UNITED PHOTOVOLTAICS

UNITED PHOTOVOLTAICS GROUP LIMITED

Hong Kong Stock Code: 00686

REACHING GREEN WORLD

ANNUAL REPORT 2015

Contents

Letter to Investors

Dear valued investors,

The year 2015 witnessed the end of China's "12th Five-year Plan" and the formulation of the "13th Five-year Plan". In this year, China implemented its "economical, clean and secure" energy strategy and accelerated the transformation of energy consumption structure. United Photovoltaics Group Limited ("**United PV**" or the "**Company**", together with its subsidiaries, the "**Group**") closely followed the national development policies on the new energy industry, further consolidated the fundamentals of the Group. In 2015 the Group accelerated the acquisition and development of solar power plants, proactively broadened our financing channels, enhanced the smart management level of solar power plants with the aid of advanced technology, and built a talent team. All employees made concerted and vigorous efforts and achieved remarkable results.

For the year of 2015, the Company recorded an EBITDA of approximately RMB480 million, representing an increase of 73% as compared with that of last year, and the sales of electricity increased to approximately RMB631 million, representing a year-on-year growth of 66%, and the net profit increased to approximately RMB373 million, representing a year-on-year growth of 43%.

Acceleration in Acquisition and Becoming a "Top Runner" in Photovoltaic Industry

In 2015, the Group primarily engaged in acquisitions, complemented with self-development, having successfully achieved rapid expansion by consolidating large-scale ground-based solar power plants. As of 31 December 2015, the newly added installed capacity of the Group and its associates increased by 419.8MW, and the beneficially owned aggregate installed capacity amounted to around 1GW. In addition to the continuous disposition in areas with rich solar power resources such as Inner Mongolia, the Group achieved strategic expansion into areas with strong demand for electricity and good condition for power transmission such as Hubei, Shanxi and Yunnan.

On 4 August 2015, United PV was granted the exclusive right to develop and operate a 100MW solar power plant project in Datong, Shanxi (the "Project"). The Project is located in the Coal Mining Subsidence National Advanced Technology Solar Demonstration Base in Datong, which is the first demonstration project implemented under the "Top Runner" Program of photovoltaic industry in China and will effectively promote the healthy competition and development of China's photovoltaic industry. The Project also marks a milestone for the transformation and upgrade of Datong from traditional industries to emerging industries, from black energy to green energy and from high-carbon economy to low-carbon economy. To ensure that the winning bidder possesses the competency of being a top runner in the industry, the National Energy Administration set stringent requirements for the projects in the base in respect of key technical standards, construction specifications, operation and maintenance management and information monitoring. In addition, the department of energy in Shanxi chose the development and investment enterprises with strong technical capability and investment management strength through competitive selecting mechanism. Subsequently, the enterprises chose products that satisfy the advanced technical standards of the "Top Runner" Program through market mechanism. The successful bid for the Project made United PV a "top runner" in photovoltaic industry, which is not only an indication of the Group's development, construction, operation and maintenance ability, but also recognition of United PV as a "resources integrator" in the industry.

Letter to Investors

Letter to Investors

Based in China, United PV also set sights on international market. In December 2015, we established the overseas business department to develop the overseas market of solar power plants. United PV has maintained close cooperation with various international financial institutions and has gained strong support in projects and financing.

Diversifying the Capital Sources and Broadening Extensive Financing Channels for Future Development

United PV has been committed to broadening the financing channels in order to provide long-term, stable, cost-reasonable and sufficient capital sources for acquisition and development of solar power plants.

In 2015, United PV issued various three-year convertible bonds with an aggregate amount of approximately RMB1,941 million. The subscribers included China Merchants Fund Management Limited, a subsidiary of China Orient Asset Management (International) Holding Limited, a subsidiary of China Huarong International Holdings Limited, a subsidiary of Fosun International Limited and a subsidiary of Qingdao City Construction Investment (Group) Co., Ltd.. In addition, the Group also achieved substantial progress in arranging for long-term loans and finance leasing. For the year of 2015, United PV received a total proceeds of approximately RMB2,346 million from bank loans, finance leasing and other financing methods.

With unremitted efforts from its management, United PV has gradually become a cross-industry platform integrated with new energy and finance that has received recognition and acknowledgement from the capital market in respect of company performance, potential and future development. In August 2015, United PV was selected as a constituent of the five major indexes by Hang Seng Indexes Company Limited: Hang Seng Composite Index Series (Hang Seng Composite Index, Hang Seng Composite Index — Industrials, Hang Seng Composite MidCap & SmallCap Index and Hang Seng Composite SmallCap Index) and Hang Seng Global Composite Index effective since 14 September 2015. In November 2015, United PV was selected as a constituent of the Global Small Cap China Index by Morgan Stanley Capital International (“MSCI”).

Improving the Smart Management Level of Solar Power Plants by Leveraging on Cutting-edge Technology

In 2015, the Global Smart PV Cloud Management Center (the “Cloud”) jointly developed by China Merchants New Energy Group Limited and Huawei Technologies Co. Ltd., the leading company in global internet technology, was officially put into service to monitor our solar power plants operation. The Cloud is a product integrated with internet technology and energy management. With the Cloud, United PV implemented centralised management for the solar power plants under the Group, and achieved all-round management in production, human resources, assets and information, enhanced the operation and maintenance efficiency of the solar power plants, increased the total power generation volume and decreased operation and maintenance costs.

Solar power plants located in different places across the nation are connected to the Cloud, and United PV manages such plants as if they are local solar power plants and analyses the annual and monthly performance of each power plant to assist the management of the Group in making decisions.

Letter to Investors

The Cloud centralises the management and maintenance analysis and experts resources of the Group, which indicates that United PV has successfully transformed the solar power plants operation and maintenance from the old pattern into the new pattern of internet era in three aspects, namely from passive operation and maintenance to active operation and maintenance, from on-site operation and maintenance to mobile/remote operation and maintenance and from extensive management to refined management.

Prospects

In 2016, the Group will accelerate the strategic adjustment of distribution of solar power plants, comprehensively improve the capital utilisation, carry out in-depth optimization for operation and maintenance, and promote the innovation of management system and building of professional teams. Furthermore, the Group will continuously enhance its comprehensive competitiveness, market influence, and culture cohesion, aiming for more favorable operations and development results and creating a new landscape for the Group's green development.

Nowadays, climate change has become a globally recognised threat, and the utilisation of fossil energy has been increasingly constrained. Therefore, the development of new energy will be the general trend of the times. In accordance with the "Working Draft of the 13th Five-Year Plan on Renewable Energy Development", the installed capacity of solar power will reach 150GW by 2020 in China. As such, the photovoltaic industry will have a prosperous future.

Faced with the historical green mission, United PV will keep a firm grip on the good opportunity of the economic structure adjustment and energy industry revolution, and will continue to play its own competitive advantages in order to build the Company into "a national representative on China's energy transformation".

Lastly, on behalf of the Board and the management team of the Company, I would like to express my sincere gratitude to all shareholders, investors and friends from all circles in the society for their continuous trust and support to the Company.

