receivables is as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Within 3 months	**2,190,994**	1,379,744
Over 3 months but within 6 months	**1,081,441**	992,845
	3,272,435	2,372,589

The Directors consider that the carrying amounts of the endorsed and discounted bills receivable/letter of credit approximate their fair values.

The undiscounted cash outflows that may be required to repurchase derecognised bills receivable discounted to banks and endorsed to creditors are approximately their carrying amounts.

The finance costs from continuing operations recognised for bills receivable/letter of credit discounted to banks are RMB782,716,000 for the year ended 31 December 2015 (2014: RMB828,380,000).

Except for the offsetting in relation to endorsed and discounted bills receivable/letter of credit mentioned above, no other financial assets and financial liabilities were offset or settled on a net basis during both years.

51. OPERATING LEASES

The Group as lessee

	2015 RMB'000	2014 RMB'000 (Restated)
Minimum lease payments paid under operating leases during the year:		
Buildings	**56,970**	69,667
Natural gas transmission network	**—**	7,817
Staff quarters	**3,017**	10,055
Motor vehicles	**8,780**	13,921
Others	**58,799**	21,599
	127,566	123,059

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Within one year	**70,801**	93,573
In the second to fifth years inclusive	**150,546**	146,791
After five years	**440,971**	188,628
	662,318	428,992

Operating lease payments represent rentals payable by the Group for certain pieces of land, properties and other assets. Leases are negotiated and rentals are fixed for terms ranging from 3 to 34 years for those pieces of land and ranging from 1 to 3 years for the other properties.

The Group as lessor

	2015 RMB'000	2014 RMB'000 (Restated)
Within one year	**5,008**	6,984
In the second to fifth years inclusive	**12,051**	15,390
	17,059	22,374

Operating lease income represents property rental income earned during the year.

52. CAPITAL COMMITMENTS

	2015 RMB'000	2014 RMB'000 (Restated)
Capital expenditure in respect of acquisitions of property, plant and equipment contracted for but not provided in the consolidated financial statements	**5,861,215**	4,431,942
Construction cost in respect of inventories: Contracted for but not provided	**—**	398,693
Commitment to contribute share capital to a joint venture contracted for but not provided	**36,000**	52,100
Commitment to contribute share capital to an available-for-sale investment	**210,000**	—
	6,107,215	4,882,735

53. CONTINGENT LIABILITIES

Financial guarantees contracts

At 31 December 2014, the Group provided guarantees amounting to RMB100,000,000 to the banks in respect of banking facilities of an associate, which expired on 28 April 2015 and 31 December 2015. No such financial guarantee was provided as at 31 December 2015.

54. PLEDGE OF ASSETS

At 31 December 2015, the Group has pledged the following assets to secure credit facilities of the Group:

(i) Buildings with carrying values of approximately RMB173,408,000 (2014: RMB1,729,610,000) and plant and machinery with carrying values of approximately RMB15,436,572,000 (2014: RMB15,247,053,000) to secure bank borrowings granted to the Group;

(ii) Prepaid lease payments with carrying values of approximately RMB6,173,000 (2014: RMB405,302,000) to secure banking facilities granted to the Group;

(iii) Bank deposits amounting to RMB2,162,769,000 (2014: RMB2,004,415,000) and bills receivable with carrying value of approximately RMB4,554,979,000 (2014: RMB1,428,222,000) to secure short-term borrowings granted to the Group and obligations under finance leases in the PRC and the USA. Bank deposits amounting to RMB343,700,000 (2014: RMB62,909,000) have been pledged to secure long-term borrowings granted to the Group and obligations under finance leases which are due after one year;

54. PLEDGE OF ASSETS (Continued)

(iv) Available-for-sale investment with carrying value of approximately RMB12,847,000 (2014: held-to-maturity investment of approximately RMB12,075,000) to secure obligations under finance leases; and

(v) Bank deposits amounting to RMB4,453,336,000 (2014: RMB7,311,856,000) have been restricted to secure bills payable, short-term letters of credit for trade and other payables. The remaining deposits amounting to RMB98,525,000 (2014: RMB61,882,000) have been restricted to secure obligations under finance leases which are due after one year.

55. SHARE-BASED PAYMENT TRANSACTIONS

55a. The Company

Equity settled share option scheme

On 22 October 2007, a Pre-IPO Share Option Scheme ("Pre-IPO Share Option Scheme") and a Share Option Scheme ("Share Option Scheme") were adopted by the Company pursuant to the resolution of the sole shareholder. Under the schemes, the Company may grant option to directors, employees of the Company and its subsidiaries and qualifying grantees to subscribe for shares of the Company. Options granted are exercisable during the period after respective vesting date to the last day of the ten-year period after grant date.

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

At 31 December 2015, the number of shares in respect of which options had been granted and remained outstanding under the schemes was 215,888,000 (2014: 237,688,000) shares, representing 1.39% (2014: 1.53%) of the issued share capital of the Company at that date.

Pursuant to the terms of the Pre-IPO Share Option Scheme and Share Option Scheme, the exercise price and the number of share options were being adjusted as a result of the determination of entitlements to the rights issue mentioned in note 56. Details of the adjustments are disclosed in the announcement of the Company on 26 January 2016.

55. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

55a. The Company (Continued)

Equity settled share option scheme (Continued)

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

(i) *Pre-IPO Share Option Scheme*

			Number of share options					
	Exercise price	Date of grant	Outstanding at 1 January 2015	During the year: Granted	Exercised	Forfeited	Transferred (Note)	Outstanding at 31 December 2015
Directors	HK$4.1	13.11.2007	4,500,000	—	—	—	(1,500,000)	3,000,000
Employees and others	HK$4.1	13.11.2007	20,560,000	—	—	(1,320,000)	1,500,000	20,740,000
			25,060,000	—	—	(1,320,000)	—	23,740,000
Exercisable at the end of the year			25,060,000					23,740,000
Weighted average exercise price (HK$)			4.10	—	—	4.10	—	4.10

			Number of share options					
	Exercise price	Date of grant	Outstanding at 1 January 2014	During the year: Granted	Exercised	Forfeited	Transferred (Note)	Outstanding at 31 December 2014
Directors	HK$4.1	13.11.2007	6,000,000	—	—	—	(1,500,000)	4,500,000
Employees and others	HK$4.1	13.11.2007	19,060,000	—	—	—	1,500,000	20,560,000
			25,060,000	—	—	—	—	25,060,000
Exercisable at the end of the year			25,060,000					25,060,000
Weighted average exercise price (HK$)			4.10	—	—	—	—	4.10

55. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

55a. The Company (Continued)

Equity settled share option scheme (Continued)

(ii) Share Option Scheme

	Exercise price	Date of grant	Number of share options: Outstanding at 1 January 2015	During the year: Granted	During the year: Exercised	During the year: Forfeited	During the year: Transferred (Note)	Outstanding at 31 December 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	—	(240,000)	(280,000)	1,500,000	8,931,000
	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	—	—	(9,450,000)	—	57,950,000
	HK$1.642	05.07.2013	36,675,000	—	(30,000)	(2,320,000)	—	34,325,000
	HK$2.888	24.03.2014	70,500,000	—	—	(2,500,000)	—	68,000,000
			212,628,000	—	(430,000)	(20,050,000)	—	192,148,000
Exercisable at the end of the year			108,196,000					132,268,000
Weighted average exercise price (HK$)			2.94	—	0.84	3.41	—	2.91

55. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

55a. The Company (Continued)

Equity settled share option scheme (Continued)

(ii) Share Option Scheme (Continued)

	Exercise price	Date of grant	Number of share options: Outstanding at 1 January 2014	During the year: Granted	Exercised	Forfeited	Transferred (Note)	Outstanding at 31 December 2014
Directors	HK$0.59	16.02.2009	7,000,000	—	—	—	(1,500,000)	5,500,000
	HK$4.1	15.07.2011	2,000,000	—	—	(500,000)	—	1,500,000
	HK$2.888	24.03.2014	—	8,800,000	—	—	(1,700,000)	7,100,000
Employees and others	HK$0.59	16.02.2009	7,341,000	—	(890,000)	—	1,500,000	7,951,000
	HK$1.054	24.04.2009	1,248,000	—	(246,000)	—	—	1,002,000
	HK$3.32	12.01.2011	15,000,000	—	—	—	—	15,000,000
	HK$4.1	15.07.2011	68,700,000	—	—	(1,300,000)	—	67,400,000
	HK$1.642	05.07.2013	42,003,000	—	(4,848,000)	(480,000)	—	36,675,000
	HK$2.888	24.03.2014	—	68,800,000	—	—	1,700,000	70,500,000
			143,292,000	77,600,000	(5,984,000)	(2,280,000)	—	212,628,000
Exercisable at the end of the year			74,532,000					108,196,000
Weighted average exercise price (HK$)			2.92	2.89	1.46	3.58	—	2.94

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

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

Mr. Yu Baodong resigned as an executive director and remains as an employee of the Company during the year ended 31 December 2014 and 2015.

The fair value of the options measured at the date of grant on 24 March 2014 is HK$1.59 per option on a weighted average basis, which is calculated based on the weighted average fair value of options for each tranche of options to be vested from the grant date. The fair value of option for each tranche of options to be vested in 0.17 year, 1 year, 2 years, 3 years and 4 years from the grant date are HK$1.573, HK$1.576, HK$1.589, HK$1.605 and HK$1.619 per option, respectively.

55. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

55a. The Company (Continued)

Equity settled share option scheme (Continued)

The following inputs were used to derive the fair value of the share options, using the Binomial model:

	24 March 2014
Spot price (closing price of grant date)	HK$2.79
Exercise price	HK$2.888
Expected volatility	58.27%
Dividend yield	1.4%
Risk-free interest rate	2.34%
Suboptimal exercise factor	3.342

The expected volatility was determined by using the volatility of the stock return of the Company and comparable listed companies as at the valuation date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in estimating the fair value of the share options are based on the Director's best estimate. Change in subjective input assumptions can materially affected the fair value.

The weighted average closing price of the Company's shares at dates on which the options were exercised during the year was HK$1.85 (2014: HK$2.86) per share.

No further options under the Pre-IPO Share Option Scheme can be granted after 13 November 2007, the date of listing of the shares of the Company on the Stock Exchange.

The total number of shares in respect of which options may be granted under the Share Option Scheme are not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

55. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

55b. Share option plan of GNE

Equity settled share option scheme

GNE's new share option scheme was adopted pursuant to a resolution passed on 15 October 2014 ("New Share Option Scheme") for the primary purpose of providing incentives to directors and eligible employees. Under the New Share Option Scheme, the Board of Directors of GNE may grant options to eligible employees, including the Directors, to subscribe for shares in GNE. Additionally, GNE may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to GNE.

At 31 December 2015, the number of shares in respect of which had been granted under the New Share Option Scheme and remained outstanding was 844,900,000 (2014: 536,840,000) shares, representing 6.1% (2014: 3.9%) of the issued share capital of GNE at that date. The maximum number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme shall not in aggregate exceed 10% of the shares of GNE in issue at the date of approval of the New Share Option Scheme. The maximum entitlement for any one participant is that the total number of shares issued or to be issued upon exercise of the options granted to each participant in any twelve-month period shall not exceed 1% of the total number of shares in issue.