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

30 March 2016

THE "TOP RUNNER" program creates the green namecard for China

The aggregate installed capacity of the Group amounted to

around 1GW in 2015

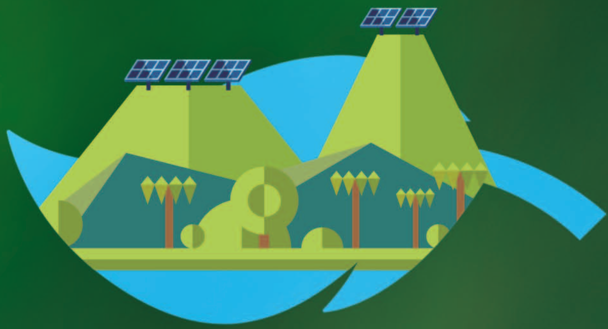
The First Large-scale

Solar Power Plant in Desert

100MW Solar Power Plant in Jiayuguan, Gansu

"Top Runner" Project

100MW Solar Power Plant in Datong, Shanxi



Solar Power Plants

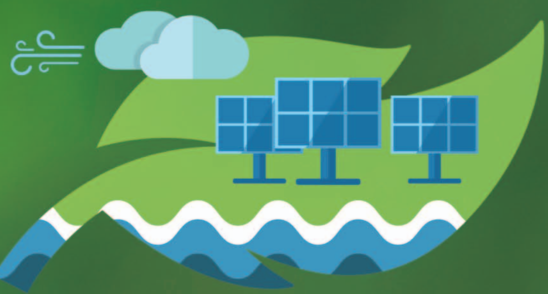
in Plateau

80MW Solar Power Plants in Chahar Right Front Banner, Inner Mongolia

The Largest

Solar Power Plant on Hills in Central China

100MW Solar Power Plant in Suizhou, Hubei



Solar Power Plants

under Maritime Climate

Pilot Solar Power Plants in Qianhai Bay Bonded Port Area of Shenzhen

Eco-Agricultural Project

23.8MW Solar Power Plants in Feng County, Jiangsu

Company Profile

United Photovoltaics Group Limited ("**United PV**" or the "**Company**", together with its subsidiaries, the "**Group**") is a leading investor and operator of solar power plants in China. As of 31 December 2015, the Group and its associates beneficially owned 25 solar power plants, spreading across Shanxi, Hubei, Inner Mongolia, Qinghai, Gansu, Xinjiang, Jiangsu, Yunnan and Guangdong, with an aggregate installed capacity around 1GW.

United PV focuses on the fast-growing solar power plants market. From the industrial perspective, United PV strives for expansion via investment in high-quality solar power plants. This helps stimulate rapid development of the entire industry chain including raw material suppliers, equipment manufacturers, system integrators, electricity operators and information service providers through advantages of end users, and attracts more people to join in the course of building green homes. The Company integrates and optimises the superior resources of the photovoltaic industry, and has initiated the establishment of the Photovoltaic Green Ecological Collaborative Organization ("PGO") with state-owned enterprises and industry leaders, in order to vigorously promote application of solar energy in a large-scale manner.

From technical perspective, United PV allies with technical elites in various fields and carries out cross-industry design, applications and integration. Through the application of the Global Smart PV Cloud Management Center and various innovative technologies such as the mobile Internet App "iNEX", United PV has been able to exercise effective real-time management of its solar power plants, aiming to improve operational efficiency and business results for the Group.

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

The ordinary shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited (stock code: 00686.HK), and are included in the Hang Seng Composite Index, Hang Seng Global Composite Index, and selected as a constituent of the Global Small Cap China Index by Morgan Stanley Capital International ("MSCI").

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li, Alan *(Chairman and CEO)*
Mr. Lu Zhenwei
Mr. Li Hong *(Chief Financial Officer)*
Ms. Qiu Ping, Maggie *(Company Secretary)*

Non-executive Directors

Academician Yao Jiannian
Mr. Tang Wenyong

Independent Non-executive Directors

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

BOARD COMMITTEES

Audit Committee

Mr. Kwan Kai Cheong *(chairman)*
Mr. Yen Yuen Ho, Tony
Mr. Tang Wenyong

Remuneration Committee

Mr. Kwan Kai Cheong *(chairman)*
Mr. Yen Yuen Ho, Tony
Mr. Tang Wenyong

Nomination Committee

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

Risk Control Committee

Mr. Lu Zhenwei *(chairman)*
Mr. Li, Alan
Mr. Kwan Kai Cheong
Mr. Tang Wenyong
Mr. Li Hong

AUDITORS

PricewaterhouseCoopers

SOLICITORS

Bermuda

Conyers Dill & Pearman

Hong Kong

Reed Smith Richards Butler
Troutman Sanders

Mainland China

Grandall Law Firm, Hangzhou Office

PRINCIPAL BANKERS

Bank of China (Hong Kong) Ltd.
China Development Bank Corporation
China Merchants Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
Ping An Bank Co, Ltd.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Appleby Management (Bermuda) Ltd.

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Union Registrars Limited

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

WEBSITE

www.unitedpvgroup.com

Biographies of directors and senior management

EXECUTIVE DIRECTORS

Mr. Li, Alan, aged 48, is an executive director of the Company appointed on 10 June 2013. He is also the chief executive officer, the chairman of the board of directors and a member of the nomination committee and the risk control committee of the Company. Mr. Li is responsible for overseeing the business strategies, mergers and acquisitions, capital market development and daily operation. Mr. Li also serves as a director of China Solar Power Group Limited, a wholly-owned subsidiary of the Company. Mr. Li is the chairman of the board, executive director and chief executive officer of New Energy Exchange Limited, the common stock of which was listed on Nasdaq stock market from 1996 to February 2013. He is also a director of China Merchants New Energy Group Limited and the chairman of the board of directors of Pairing Venture Limited. In 2013, Mr. Li collaborated with state-owned enterprises, such as GD Solar Co., Ltd. and State Grid Corporation of China, and established Photovoltaic Green Ecosystem Organization ("PGO"), the first eco-system that integrates the entire value chain of the photovoltaic industry in China, which has significantly driven the industrial development in China. The PGO has rapidly expanded the development and construction of large-scale solar power plants in China. Prior to joining China Merchants New Energy Group Limited, Mr. Li served as an executive director of Linchest Technology Ltd. and Shun Tai Investment Limited and was mainly engaged in investment, mergers and acquisitions in China. Mr. Li has extensive and solid experience in investment and management of conglomerates. Mr. Li received a Master of Business Administration degree from Murdoch University of Australia.

Mr. Lu Zhenwei, aged 45, is an executive director of the Company appointed on 10 June 2013. He is the chairman of the risk control committee of the Company. Mr. Lu is also the executive director and chief financial officer of New Energy Exchange Limited, chairman of the board of China Merchants New Energy Group Limited and general manager of Shenzhen China Merchants Yinke Investment Management Ltd. Mr. Lu is also the director of each of China Merchants Technology Group Co., Ltd., China Merchants New Energy Group Limited and China Solar Power Group Limited. Mr. Lu served as a director of Beijing Qinghua Huahuan Electronics Co., Ltd.* (北京清華華環電子股份有限公司) and China KZ High technology Co., Ltd.* (中國科招高技術有限公司), and general manager of China Merchants Technology Group Co., Ltd. Mr. Lu served as a director of Shenzhen CAU Technology Co., Ltd* (深圳中國農大科技股份有限公司) from May 2003 to May 2008, the shares of which are listed on the main board of Shenzhen Stock Exchange. Prior to joining China Merchants Group Limited, Mr. Lu served as a director, general manager, deputy manager and chief financial officer in a number of companies. He is a veteran in venture investment and management with more than eleven years' experience and shares unique insights of financing matters. Mr. Lu was awarded a bachelor degree in economics by the Shanghai Maritime University and a master's degree in finance by Zhongnan University of Economics and Law.

Mr. Li Hong, aged 43, is an executive director of the Company appointed on 28 August 2015. He is also the chief financial officer and a member of risk control committee of the Company. Mr. Li is also the chairman of the Chinese affairs management committee of the Company and a director of various subsidiaries of the Company. He is the general manager of United Photovoltaics (Changzhou) Investment Co., Ltd.* (聯合光伏(常州)投資有限公司), a major subsidiary of the Company holding and managing investments in China. Mr. Li also serves as an executive director of New Energy Exchange Limited, a company providing a broad range services relating to new energy projects. Mr. Li joined the Group as the financial controller in February 2014 and was appointed as the chief financial officer of the Company in April 2014. Prior to joining the Group, he worked in the finance department of Overseas Chinese Affairs Office of the State Council. He also served with the China Travel Service (Holdings) Hong Kong Limited and was in charge of finance department of its mainland subsidiaries. Mr. Li has 15 years' managerial experience in large state-owned enterprises, industrial enterprise, as well as in tourism industry and media industry. Mr. Li graduated from the Central University of Finance and Economics with a Bachelor's degree of Economics, majoring in Monetary Banking. Mr. Li also received a Master of Business Administration degree from Murdoch University of Australia.

Biographies of directors and senior management

Ms. Qiu Ping, Maggie, aged 37, is an executive director, the company secretary and the executive president of the Company. Ms. Qiu was appointed as a non-executive director on 10 June 2013 and was re-designated as an executive director of the Company on 28 August 2015 and was appointed as the executive president of the Company since 1 January 2016. Ms. Qiu is also a director and the president of China Solar Power Group Limited, a wholly-owned subsidiary of the Company, overseeing its legal matters, compliance, corporate governance and human resources for over eight years. Ms. Qiu was the company secretary and senior vice president of a company which was listed on the Nasdaq stock market. Prior to that, Ms. Qiu served as assistant to general manager in multinational companies and gained extensive experience in corporate governance, mergers and acquisitions and project management. Ms. Qiu received a Bachelor's degree in Economics and a Bachelor's degree in German Literature from Peking University. Ms. Qiu was also awarded a Master's degree in European Culture and Economics from Ruhr University Bochum in Germany and a Master of Laws in Corporate and Financial Law from The University of Hong Kong.

NON-EXECUTIVE DIRECTORS

Academician Yao Jiannian, aged 62, is a non-executive director of the Company appointed on 25 October 2010. Academician Yao is currently a researcher with the Institute of Chemistry, Chinese Academy of Science ("CAS"), and was elected as an academician of the CAS in 2005. Academician Yao is also a member of the 9th and 10th National Committee of the Chinese People's Political Consultative Conference, a member of the standing committee of the 11th and 12th National People's Congress, and a member of the 7th National Committee of China Association for Science and Technology. During the period from March 2000 to March 2008, he was the deputy head of the Institute of Chemistry, CAS. During the period from August 1995 to September 1999, Academician Yao had successively been an associate researcher, researcher, instructor for students of doctoral degrees, director of laboratory, and assistant to center head of the Institute of Photographic Chemistry, CAS. Academician Yao graduated from the Chemistry Department of Fujian Normal University in 1982 and was conferred a Master's degree by the Graduate School of Engineering of Tokyo University, Japan in 1990 and a Doctoral degree by the same university in 1993.

Mr. Tang Wenyong, aged 52, is a non-executive director of the Company appointed on 24 December 2015. He is a member of each of the audit committee, remuneration committee and risk control committee of the Company. Mr. Tang is a director of China Merchants New Energy Group Limited and is a senior managing director of China Merchants Capital Management Co., Ltd.* (招商局資本管理有限責任公司). He served as an officer of the development and research department of China Merchants Shekou Industrial Zone Co., Ltd.* (招商局蛇口工業區有限公司) and the general manager of China Merchants Investment and Consultancy Management Co., Ltd.* (招商局投資顧問管理有限公司). Mr. Tang also serves as a director of Jiangxi Selon Industrial Co., Ltd.* (江西世龍實業股份有限公司), the shares of which are listed on the small and medium enterprise board of the Shenzhen Stock Exchange, and chairman of the supervisory board of Shenzhen Jasic Technology Co., Ltd.* (深圳市佳士科技股份有限公司), the shares of which are listed on the growth enterprise market of the Shenzhen Stock Exchange. Mr. Tang has long engaged in equity investment, and accumulated extensive experience in project investment and management. Mr. Tang graduated from Peking University with a Bachelor's degree in Economic Geography.

Biographies of directors and senior management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwan Kai Cheong, aged 66, is an independent non-executive director of the Company appointed on 1 April 2011. He is the chairman of the audit committee and the remuneration committee of the Company, a member of the nomination committee and the risk control committee of the Company. Mr. Kwan is the president of Morrison & Company Limited, a business consultancy firm. He was previously the president and chief operating officer for the Asia Pacific region of Merrill Lynch & Co., Inc. Mr. Kwan has since 1 February 2007 become a non-executive director of China Properties Group Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He is an independent non-executive director for several listed companies in Hong Kong, namely HK Electric Investments Limited and HK Electric Investments Manager Limited (as trustee-manager of HK Electric Investments), Win Hanverky Holdings Limited, Greenland Hong Kong Holdings Limited (formerly known as "SPG Land (Holdings) Limited"), Henderson Sunlight Asset Management Limited as the Manager of Sunlight Real Estate Investment Trust, Dynagreen Environmental Protection Group Co., Limited and CK Life Sciences Int'l., (Holdings) Inc., all of which are listed on the Main Board of the Stock Exchange. He was previously an independent non-executive director of Galaxy Resources Limited, a company listed on the Australian Securities Exchange, from 13 October 2010 to 30 June 2014. Mr. Kwan was an independent non-executive director of China Oceanwide Holdings Limited (formerly known as "Hutchison Harbour Ring Limited"), a company listed on the Main Board of the Stock Exchange, from 27 September 2004 to 19 December 2014. Mr. Kwan graduated from the University of Singapore in 1973 with a degree in Accountancy. Mr. Kwan qualified as a Chartered Accountant in Australia in 1979 and has been a member of the Hong Kong Institute of Certified Public Accountants since 1982. He completed the Stanford Executive Program in 1992.