The exercise price is determined by the directors of GNE, and will not be less than the higher of (i) the closing price of GNE's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of GNE share.

On 23 October 2014, GNE granted 134,210,000 share options at exercise price of HK$4.75 per share option ("2014 Share Options"), subject to acceptance by the grantees, to subscribe for an aggregate of 134,210,000 shares under the New Share Option Scheme, and of which 35,000,000 share options were granted to the Directors. These share options are subject to a vesting scale in five even tranches on 24 November 2014 and the first, second, third and fourth anniversary dates of the grant date, respectively, as well as market performance conditions. The share options granted are exercisable from the respective vesting dates to the last day of the ten-year period after the grant date.

As a result of the share subdivision, the exercise price per 2014 Share Options granted and the number of subdivided shares falling to be issued upon exercise of the options granted had been adjusted to HK$1.1875 per share option and 536,840,000 share options, respectively.

On 24 July 2015, GNE granted 473,460,000 share options at exercise price of HK$0.61 per share option ("2015 Share Options"), subject to acceptance by the grantees, to subscribe for an aggregate of 473,460,000 shares under the New Share Option Scheme, and of which 43,000,000 share options were granted to the Directors. These share options are subject to certain service and market performance conditions and a vesting scale in five even tranches on 24 July 2015 and the first, second, third and fourth anniversary dates of the grant date, respectively. The share options granted are exercisable after the respective vesting date and upon meeting the service and market performance conditions up to the last day of the ten-year period after the grant date.

Pursuant to the terms of the New Share Option Scheme, the exercise price of the 2014 Share Options and 2015 Share Options is adjusted from HK$1.1875 to HK$1.1798 and from HK$0.61 to HK$0.606, respectively, with effect from 2 February 2016 as a result of the determination of entitlements to the rights issue mentioned in note 56.

55. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

55b. Share option plan of GNE (Continued)

Equity settled share option scheme (Continued)

The following table discloses movements of GNE's share options:

2015

			Number of share options				
				During the year			
	Exercise price	Date of grant	Outstanding at 1 January 2015	Granted	Forfeited	Transferred (Note)	Outstanding at 31 December 2015
Directors	HK$1.1875	23.10.2014	140,000,000	—	(46,800,000)	(23,200,000)	70,000,000
	HK$0.61	24.7.2015	—	43,000,000	(3,000,000)	11,000,000	51,000,000
Employees and others	HK$1.1875	23.10.2014	396,840,000	—	(95,320,000)	23,200,000	324,720,000
	HK$0.61	24.7.2015	—	430,460,000	(20,280,000)	(11,000,000)	399,180,000
			536,840,000	473,460,000	(165,400,000)	—	844,900,000
Exercisable at the end of the year			107,368,000				157,888,000
Weighted average exercise price (HK$)			1.1875	0.61	1.1062	—	0.8798

Note: Transfer upon appointment as directors of the Company or resignation as director but remains as an employee of the Group.

55. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

55b. Share option plan of GNE (Continued)

Equity settled share option scheme (Continued)

2014

			Number of share options			
			Outstanding at	During the period		Outstanding at
	Exercise price (Note c)	Date of grant	1 April 2014	Granted (Note a)	Share subdivision (Note b)	31 December 2014 (Note c)
Directors	HK$1.1875	23.10.2014	—	35,000,000	105,000,000	140,000,000
Employees and others	HK$1.1875	23.10.2014	—	99,210,000	297,630,000	396,840,000
			—	134,210,000	402,630,000	536,840,000
Exercisable at the end of the period			—			107,368,000
Weighted average exercise price (HK$)			—	4.75	—	1.1875

Notes:

(a) The shares options were granted before the share subdivision and accordingly, the exercise price presented were before the effect of the share subdivision.

(b) As a the result of the share subdivision on 19 November 2014, the exercise price per share and the number of then outstanding share options were adjusted from HK$4.75 to HK$1.1875 and from 134,210,000 to 536,840,000, respectively.

(c) The number of shares and average exercise price presented were after the effect of the share subdivision.

The fair value of the 2014 Share Options measured at the date of grant on 23 October 2014 of each share option to be vested in 0.09 year, 1 year, 2 years, 3 years and 4 years from the grant date were HK$0.599, HK$0.621, HK$0.650, HK$0.668 and HK$0.677, respectively.

55. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

55b. Share option plan of GNE (Continued)

Equity settled share option scheme (Continued)

The following inputs were used to derive the fair value of the share options, using the Binomial model:

	23 October 2014
Spot price (closing price at grant date, adjusted by the effect of the share subdivision)	HK$1.188
Exercise price (adjusted by the effect of share subdivision)	HK$1.1875
Expected volatility	74%
Dividend yield	1.02%
Risk-free interest rate	1.741%
Option life	10 years

The fair value of the 2015 Share Options measured at the date of grant on 24 July 2015 of each share option to be vested in 0.09 year, 1 year, 2 years, 3 years and 4 years from the grant date were HK$0.360, HK$0.371, HK$0.381, HK$0.399 and HK$0.405 for directors and HK$0.321, HK$0.362, HK$0.381, HK$0.399 and HK$0.405 for employees and others, respectively. The following inputs were used to derive the fair value of the share options, using the Binomial model:

	24 July 2015
Spot price	HK$0.58
Exercise price	HK$0.61
Expected volatility	75%
Dividend yield	0%
Risk-free interest rate	1.732%
Option life	10 years

The expected volatility was determined by using the volatility of the stock return of GNE and comparable listed companies as at the valuation date. The expected life used in the model had been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The variables and assumptions used in estimating the fair value of the share options were based on the Director's best estimate. Change in subjective input assumptions can materially affected the fair value.

55. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

During the current year, share-based payment expense of RMB154,328,000 (2014: RMB128,231,000) has been recognised in profit or loss. In addition, certain share options granted to employees have been forfeited after the vesting period, and respective share option reserve of approximately RMB47,353,000 (2014: RMB1,866,000) are transferred to the Group's accumulated profits.

At each reporting date, the Group revises its estimates of the number of options that are expected to ultimately rest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the share options reserve.

56. EVENTS AFTER REPORTING PERIOD

Other than disclosed elsewhere in the consolidated financial statements, the Group also has the following significant events after the end of the reporting period:

(i) On 26 January 2016, the Company raised approximately HK$3,470 million (equivalent to RMB2,907 million), before expenses, by way of the rights issue of 3,097,927,453 Rights Shares at the Subscription Price of HK$1.12 per Rights Share. The Company had utilised HK$1,458 million (equivalent to RMB1,222 million) in subscribing for 3,240,000,000 GNE Rights Shares (see below).

(ii) On 2 February 2016, GNE completed the rights issue on the basis of three rights shares for every eight existing shares held, on a pro rata basis. 5,201,922,393 rights shares were issued at the subscription price of HK$0.45 per share. Net proceeds from the rights issue is approximately HK$2,309,865,000 (equivalent to approximately RMB1,935,205,000), after deducting related expenses of approximately HK$31,000,000 (equivalent to approximately RMB25,920,000).

(iii) On 15 February 2016 (US time), GCL New Energy (NC) I, LLC, a subsidiary of GNE entered into two sale and purchase agreements with two independent third parties, pursuant to which GNE Group conditionally agreed to purchase the entire equity interests of a total of eight companies for a total consideration of US$4,932,000 (equivalent to approximately RMB32,281,000). The consideration is subject to change upon occurrence of certain conditions. These companies own the development rights to eight yet to be constructed photovoltaic electrical energy producing utility systems located in North Carolina in the USA. The acquisitions were completed as of the date of approval of these consolidated financial statements. The management of GNE Group is currently assessing the financial impact of these acquisitions.

(iv) On 29 February 2016, the Company cancelled the outstanding options in respect of 98,904,095 shares of the Company previously granted to the eligible existing grantees and also granted 1,700,000 share options to an executive director and 98,904,095 share options to the eligible existing grantees to subscribe for shares under the Share Option Scheme.

57. RETIREMENT BENEFITS SCHEMES

(a) The PRC

The Group's full-time employees in the PRC are covered by a government sponsored defined contribution pension scheme, and are entitled to a monthly pension from their retirement dates. The PRC Government is responsible for the pension liability to these retired employees. The Group is required to make annual contributions to the retirement plan at a rate of 8% to 20% (2014: 8% to 20%) of employees' salaries, which are charged to profit or loss as an expense when the contributions are due.

During the year ended 31 December 2015, the total amounts contributed by the Group to the scheme in the PRC and charged to profit or loss, which represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme, are as follows:

Continuing Operations

	2015 **RMB'000**	2014 RMB'000 (Restated)
Amounts contributed and expensed	**66,875**	53,706

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

During the year ended 31 December 2015, the total amounts contributed by the Group to the scheme in Hong Kong and charged to profit or loss, which represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme, are as follows:

Continuing Operations

	2015 **RMB'000**	2014 RMB'000 (Restated)
Amounts contributed and expensed	**2,330**	2,037

58. RELATED PARTY DISCLOSURES

During the current year, the Group has entered into the following transactions with related parties:

	2015 RMB'000	2014 RMB'000 (Restated)
Continuing operations		
Transactions with companies in which Mr. Zhu Gongshan and his family have control:		
Construction-related services expense	—	11,168
Consultancy service fee expense	13,327	—
Management fee income	70	2,249
Management fee expense	22,184	19,253
Purchase of property, plant and equipment	213,097	10,068
Purchases of steam	712,548	786,947
Rental expense	—	1,570
Sales of modules	3,551	—
Discontinued operations		
Transactions with companies in which Mr. Zhu Gongshan and his family have control:		
Consultancy service fee expense	4,975	3,012
Management fee income	11,846	17,367
Rental expense	8,211	15,735
Sales of coal	204,164	289,283
Transfer of capacity quota	30,000	—
Transactions with associates:		
Interest income	838	2,532
Sales of coal	13,803	10,514

Details of balances and other arrangements with related parties are disclosed in the consolidated statement of financial position on pages 81 and 83 and notes 29, 34, 35 and 53.

59. PARTICULARS OF PRINCIPAL SUBSIDIARIES

59a. General information of subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Place of establishment/ operations	Issued and fully paid share/ registered capital	Attributable equity interest of the Group		Principal activities
			2015 **%**	2014 %	
Directly held:					
Incorporated in the Cayman Islands					
GCL Solar Energy Technology Holdings Inc. 協鑫光伏電力科技控股有限公司	Hong Kong	US$10,500	**100**	100	Investment holding
Indirectly held:					
Solar Material Business ***Established in the PRC***					
Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* 江蘇中能硅業科技發展有限公司	PRC	RMB5,812,895,460	**100**	100	Manufacture and sale of polysilicon
Jiangsu GCL Silicon Material Technology Development Co., Ltd. 江蘇協鑫硅材料科技發展有限公司	PRC	RMB2,949,650,000	**100**	100	Manufacture and sale of ingot and wafer
Konca Solar Cell Co., Ltd. 高佳太陽能股份有限公司	PRC	RMB1,184,570,000	**70.19**	70.19	Manufacture and sale of ingot and wafer
Changzhou GCL Photovoltaic Technology Co., Ltd.* 常州協鑫光伏科技有限公司	PRC	US$109,400,000	**100**	100	Manufacture and sale of wafer
Suzhou GCL Photovoltaic Technology Co., Ltd. 蘇州協鑫光伏科技有限公司	PRC	US$153,030,000	**100**	100	Manufacture and sale of wafer
GCL-Poly (Suzhou) New Energy Limited* 保利協鑫(蘇州)新能源有限公司	PRC	RMB4,040,000,000	**100**	100	Investment holding and trading of wafer
Henan GCL Photovoltaic Technology Co., Ltd.* 河南協鑫光伏科技有限公司	PRC	RMB373,500,000	**100**	100	Manufacture and sale of ingot
GCL (Nanjing) Solar Energy Technology Co., Ltd. 協鑫(南京)太陽能科技有限公司	PRC	RMB250,000,000	**100**	100	Manufacture and trading of solar cell and module
Taicang GCL Photovoltaic Technology Co., Ltd. 太倉協鑫光伏科技有限公司	PRC	US$148,270,000	**100**	100	Manufacture and sale of wafer

59. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

59a. General information of subsidiaries (Continued)

Name of subsidiary	Place of establishment/ operations	Issued and fully paid share/ registered capital	Attributable equity interest of the Group		Principal activities
			2015 %	2014 %	
Indirectly held: (Continued)					
Solar Material Business (Continued) ***Established in the PRC (Continued)***					
Yangzhou GCL Photovoltaic Technology Company Limited* 揚州協鑫光伏科技有限公司	PRC	US$63,500,000	100	100	Manufacture and sale of wafer
GCL-CSI (Suzhou) Photovoltaic Technology Co., Ltd*. 協鑫阿特斯(蘇州)光伏科技有限公司	PRC	RMB166,300,000	90	90	Manufacture and sale of wafer
GCL-Poly Silicon Material (Taicang) Co., Ltd.* 保利協鑫硅材料(太倉)有限公司	PRC	US$34,000,000	100	100	Trading of wafer, solar cell and module
Incorporated in Hong Kong					
GCL Solar Energy Technology Holdings Limited 協鑫光伏電力科技控股有限公司	Hong Kong	HK$1	100	100	Investment holding
Konca Solar Cell (H.K.) Co., Ltd. 高佳太陽能(香港)有限公司	Hong Kong	HK$20,000,000	70.19	70.19	Trading of wafer
GCL Solar Energy Trading Limited 協鑫光伏貿易有限公司	Hong Kong	HK$1	100	100	Trading of wafer and solar module
Solar Farm Business ***Established in the PRC***					
GCL-Poly (Sangri) Solar Power Co., Ltd.* 保利協鑫(桑日)光伏電力有限公司	PRC	RMB42,000,000	100	100	Operation of solar farm
Xuzhou GCL Solar Energy Co., Ltd.* 徐州協鑫光伏電力有限公司	PRC	RMB84,000,000	100	100	Operation of solar farm
Jiangsu Guoneng Solar Technology Co., Ltd.* 江蘇國能新能源科技有限公司	PRC	RMB10,000,000	100	100	Operation of solar farm
Suzhou GCL-Poly Solar Energy Investment Ltd.* 蘇州保利協鑫光伏電力投資有限公司	PRC	RMB422,000,000	100	100	Investment holding
Datong Xian GCL Solar Energy Co., Ltd.* 大同縣協鑫光伏電力有限公司	PRC	RMB144,600,000	100	100	Operation of solar farm
Baoying Xingneng Renewable Energy Co., Ltd.* 寶應興能可再生能源有限公司	PRC	RMB52,800,000	100	100	Operation of solar farm
Funing Xinneng Solar Energy Co., Ltd.* 阜寧新能光伏電力有限公司	PRC	RMB52,800,000	100	100	Operation of solar farm
Ningxia Qingyang New Energy Co., Ltd.* 寧夏慶陽新能源有限公司	PRC	RMB170,000,000	51	51	Operation of solar farm

59. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

59a. General information of subsidiaries (Continued)

Name of subsidiary	Place of establishment/ operations	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2015 %	Attributable equity interest of the Group 2014 %	Principal activities
Indirectly held: (Continued)					
Solar Farm Business (Continued)					
Established in the PRC (Continued)					
Huocheng Xian Tukai New Energy Technology Development Co., Ltd.* 霍城縣圖開新能源科技開發有限公司	PRC	RMB49,380,000	51	51	Operation of solar farm
Ningxia Hengyang New Energy Co., Ltd. 寧夏恒陽新能源有限公司#	PRC	RMB49,800,000	100	100	Operation of solar farm
Datong Xian Xinneng Solar Energy Co., Ltd.* 大同縣鑫能光伏電力有限公司	PRC	RMB5,000,000	100	100	Operation of solar farm
GCL Solar System (Suzhou) Limited* 協鑫太陽能系統集成(蘇州)有限公司	PRC	US$2,200,000	100	100	Trading of solar cell and module
Incorporated in Hong Kong					
GCL Solar Energy Limited 協鑫光伏有限公司	Hong Kong	HK$1	100	100	Investment holding
Incorporated in the USA					
GCL Solar Energy, Inc.	USA	US$2,000,000	100	100	Construction and sales of solar farm projects
Incorporated in Luxembourg					
Berimor Investments S.à.r.l.	Luxembourg	US$2,000,000	100	100	Investment holding
New Energy Business					
Same Time International (B.V.I.) Limited	British Virgin Islands ("BVI")/ Hong Kong	US$50,000	62.28	62.28	Investment holding
Established in the PRC					
協鑫新能源投資(中國)有限公司 GCL New Energy Investment (China) Co., Ltd.*	PRC	US$590,000,000	62.28	62.28	Investment holding
南京協鑫新能源發展有限公司 Nanjing GCL New Energy Development Co., Ltd.*	PRC	US$490,000,000	62.28	62.28	Investment holding
蘇州協鑫新能源投資有限公司 Suzhou GCL New Energy Investment Co., Ltd.*	PRC	RMB5,000,000,000	62.28	62.28	Investment holding
南京協鑫新能源科技有限公司 Nanjing GCL New Energy Technology Co., Ltd.*	PRC	RMB300,000,000	62.28	62.28	Investment holding

59. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

59a. General information of subsidiaries (Continued)

Name of subsidiary	Place of establishment/ operations	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2015 %	Attributable equity interest of the Group 2014 %	Principal activities
Indirectly held: (Continued)					
New Energy business (Continued) ***Established in the PRC (Continued)***					
金湖正輝太陽能電力有限公司 Jinhu Zhenhui Photovoltaic Co., Ltd.*	PRC	RMB160,600,000	**59.18**	59.18	Operation of solar farm
哈密耀輝光伏電力有限公司 Hami Yaohui Photovoltaic Co., Ltd.*	PRC	RMB181,960,000	**62.28**	62.28	Operation of solar farm
尚義元辰新能源開發有限公司 Shangyi Yuanchen New Energy Development Co., Ltd.*	PRC	RMB230,000,000	**59.17**	59.17	Operation of solar farm
寧夏盛景太陽能科技有限公司 Ningxia Shengjing Solar Power Technology Co., Ltd.*	PRC	RMB75,000,000	**56.11**	56.11	Operation of solar farm
盂縣晉陽新能源發電有限公司 Yu County Jinyang New Energy Power Generation Co., Ltd.*	PRC	RMB87,800,000	**61.57**	61.57	Operation of solar farm
內蒙古香島新能源發展有限公司 Inner Mongolia Xiangdao New Energy Development Co., Ltd.*	PRC	RMB273,600,000	**56.11**	56.11	Operation of solar farm
德令哈協合光伏發電有限公司 Delingha Century Concord Photovoltaic Power Co., Ltd.*	PRC	RMB222,000,000	**62.28**	62.28	Operation of solar farm
黎城協鑫光伏電力有限公司 Licheng GCL Solar Energy Ltd.*	PRC	RMB52,540,000	**62.28**	62.28	Operation of solar farm
宿遷綠能電力有限公司 Suqian Luneng Solar Power Co., Ltd.*	PRC	RMB2,000,000	**56.36**	56.36	Operation of solar farm
浙江舒奇蒙電力科技有限公司 Zhejiang Shuqimeng Electricity Science and Technology Co., Ltd.*	PRC	RMB36,498,500	**56.67**	56.67	Operation of solar farm
哈密歐瑞光伏發電有限公司 Hami Ourui Photovoltaic Power Generation Co., Ltd.*	PRC	RMB36,000,000	**62.28**	62.28	Operation of solar farm
橫山晶合太陽能發電有限公司 Hengshan Jinghe Solar Energy Co., Ltd.*	PRC	RMB222,000,000	**60.00**	59.17	Operation of solar farm
正藍旗國電光伏發電有限公司 Zhenglanqi State Power Photovoltaic Co., Ltd.*	PRC	RMB85,000,000	**61.55**	58.39	Operation of solar farm

59. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

59a. General information of subsidiaries (Continued)

Name of subsidiary	Place of establishment/ operations	Issued and fully paid share/ registered capital	Attributable equity interest of the Group		Principal activities
			2015 %	2014 %	
Indirectly held: (Continued)					
New Energy business (Continued) ***Established in the PRC (Continued)***					
山西佳盛能源股份有限公司 Shanxi Jiasheng Energy Holding Ltd.*	PRC	RMB50,000,000	**59.79**	58.13	Operation of solar farm
海南意晟新能源有限公司 Hainan Yisheng New Energy Co., Ltd.*△	PRC	RMB43,000,000	**47.79**	47.79	Operation of solar farm
海南天利科新能源項目投資有限公司 Hainan Tianlike New Energy Project Investment Co., Ltd.*△	PRC	RMB76,000,000	**47.63**	47.63	Operation of solar farm
寧夏金禮光伏電力有限公司 Ningxia Jinli Photovoltaic Electric Power Co., Ltd.*	PRC	RMB86,300,000	**62.28**	62.28	Operation of solar farm
寧夏金信光伏電力有限公司 Ningxia Jinxin Photovoltaic Electric Power Co., Ltd.*	PRC	RMB126,300,000	**62.28**	62.28	Operation of solar farm
汝陽協鑫新能源有限公司 Ruyang GCL New Energy Ltd.*	PRC	RMB84,000,000	**62.28**	62.28	Operation of solar farm
中利騰暉海南電力有限公司 Zhongli Tenghui Hainan Solar Power Co., Ltd.*	PRC	RMB10,000,000	**62.28**	62.28	Operation of solar farm
天長市協鑫光伏電力有限公司 Tianchang GCL Solar Energy Ltd.*	PRC	RMB30,160,000	**62.28**	62.28	Operation of solar farm
南通海德新能源有限公司 Nantong Haide New Energy Company Ltd.*#	PRC	RMB10,000,000	**62.28**	—	Operation of solar farm
元謀綠電新能源開發有限公司 Yuanmou Green Power New Energy Development Ltd.*#	PRC	RMB85,000,000	**18.68**	—	Operation of solar farm
合肥建南電力有限公司 Hefei Jiannan Solar Power Co., Ltd.*#△	PRC	RMB33,600,000	**62.28**	—	Operation of solar farm
徐州鑫日光伏電力有限公司 Xuzhou Xinre Solar Energy Ltd.*#	PRC	RMB16,000,000	**62.28**	—	Operation of solar farm
山東萬海電力有限公司 Shandong Wanhai Solar Power Co., Ltd.*#△	PRC	RMB50,000,000	**9.34**	—	Operation of solar farm
猛海協鑫光伏農業電力有限公司 Menghai GCL Solar Agricultural Power Co., Ltd.*#	PRC	RMB85,000,000	**62.28**	—	Operation of solar farm

59. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

59a. General information of subsidiaries (Continued)

Name of subsidiary	Place of establishment/ operations	Issued and fully paid share/ registered capital	Attributable equity interest of the Group 2015 %	2014 %	Principal activities
Indirectly held: (Continued)					
New Energy business (Continued) ***Established in the PRC (Continued)***					
淇縣協鑫新能源有限公司 Qixian GCL New Energy Ltd.*#	PRC	RMB84,000,000	62.28	—	Operation of solar farm
輝縣市協鑫光伏電力有限公司 Huixian GCL Solar Energy Ltd.*#	PRC	RMB31,000,000	62.28	—	Operation of solar farm
東海縣協鑫光伏電力有限公司 Donghai GCL Solar Energy Ltd.*#	PRC	RMB24,500,000	62.28	—	Operation of solar farm
靖邊縣順風新能源有限公司 Jingbian Shunfeng New Energy Ltd.*#	PRC	RMB1,065,000	59.17	—	Operation of solar farm
湖北省麻城市金伏太陽能電力有限公司 Hubei Macheng Jinfu Solar Energy Ltd.*#	PRC	RMB45,000,000	62.28	—	Operation of solar farm
烏拉特後旗源海新能源有限責任公司 Wulate Houqi Yuanhai New Energy Ltd *#	PRC	RMB50,000,000	62.28	—	Operation of solar farm
邯能廣平縣光伏電力開發有限公司 Hanneng Guangping Solar Energy Development Ltd.*#	PRC	RMB130,000,000	62.28	—	Operation of solar farm
太谷縣風光發電有限公司 Taigu Fengguang Photovoltaic Power Co., Ltd.*#△	PRC	RMB30,000,000	18.68	—	Operation of solar farm
榆林隆源光伏電力有限公司 Yulin Longyuan Solar Energy Ltd.*#	PRC	RMB465,000,000	62.28	—	Operation of solar farm
通榆咱家禽業科技有限公司 Tongyu Zajia Qinye Technology Ltd.*#	PRC	RMB36,000,000	62.28	—	Operation of solar farm
余干縣協鑫新能源有限責任公司 Yugan GCL New Energy Ltd.*#	PRC	RMB100,000,000	62.28	—	Operation of solar farm
平山縣世景新能源有限公司 Pingshan Shijing New Energy Ltd.*#△	PRC	RMB50,000,000	43.60	—	Operation of solar farm
東莞紅板多層線路板有限公司 Dongguan Red Board Limited*	PRC	HK$250,000,000	62.28	62.28	Manufacture and sale of PCB
紅板(江西)有限公司 Red Board (Jiangxi) Limited*	PRC	HK$373,969,000	62.28	62.28	Manufacture and sale of PCB

59. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

59a. General information of subsidiaries (Continued)

Name of subsidiary	Place of establishment/ operations	Issued and fully paid share/ registered capital	Attributable equity interest of the Group		Principal activities
			2015 %	2014 %	
Indirectly held: (Continued)					
Incorporated in Hong Kong					
Red Board Limited	Hong Kong	Ordinary shares — HK$4 Non-voting deferred shares — HK$5,000,000	**62.28**	62.28	Sale of PCB
Incorporated in BVI					
Same Time Electronics (B.V.I.) Limited	BVI/PRC	US$1	**62.28**	62.28	Property holding

* English name for identification only
\# Newly established in 2015
△ The Group holds less than 50% of the equity interests of these companies, however, under the articles of association of these companies, the Group has the ability to direct the relevant activities at the time that decisions need to be made and the Group has control over board of directors of these companies, and therefore these companies are classified as subsidiaries of the Group.

During the year ended 31 December 2015, the Group disposed the subsidiaries of non-solar power business, the details of the subsidiaries disposed are set out in the circular issued by the Company dated 11 November 2015.

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

59b. Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of a non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	2015 RMB'000	2014 RMB'000 (Restated)	2015 RMB'000	2014 RMB'000 (Restated)
GNE	Bermuda and Hong Kong	**37.72%**	37.72%	**(8,402)**	51,451	**1,007,313**	875,558
Individually immaterial subsidiaries with non-controlling interests						**697,999**	1,460,458
						1,705,312	2,336,016

59. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

59b. Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Summarised financial information in respect of GNE is set out below. The summarised financial information below represents amounts before intragroup eliminations and fair value adjustments arising from the acquisition of GNE.

	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)
Current assets	**6,555,796**	1,662,139
Non-current assets	**16,946,662**	6,201,653
Current liabilities	**(12,858,321)**	(4,007,558)
Non-current liabilities	**(8,202,098)**	(1,567,513)
Equity attributable to owners of the Company	**(2,441,234)**	(2,288,371)
Non-controlling interests	**(805)**	(350)

59. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

59b. Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

	For the year ended 31 December 2015 RMB'000	For the period from 9 May 2014 to 31 December 2014 RMB'000 (Restated)
Revenue	**1,969,899**	812,358
Expenses	**(1,985,371)**	(951,327)
Loss for the year/period	**(15,472)**	(138,969)
Loss attributable to owners of the Company	**(15,229)**	(138,917)
Loss attributable to the non-controlling interests	**(243)**	(52)
Loss for the year/period	**(15,472)**	(138,969)
Other comprehensive income (expense) attributable to owners of the Company	**32,550**	(5,913)
Other comprehensive (expense) income attributable to the non-controlling interests	**(2)**	2
Other comprehensive income (expense) for the year/period	**32,548**	(5,911)
Total comprehensive income (expense) attributable to owners of the Company	**17,321**	(95,310)
Total comprehensive expense attributable to the non-controlling interests	**(245)**	(50)
Total comprehensive income (expense) for the year/period	**17,076**	(95,360)
Dividends paid to non-controlling interests	**—**	—
Net cash inflow (outflow) from operating activities	**35,423**	(416,180)
Net cash outflow from investing activities	**(9,180,652)**	(1,242,635)
Net cash inflow from financing activities	**10,479,054**	2,233,611
Net cash inflow	**1,333,825**	574,796

60. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position

	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)
NON-CURRENT ASSETS		
Investments in subsidiaries	**13,444,212**	14,451,383
Loans to subsidiaries	**4,715,405**	4,935,997
Held-to-maturity investment	**—**	12,075
Restricted bank deposits	**32,848**	18,929
	18,192,465	19,418,384
CURRENT ASSETS		
Prepayments and deposits	**4,980**	4,264
Amounts due from subsidiaries	**11,304,356**	7,582,861
Available-for-sale investments	**38,726**	—
Bank balances and cash	**464,337**	103,079
	11,812,399	7,690,204
CURRENT LIABILITIES		
Other payables	**49,043**	38,977
Bank borrowings — due within one year	**3,810,368**	305,950
	3,859,411	344,927
NET CURRENT ASSETS	**7,952,988**	7,345,277
TOTAL ASSETS LESS CURRENT LIABILITIES	**26,145,453**	26,763,661
NON-CURRENT LIABILITIES		
Bank borrowings — due after one year	**2,233,664**	5,629,480
Convertible bonds payable	**1,285,616**	1,138,452
	3,519,280	6,767,932
NET ASSETS	**22,626,173**	19,995,729
CAPITAL AND RESERVES		
Share capital (see note 44)	**1,372,260**	1,372,226
Reserves	**21,253,913**	18,623,503
TOTAL EQUITY	**22,626,173**	19,995,729

60. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2014 (Restated)	1,371,752	29,405,299	19,206	143,891	(11,711,816)	19,228,332
Profit and total comprehensive income for the year	—	—	—	—	705,139	705,139
Exercise of share options (note 55a)	474	9,697	—	(3,249)	—	6,922
Recognition of share-based payment expenses in respect of share options (note 55a)	—	—	—	55,336	—	55,336
Forfeitures of share options	—	—	—	(1,866)	1,866	—
At 31 December 2014 (Restated)	1,372,226	29,414,996	19,206	194,112	(11,004,811)	19,995,729
Profit and total comprehensive income for the year	—	—	—	—	3,731,373	3,731,373
Dividend paid	—	(1,120,000)	—	—	—	(1,120,000)
Exercise of share options (note 55a)	34	363	—	(113)	—	284
Recognition of share-based payment expenses in respect of share options (note 55a)	—	—	—	18,787	—	18,787
Forfeitures of share options	—	—	—	(21,940)	21,940	—
At 31 December 2015	1,372,260	28,295,359	19,206	190,846	(7,251,498)	22,626,173

Note: Differences between the reserves of the Company and of the Group, as disclosed in the consolidated statement of changes in equity, represented the consolidation adjustments arising from the reverse acquisition by GCL Solar in 2009. For more details, please refer to 2009 annual report of the Group.

Corporate Information

CHAIRMAN & CHIEF EXECUTIVE OFFICER

Zhu Gongshan

EXECUTIVE DIRECTORS

Zhu Gongshan
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
35th Floor, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1703B–1706, Level 17
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman, KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law

Freshfields Bruckhaus Deringer
11th Floor,
Two Exchange Square
Hong Kong

Hebert Smith Freehills
23rd Floor,
Gloucester Tower
15 Queen's Road Central
Hong Kong

As to Cayman Islands law

Conyers Dill & Pearman
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

As to PRC law

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9th Floor, Taikang Financial Tower
No. 38 North Road East Third Ring
Chaoyang District
Beijing, 100026
PRC

Company's Website

www.gcl-poly.com.hk

Information for Investors

LISTING INFORMATION

Listing: Main Board of the Hong Kong Stock Exchange Limited
Stock Code: 3800

SHARE INFORMATION

Board Lot Size: 1,000 shares
Shares Outstanding as at 31 December 2015: 15,489,637,268 shares

FINANCIAL CALENDAR

23 March 2016: Announcement of 2015 Annual Results
22 April 2016: Publication of Annual Report
25 May 2016: Annual General Meeting

ENQUIRIES CONTACT

Investor Relations Department

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Glossary of Terms

"Board" or "Board of Directors"	our board of Directors
"China" or "PRC"	the People's Republic of China, but for the purposes of this report, excludes Hong Kong and Macau Special Administrative Region of the PRC
"Company, GCL-Poly"	GCL-Poly Energy Holdings Limited
"Director(s)"	director(s) of the Company or any one of them
"GNE"	GCL New Energy Holdings Limited, a limited liability company incorporated in Bermuda with its shares listed on the Stock Exchange Hong Kong Limited (Stock Code: 451)
"GNE Group"	GCL New Energy Holdings Limited and its subsidiaries
"Group"	the Company and its subsidiaries
"GW"	gigawatts
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MT"	metric tonnes
"MW"	megawatts
"MWh"	megawatt hour
"PV"	photovoltaic
"Rights Issue"	issue of 3,097,927,453 rights shares at HK$1.12 per rights share on the basis of one rights share for every five shares of the Company
"W"	watts

GCL

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