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

Biographies of directors and senior management

Mr. Shi Dinghuan, aged 72, is an independent non-executive director of the Company appointed on 10 June 2013. Mr. Shi is a former Counselor of the State Council of the PRC, the chairman of China Renewable Energy Society, the invited deputy chairman of China Energy Research Society, the invited vice chairman of China Industry-University-Research Institute Collaboration Association and the honorary chairman of China Association of Productivity Promotion Centres. Mr. Shi had worked in the Nuclear Energy Technology Institute of Tsinghua University since November 1973. In October 1980, he joined the State Commission of Science and Technology of PRC ("SSTC"), the Former of Ministry of Science and Technology ("MOST"). He was once appointed as the deputy division chief of the Forecasting Bureau of the SSTC, deputy director of the Industrial Technology Bureau of the SSTC, director of the Department of Industrial Science and Technology of the SSTC. He then take up the position as the deputy director of the Deputy Director-General of the High and New Technology Department and Industrial Department (directorate grade) (科學技術部高新技術發展及產業化司副司長(正司級) of the PRC. In June 1988, he also acted as the officer of the "Torch Programme (國家火炬計劃)" office of the SSTC. Mr. Shi took the office of the Secretary General of MOST in August 2001. Since June 2003, he has been a member of the Mid-and-Long Term (2006–2020) Project Planning Office for National Science and Technology Development (國家中長期(2006–2020)科學技術發展規劃領導小組) and the leader of the Strategic Research Group (戰略組組長). In March 2004, Mr. Shi was appointed as the Counselor of the State Council of the PRC. Mr. Shi has taken part in the implementation of the Seventh Five-Year-Plan of national economy and the Mid-and-Long-Term Plan of Technology Development 1991-2000. Mr. Shi has also contributed to the formulation of technology programmes and the implementation of key technology projects in hi-tech areas for the Eighth and Ninth and Tenth Five-Year-Plans. He has been taking part in various hi-tech industrialisation programmes, such as High & New Technology Industries Development Zones (國家高新區), enterprise incubation, Productivity Centers and technology and innovation engineering. Mr. Shi was an independent non-executive director of Guodian Technology & Environment Group Corporation Limited, the shares of which are listed on the main board of the Stock Exchange of Hong Kong Limited, from June 2012 to May 2014. Mr. Shi graduated from the Engineering Physics Department, Tsinghua University in July 1967, majoring in radiation dosimetry and protection.

Mr. Ma Kwong Wing, aged 70, is an independent non-executive director of the Company appointed on 1 September 2013. Mr. Ma served with Hang Seng Bank Limited ("Hang Seng Bank") for over 30 years in various business areas and functions (including compliance) prior to his retirement in October 2005. He was appointed as company secretary of Hang Seng Bank in 1988 and assistant general manager (while remaining as company secretary) in January 1993. Since 17 February 2006, Mr. Ma has been an independent non-executive director of Henderson Sunlight Asset Management Limited as the Manager of Sunlight Real Estate Investment Trust which is listed on the main board of The Stock Exchange of Hong Kong Limited. Mr. Ma is a Fellow of The Hong Kong Institute of Directors, the Association of Chartered Certified Accountants, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. He is also a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, an associate member of The Chartered Institute of Bankers and The Hong Kong Institute of Bankers and, since November 2014, a Fellow Member of the Hong Kong Securities and Investment Institute. With effect from 20 January 2016, Mr. Ma has ceased to act as the Honorary Secretary of The Hong Kong Heart Foundation Limited and Institute for Heart Health Promotion Limited, both being charitable institutions exempted from tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

COMPANY SECRETARY

Ms. Qiu Ping, Maggie
(Please refer to "Executive Directors — Ms. Qiu Ping, Maggie")

CHIEF FINANCIAL OFFICER

Mr. Li Hong
(Please refer to "Executive Directors —Mr. Li Hong")

The strong presence of LEADING FINANCIAL INSTITUTIONS

Created a cross-industry platform for the convergence of new energy and finance with the cohesion of the green value


Reasonable financing cost
Various financing channels
Long-term cooperation and win-win situation

2015 Highlights

Dec 2015

United PV signed a strategic cooperation agreement for financing of RMB10 billion with CITIC Financial Leasing Co., Ltd. (“CITIC Leasing”)

United PV issued 3-year convertible bonds in the principal amount of US$100 million to a subsidiary of Qingdao City Construction Investment (Group) Co., Ltd.

The Group signed agreements in relation to an acquisition of two solar power plants with a total installed capacity of about 40MW, which are located in Xinjiang and Hebei, respectively

The Group completed acquisition of the 30% interest in a 19.8MW solar power plant project in Yongsheng, Yunnan

Nov 2015

United PV was included in the MSCI Global Small Cap Indexes — China

The Group launched the national “Top Runner” solar power plant project with an installed capacity of 100MW

The Group obtained a bank loan of RMB600 million from Industrial and Commercial Bank of China Ltd. (“ICBC”)

Oct 2015

The Group completed the acquisition of a 100MW solar power plant in Hubei, which is the largest single project in Central China

Sep 2015

The Group completed the acquisition of three solar power plants with a total installed capacity of 140 MW located in Inner Mongolia

The Group obtained a finance lease of RMB930 million from CITIC Leasing

The Group obtained banking facility of RMB1 billion from PingAn Bank Co., Ltd.

Aug 2015

United PV was included in Hang Seng Global Composite Index and the Hang Seng composite index series, i.e. Hang Seng Composite Index, Hang Seng Composite Industry Index – Industrials, Hang Seng Composite MidCap & SmallCap Index, Hang Seng Composite SmallCap Index

2015 Highlights

The Group won a bid for the exclusive right to develop and operate the national "Top Runner" project with an installed capacity of 100MW located in the Coal Mining Subsidence National Advanced Technology Solar Demonstration Base in Datong, Shanxi

Jul 2015

The Global Smart PV Cloud Management Center was officially put into service to monitor solar power plants of the Group

Jun 2015

United PV issued 3-year convertible bonds in the principal amount of US$15 million to a subsidiary of Fosun International Limited

United PV issued 3-year convertible bonds in the principal amount of US$100 million to a subsidiary of China Huarong International Holdings Limited

The Group obtained a finance lease of RMB300 million from China Kang Fu International Financial Leasing Company Limited ("Kang Fu Leasing")

May 2015

United PV established a medium-term note programme to professional investors, which will make available a platform to enhance the Company's flexibility and efficiency for future funding or capital management

The Group completed acquisition of the 90.9% interest in a grid-connected 20MW solar power plant and a 30MW solar power plant under development in Xinjiang

United PV entered into a cooperation agreement with Huaxia Life Insurance Co., Ltd., aiming to jointly invest up to a total amount of approximately RMB9 billion in the development of solar power plants with an aggregate installed capacity of 1GW in China in the coming 2 years

The Group obtained a bank loan of RMB400 million from ICBC

Apr 2015

United PV issued 3-year convertible bonds in the principal amount of US$30 million to a subsidiary of China Orient Asset Management (International) Holding Limited

United PV issued 3-year convertible bonds in the principal amount of HK$525 million to China Merchants Fund Management Limited

The Group completed acquisition of the 51% interest in 80MW solar power plants in Xinjiang

The Group obtained a finance lease of RMB300 million from Kang Fu Leasing

Feb 2015

United PV allotted and issued 380 million ordinary shares to three subscribers

2015 Awards

In December 2015, United PV was granted the ARC Bronze Award for Traditional Annual Report (Energy)

Being internationally recognized and widely respected in the industry, International ARC Award is the biggest and most admired award for annual report design, which is dubbed the Academy Award (Oscar) for Annual Report by the financial media.

In November 2015, United PV was granted the Most Innovative Listed Company Award under the 5th China Securities Golden Bauhinia Awards

United PV received the distinguished honour as a result of its outstanding performance in such aspects as innovation in production and financing model, innovation in advanced technologies as well as operating results. The China Securities Golden Bauhinia Awards are granted to those handpicked by authorities, experts and investors in the capital market of Hong Kong and the Mainland China through voting, which are the most credible awards for listed companies in the area.

2015 Awards

In October 2015, United PV was ranked among the Global Top 500 Energy Companies and granted the Development Potential Award

The voting for the Global Top 500 New Energy Enterprises was organised by the *China Energy News* under People's Daily and the China Energy Economy Research Institute, which represents the authoritative research and assessment on the new energy industry. *The Research on the Global Top 500 New Energy Enterprises*, which is the basic reference of the voting, was named a soft science subject by the National Energy Administration in 2011.

Safeguarded by THE CUTTING-EDGE TECHNOLOGIES

Combined

Internet technology with energy management to build

The Global Smart PV Cloud Management Center


Cloud Computing
Internet+
Big Data
The Global Smart PV Cloud Management Center
Internet of Things

Investor Relations

The Company's investor relations ("IR") practice has remained underpinned by the principle of being proactive, open, transparent, interactive and efficient in 2015. The company strived to improve the quality of IR services, and committed to presenting its operations, financial position, visions and development strategy and industry for better understanding of the industry investors, helping stakeholders make informed investment decisions.

MULTI-CHANNEL-BACKED COMMUNICATION

The Company has attached great importance to maintain the two-way communication with stakeholders, assisting them in making a proper assessment of the value, growth potential and outlook of the Company. Making fair, accurate and timely corporate disclosures is a top priority, the Company was the first listed company in solar industry to voluntarily announce its quarterly electricity generation volume since 2014. With the protection of investors' interests as the core, the Company helped to improve transparency of the sector, monitored the media environment and market trends, and enhanced the communication between shareholders, investors, and the media.

Our IR team is committed to developing a scientific IR system and has formed a specific procedure of information disclosure where a dedicated IR webpage, a WeChat public account and various real-time communication platforms are utilized as the outlets of information to maintain close and smooth contact with investors. Being the information bridge to link the Company and investors, the IR department further improved the investor database, hosted investors meetings and collected information in an organized manner.

DIVERSIFIED ACTIVITIES TO ENGAGE INVESTMENT COMMUNITY

During 2015, we maintained timely corporate disclosures in compliance with the legal and regulatory requirements to update the capital market on our strategy, latest developments and results, as well as on related state policies via channels including analyst meetings, non-deal roadshows, reverse roadshows, meetings with visiting investors, corporate website, corporate communications and new media platforms. Investor inquiries were handled proactively, timely and properly in an effort to update the investors on our operations comprehensively on the back of enhanced communication between the Company and the investment community. Suggestions and advice from investors were timely related to the management to ensure effective communication.

In 2016, United PV will further and proactively deepen the communication and exchange with investors to enhance the investors' understanding and acceptance of the Group, and at the same time expect to arouse more support from, and attention of, the investors.

KEY INVESTOR ACTIVITIES IN 2015:

Annual and interim results announcement presentations:

Management discussed with investors about the Group's latest developments and sector trends from the perspectives of operations, financials, strategy and outlook after release of the results;

Reverse roadshows:

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

Major investor forums and roadshows:

The Company kept an ear to the ground and sought feedbacks regarding business performance by proactively attending leading investor events and conferences to maintain close touch with the investment community.

Investor Relations

LIST OF 2015 MAJOR INVESTOR EVENTS

Date	Event	Location
04.12	CMS Investment Strategy Conference in Spring	Hong Kong
04.14	Macquarie China Renewables Tour	Shenzhen
04.21	United PV Online Investor Communication Meeting	Hong Kong
05.18	United PV Investor Online Roadshow for Major Acquisition and Financing Project	Hong Kong
05.20	GF Securities Overseas China Concept Stock Investor Discussion Forum	Shenzhen
05.21	CMS "Economic Reform and Transformation" Forum	Shanghai
05.28	Guotai Junan Securities: Interim Investment Strategy Forum 2015	Shenzhen
06.04	China Everbright: Beijing Interim Investment Strategy Conference and Entrepreneurship Forum 2015	Beijing
06.17	CCBIS Corporate Access: Clean Energy & Environmental Services Conference	Hong Kong
06.17	Industrial Securities: Greater China Conference 2015 — Interim Investment Strategy	Shanghai
07.07–09	Sinolink Securities Interim Strategy Conference 2015	Shanghai
07.28	Zheshang Securities Summit Forum for Overseas Listed Electric Renewable Energy Enterprises	Shanghai
08.31	United PV 2015 Interim Results Presentation	Hong Kong
09.18	Sinolink Securities: the 8th Renewable Energy and Internet Industry Investment Conference 2015	Chengdu
09.04	ABCI & Asia Fund Space Investor Seminar	Hong Kong
10.23	"Mutual Access" Luncheon 2015	Hong Kong
10.29	Southwest Securities Investment Strategy Conference in Fall	Shanghai
11.12	International seminar on the investment in renewable energy — How to invite long-term investment in renewable energy	Seoul
11.18	United PV Reverse Roadshow	Shenzhen
11.27	Shenwan Hongyuan Strategy Conference	Shenzhen
12.11	Huatai Securities Outlook Strategy Conference 2016	Nanjing

GREEN POWER
GREEN FUTURE

Adhering to the "Green" mission to build a green home together

Smoke and dust emission reduced per annum
430 tons

Standard coal saved per annum
280,000 tons

The electricity generation volume in 2015
859,730 MWh

SO_2 emission reduced per annum
7,000 tons

Equivalent trees planted per annum
40,000,000 trees

CO_2 emission reduced per annum
740,000 tons

Nitrogen oxide emission reduced per annum
7,000 tons

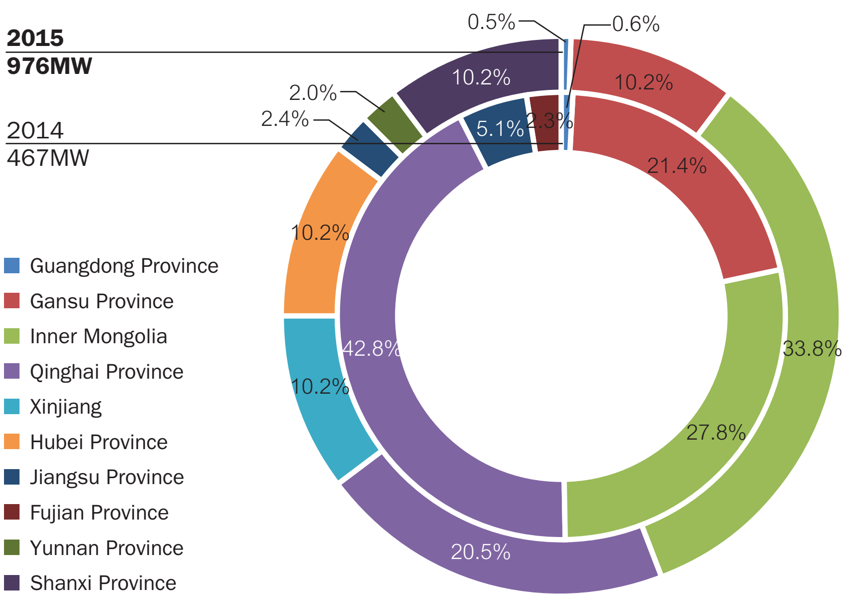
Fulfilled the electricity demand of ordinary families in a year
500,000 families

Management Discussion and Analysis

BUSINESS REVIEW

During the year ended 31 December 2015, the Group continued to focus its resources on the expansion of solar power business and has completed acquisitions of 12 solar power plants in the People's Republic of China (the "PRC" or "China"), with a total installed capacity of 419.8MW, in Inner Mongolia, Xinjiang, Hubei Province and Yunnan Province respectively. As at 31 December 2015, there were 25 solar power plants beneficially owned by the Group and its associates (2014: 13). The aggregate installed capacity of these solar power plants has increased to 976MW, by 109% as compared to 31 December 2014. Except one under construction by the Group, all of these solar power plants have achieved on-grid connection and have been generating electricity steadily.

Installed capacity by location in 2015 and 2014



Management Discussion and Analysis

The details of the electricity generation of such solar power plants are set out as below. For accounting purpose, the volume of electricity generated by the solar power plants newly acquired during the year ended 31 December 2015 (the "Year") was recorded only starting from their respective completion dates.

	2015		2014	
Location	**Approximate aggregate installed capacity (MW)**	**Approximate electricity generation (MWh)**	Approximate aggregate installed capacity (MW)	Approximate electricity generation (MWh)
Inner Mongolia, PRC (note 1)	**330**	**342,434**	130	163,851
Qinghai Province, PRC	**200**	**310,434**	200	183,227
Xinjiang, PRC	**100**	**80,756**	–	–
Gansu Province, PRC	**100**	**76,092**	100	94,486
Hubei Province, PRC	**100**	**18,799**	–	–
Jiangsu Province, PRC (note 2)	**23.8**	**28,334**	23.8	29,474
Guangdong Province, PRC	**2.4**	**2,881**	2.4	2,756
Yunnan Province, PRC (note 2)	**19.8**	**–**	–	–
Fujian Province, PRC (note 3)	**–**	**–**	10.8	11,252
Shanxi Province, PRC	**100**	**–**	–	–
	976	**859,730**	467	485,046

Notes:

(1) Among these solar power plants, one project company owning installed capacity of 60MW was treated as an associate of the Group as at 31 December 2015.

(2) The project companies owning such solar power plants were treated as associates of the Group as at 31 December 2015.

(3) The project company was disposed during the Year.

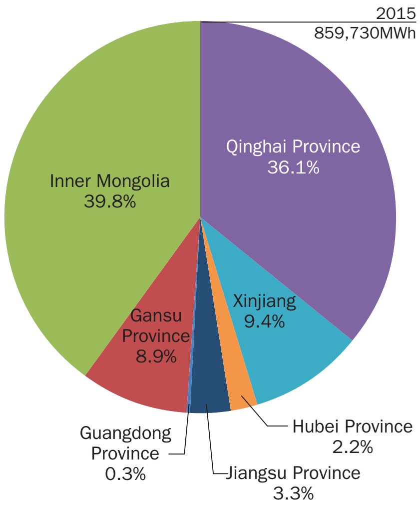
In terms of installed capacity, the large-scaled ground solar power plants owned by the Group and its associates were located in Qinghai Province, Inner Mongolia, Gansu Province, Xinjiang, Hubei Province and Shanxi Province, which together accounted for approximately 95% of the total installed capacity of all the plants owned by the Group and its associates; while the remaining 5% owned by the Group and its associates, which were mainly roof-top solar power plants, were located in Guangdong Province, Yunnan Province and Jiangsu Province.

Management Discussion and Analysis

In light of electricity generation volume, the solar power plants located in Inner Mongolia and Qinghai Province contributed approximately 40% and 36% of the total electricity generation volume for the Year respectively. Gansu Province recorded lower share due to their local grid-curtailment issue.

The electricity generation volume of the solar power plants located in Guangdong Province and Jiangsu Province was relatively stable.

Electricity generation volume by location in 2015



The main change in electricity generation volume during the Year as compared to the corresponding period of 2014 is briefly analysed as below:

Inner Mongolia, PRC

The 109% increase of electricity volume generated by solar plants located in Inner Mongolia was mainly attributable to the contribution from new acquisitions. During the Year, the Group has acquired 5 solar power plants in Inner Mongolia with installed capacity of 200MW, which have contributed electricity generation of approximately 139,319MWh since their respective completion of these acquisitions. In addition, the electricity generation for the remaining 130MW has been recorded as an increase because those solar power plants were acquired by the Group in late March and early April 2014, and thus, there were only approximate 9 months electricity generation volume recorded in 2014.

Qinghai Province, PRC

Among the 200MW solar power plants located in Qinghai Province, 180MW completed their trial run in May 2014 and started to generate electricity since then. As a result, the electricity generation volume has increased during the Year by 69% compared to the corresponding period of 2014.

Xinjiang, PRC

During the Year, the Group has newly acquired 5 solar power plants located in Xinjiang with aggregate installed capacity of 100MW (2014: Nil).

Gansu Province, PRC

As Gansu Province has been suffering from curtailment of electricity dispatch as a result of the grid congestion and restriction on electricity transmission, the electricity generation volume has decreased by approximately 19% during the Year.

Yunnan Province, PRC

The solar power plant in Yunnan Province achieved on-grid connection in 2015 and thus no electricity generation was recorded during the Year.

Management Discussion and Analysis

Shanxi Province, PRC

The solar power plant in Shanxi Province is the Datong Top Runner Project comprising a 100MW ground-mounted concentrated solar power plant. It was under development and construction during the Year.

The slight changes in electricity generation in other provinces were mainly attributable to the weather condition.

FINANCIAL REVIEW

	2015 RMB' million	2014 RMB' million	Change %
Continuing operations			
Sales of electricity and tariff adjustment			
— Group	**631**	379	66%
— Associates	**134**	65	106%
	765	444	72%
EBITDA	**480**	277	73%
Depreciation, finance income, finance costs, fair value changes and others	**(107)**	221	(148%)
	373	498	(25%)
Discontinued operation	**–**	(238)	N/A
Profit for the Year	**373**	260	43%

General

The Group and its associates have recorded an increase in the generation volume of electricity by approximately 77% from approximately 485,046 megawatt-hour ("MWh") for the year ended 31 December 2014 to approximately 859,730MWh for the Year. During the Year, the Group has newly acquired 12 grid-connected solar power plants with aggregate installed capacities of 419.8MW which have contributed approximately 238,874MWh since completion of these acquisitions.

EBITDA is used by the management for monitoring business performance of the Group. EBITDA is defined as earnings before finance income, finance costs, taxation, depreciation and fair value gains/losses, which also excludes acquisition costs arising from business combinations, share of profits of associates and gain on disposal of an associate. The improvement in sales of electricity and tariff adjustment and EBITDA of the Group for the Year was mainly attributable to the increase in the generation volume of electricity of the solar power plants. The increase in the net profit of the Group was mainly attributable to fair value gains from re-measurement of certain derivative financial instruments, bargain purchase arising from business combinations, which were based on the valuation results from an independent valuer, and the loss from discontinued operations in 2014 amounted to approximately RMB238 million no longer applicable for the Year, notwithstanding the finance costs have increased during the Year as compared to the corresponding period in 2014 as a result of the completion of various long-term financings (including convertible bonds, bank borrowings, medium term note and finance leasing arrangements) for the development and operation of the solar power plant business.

The Directors do not recommend the payment of any dividend for the Year.

Segment information

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

Management Discussion and Analysis

Revenue

During the Year, the Group recognised total sales of electricity and tariff adjustment of approximately RMB631 million (2014: RMB379 million), increasing by approximately 66%. The geographical breakdown of sales of electricity and tariff adjustment ("electricity sales") recognised during the Year was analysed as below:

	2015		2014	
Location	Approximate aggregate installed capacity (MW)	Electricity sales RMB'000	Approximate aggregate installed capacity (MW)	Electricity sales RMB'000
Inner Mongolia, PRC	270	212,826	130	140,043
Qinghai Province, PRC	200	265,328	200	156,604
Xinjiang, PRC	100	67,872	–	–
Gansu Province, PRC	100	64,926	100	80,757
Hubei Province, PRC	100	17,675	–	–
Guangdong Province, PRC	2.4	2,047	2.4	1,960
	772.4	630,674	432.4	379,364

Other gains

During the Year, the Group recognised approximately RMB307 million in respects of the sales of solar modules for certain projects under construction. The corresponding costs of these sales were approximately RMB290 million, and the net off gains were approximately RMB17 million.

Employee benefits expenses

With the business expansion, the Group made substantial new hires during the Year. The number of employees has increased by approximately 108% as compared to the prior year. Employee benefits expenses other than share-based payment expense amounted to approximately RMB45 million for the Year, representing an increase of 61% from approximately RMB28 million in corresponding period in 2014.

Depreciation of property, plant and equipment

Due to the new acquisitions during the Year, the amount of depreciation has increased by approximately 67% as compared to the prior year. The depreciation of property, plant and equipment was provided based on the assessment of their respective useful life. Power generating modules and equipment were the most significant components within the property, plant and equipment and their useful lives were assessed to be 25 years.

Bargain purchase on business combinations

During the Year, the Group recorded bargain purchases of approximately RMB214 million as a result of business combinations. As the consideration for the acquisition was based on the capital injected by the vendors, the bargain purchase arose if the fair value of solar power plants acquired, which was assessed by independent professional valuation firm using estimated discounted cash flow for 25 years for such solar power plants, exceeded the consideration paid.

Fair value gains on call option issued relating to acquisition of an associate

During the Year, the Group has recognised a fair value gain of approximately RMB121 million as a result of a call option agreement entered into in relation to the acquisition of an associate located in Inner Mongolia, PRC.

Management Discussion and Analysis

Fair value loss on financial assets at fair value through profit or loss relating to guaranteed electricity output

During the Year, the Group has recognised a fair value loss of approximately RMB76 million in relation to the estimation of guaranteed electricity output, primarily for solar power plant in Gansu Province.

Fair value gain on contingent consideration payables

During the Year, the Group has recognised a fair value gain of approximately RMB159 million as a result of subsequent re-measurement of the fair value on the Group's contingent consideration payables, representing the Series B convertible bonds as part of consideration in relation to acquisition of solar power business completed in June 2013.

Finance costs

The Group has obtained various long-term financings with net proceeds of approximately RMB3,987 million for its development and operation of the solar power plant business during the Year, including convertible bonds and bank and other borrowings, the finance costs have increased by approximately 108% as compared to the corresponding period in 2014.

Share of profits of associates

As at 31 December 2015, the Group has three associates for accounting purpose. The Group's share of profits of associates for the Year was approximately RMB4 million, which included a loss from an associate engaging solar cell business of approximately RMB12 million that has been disposed of in December 2015.

Key performance indicators

The Group measures the delivery of its strategies and managing its business through regular measurement of several key performance indicators, particularly on the following ratios: EBITDA margin, current ratio and interest-bearing debts-to-assets ratio.

EBITDA margin: EBITDA margin is a measurement of the Group's operating profitability and is calculated as EBITDA divided by the electricity sales. The Group achieved a stable performance on its solar power plants business during the Year. The EBITDA margin has slightly improved by 3% to 76% in 2015.

Current ratio: Current ratio measures the Group's ability to meet short-term debt obligation and is calculated as current assets divided by current liabilities. The Group successfully raised funds through various channels, including the issue of convertible bonds, issue of shares through private placing and obtaining long-term borrowings from bank and other financial institutions during the Year. As at 31 December 2015, the working capital position has been improved. The current ratio has improved from approximately 0.38 in 2014 to 0.97 in 2015.

Interest-bearing debts-to-assets ratio: Interest-bearing debts-to-assets ratio is a measurement of the strength to obtain financing from the Group's assets. The ratio is calculated as the interest-bearing debts divided by the total assets. The ratio has increased from approximately 40% in 2014 to approximately 61% in 2015 as the Group has successfully obtained various financing, including the issue of convertible bonds and obtaining long-term borrowings from bank and other financial institutions, in aggregate of approximately RMB4 billion.

Management Discussion and Analysis

Liquidity, financial resources, gearing ratio and capital structure

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debts divided by total capital. Net debts is calculated as total borrowings (including current and non-current bank and other borrowings, construction costs payable and convertible bonds as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debts. The gearing ratio at 31 December 2015 and 31 December 2014 were as follows:

	2015	2014
	RMB'000	RMB'000
Bank and other borrowings	**5,009,599**	2,130,689
Construction costs payable	**1,442,416**	1,540,317
Convertible bonds	**2,910,959**	826,191
	9,362,974	4,497,197
Less: cash and cash equivalents	**(947,154)**	(212,672)
Net debts	**8,415,820**	4,284,525
Total equity	**2,229,954**	1,483,750
Total capital	**10,645,774**	5,768,275
Gearing ratio	**79.05%**	74.28%

As at 31 December 2015, the cash and cash equivalents of the Group were denominated in the following currencies:

	RMB'000
RMB	516,912
HK$	74,697
USD	355,545
	947,154

Medium-term note amounted to approximately RMB65 million and convertible bonds in aggregate of approximately RMB2,911 million were at fixed interest rates.

Management Discussion and Analysis

As at 31 December 2015, the maturity and currency profile for the Group's bank and other borrowings and convertible bonds is set out as follows:

	Within 1 year RMB'000	2nd year RMB'000	3-5 years RMB'000	6-10 years RMB'000	Over 10 years RMB'000	Total RMB'000
RMB	703,821	775,880	1,320,077	1,908,040	236,834	4,944,652
US$	924,023	–	1,483,937	–	–	2,407,960
HK$	–	64,947	502,999	–	–	567,946
	1,627,844	840,827	3,307,013	1,908,040	236,834	7,920,558

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

As at 31 December 2015, the Group had capital commitment in respect of property, plant and equipment contracted amounted to approximately RMB690,000,000 (2014: RMB3,747,000).

Material reliance on key customer

The key customers for the sales of electricity business were subsidiaries of the State Grid Corporation of China ("State Grid"), a state-owned enterprise with its core business of development and operation of power network nationwide, which contributed over 99% of the total sales of electricity and tariff adjustment for the Year.

For the trade receivables from sales of electricity excluding the government subsidies on renewable energy for ground projects, the balances are usually settled within one to two months. As at the latest practicable date, all balances were subsequently settled. For tariff adjustment receivables, they represented the central government subsidies on renewable energy projects to be received from the State Grid based on the respective electricity sale and purchase agreements for each of the Group's solar power plants and the prevailing nationwide government policies.

On 25 January 2016, a notice announcement ("Notice") in relation to the registration onto the Renewable Energy Tariff Subsidy Catalogue (the "6th Batch Catalogue") was jointly issued by Ministry of Finance ("MOF"), National Development and Reform Commission ("NDRC") and National Energy Bureau ("NEB"). Pursuant to the Notice, for the solar power plants which have achieved on-grid connection before 28 February 2015 and have not registered in the previous catalogues are qualified for the registration. All existing solar power plants currently held by the Group, if not registered in the previous catalogues, are eligible for the registration and the Group has already completed the submission for registration with the Renewable Energy Information Management Centre in February 2016 according to the procedural guidance as set out in the Notice.

Based on past experience, the management believes that the registration procedures and distribution of tariff adjustment to solar power operators are of administrative in nature and expect the tariff adjustment receivables will be settled when the 6th Batch Catalogue is issued by MOF.

As at the latest practicable date, tariff adjustment receivable from a solar power plant, which had already been registered in the 5th Batch Catalogue, amounted to approximately RMB4.8 million were subsequently settled in full.

Having considered the repayment history for the solar power plants under the 5th Batch Catalogue, the tariff adjustment receivables under the 6th Batch Catalogue is expected to be fully recoverable, the Directors considered that the risk of concentration of key customers was minimal and no provision for impairment was considered necessary for the Year.

Management Discussion and Analysis

Material acquisitions and disposals of subsidiaries and associated companies

During the Year, the Group completed the acquisitions of 12 solar power plants in the PRC, with a total installed capacity of 419.8MW, which are located in Inner Mongolia, Xinjiang, Hubei Province and Yunnan Province respectively. Details of these acquisitions are set out below:

Date	Location	Number of solar power plants	Approximate aggregate installed capacity (MW)	Relationship
January 2015	Inner Mongolia	2	60	Associate
April 2015	Xinjiang	4	80	Subsidiary
May 2015	Xinjiang	1	20	Subsidiary
September 2015	Inner Mongolia	3	140	Subsidiary
October 2015	Hubei Province	1	100	Subsidiary
December 2015	Yunnan Province	1	19.8	Associate
		12	419.8	

In December 2015, the Group completed the disposal of 30% equity interest of Fortune Arena Limited ("Fortune Arena"), which was accounted for as an associate of the Group before disposal. Since then, the Group do not hold any equity interest in Fortune Arena.

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

Charge on Group assets

As at 31 December 2015, the Group pledged certain power generating modules and equipment, certain guarantee deposits, fee collection right in relation to the sales of electricity in certain subsidiaries and mortgage over shares in certain subsidiaries and associates to various banks for securing loans to the Group.

As at 31 December 2015, the Group pledged certain power generating modules and equipment, certain guarantee deposits, fee collection right in relation to the sales of electricity in certain subsidiaries and mortgage over shares in certain subsidiaries to various finance leasing companies for securing loans to the Group.

As at 31 December 2015, the Group had created mortgages/charges over shares of certain subsidiaries, assets of certain subsidiaries, fee collection right in relation to the sales of electricity in certain subsidiaries and certain bank accounts for securing the outstanding convertible bonds.

Employees and remuneration policies

As at 31 December 2015, the Group had 249 full-time employees (2014: 120), among which 34 were in Hong Kong and 215 were in the PRC. Employees were remunerated according to the nature of their positions, individual qualification, performance, working experience and market trends, with merit incorporated in the periodic remuneration review to reward and motivate individual performance. The Group offers competitive compensation and benefit packages to different levels of staff, including additional medical insurance, discretionary bonus, various training programmes, sponsorship for further study, as well as equity incentive scheme and share option scheme for the benefits of the directors and eligible employees of the Group.

Management Discussion and Analysis

Exposure to fluctuations in exchange rates and related hedges

The Group operates mainly in Hong Kong and Mainland China. For the operations in Hong Kong, most of the transactions are denominated in HK$ and US$. Since the exchange rate of US$ against HK$ is pegged to each other under Linked Exchange Rate System, the exposure to fluctuation in exchange rates will only arise from the translation to the presentation currency of the Group. For the operations in Mainland China, the transactions are almost denominated in RMB. Minimal exposure to fluctuation in exchange rates is expected. The Group did not resort to any currency hedging facility for the Year. However, management will monitor the Group's foreign currency exposure should the need arises.

Contingent liabilities

As at 31 December 2015, the Group had no significant contingent liability.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Our solar power plants provide sustainable solutions to the demand for affordable, clean and reliable energy. We are committed to protecting the environment and minimizing impacts on the environment during our operations. We have obtained ISO14001 for environmental management, which shows that we conduct our operations in a manner that complies with the applicable laws and regulations and have implemented best practices throughout our operations.

We also recognise the importance of maintaining mutually beneficial relationships with our stakeholders, namely our employees, customers and suppliers and local communities whose support is vital to our Group's sustainable success. We pay close attention to their needs, deliver solutions addressing their needs and we continuously interact with our stakeholders in way that is conducive to sustainable growth in our Company, our industry and our communities. Please refer to our first ESG Report for more detailed accounts of our performance in environment, social responsibility and corporate governance for the year 2015, which is published in April 2016.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group operates mainly in Hong Kong and Mainland China. The development and operation of our solar power plants located in China are regulated by the local laws and regulations on renewable energy and provision of electricity as well as various policies and industry guidance catalog issued by the governmental authorities. There was no incident of non-compliance with relevant laws and regulations that had or would have a significant impact on the Company during the Year.

RECENT DEVELOPMENT

On 15 January 2016, an arbitration proceeding has been brought by the Company against Hareon Solar Technology Company Limited* (海潤光伏科技股份有限公司) ("Hareon") for, among others, the return of the advance payment of HK$500 million (approximately RMB424 million) paid under the cooperation agreement dated 13 May 2015 ("Cooperation Agreement") in relation to the proposed acquisitions of 930MW solar power plant projects. On 27 January 2016, a deed of assignment was entered into between the Company, Hareon and an assignee whereby all of the rights, obligations and responsibilities, including the claims under the Cooperation Agreement shall be assigned to the assignee, subject to the terms and conditions therein at the cash consideration payable in three instalments. As at the date of approval of the consolidated financial statements, the Group has received from the assignee (i) a total sum of HK$500 million (approximately RMB424 million), being the advance payment previously made to Hareon, (ii) interest of approximately HK$28 million (RMB24 million) in accordance with the terms of the deed of assignment and (iii) the reimbursement of all the arbitration costs and legal costs incurred by the Company.

Management Discussion and Analysis

OUTLOOK

There has been a rising awareness worldwide that renewable energy and energy efficiency are critical not only for addressing climate change, but also for creating new economic opportunities and for providing energy access to the billions of people still living without modern energy services. As the world's largest emitter of carbon dioxide, China proactively assumes its responsibility and promotes energy structure adjustment. The National Energy Administration ("NEA") is soliciting comments on the "Working Draft of the 13th Five-Year Plan on Renewable Energy Development" which provides that the proportion of non-fossil fuels in total energy consumption should reach 15% by 2020 and 20% by 2030.

With the support from a series of policies implemented by the central and local governments, the solar power generation market in China is growing rapidly and provides new momentum for solar power generation. The "Working Draft of the 13th Five-Year Plan on Renewable Energy Development" issued by the NEA provides that the target for installed capacity of solar power plants in China during the period of the "13th Five-Year Plan" is 150GW. To reach such target, China's annual demand for photovoltaic facilities will have to reach not less than 20GW for the next five years. As the largest consumer for solar energy in the future, China has huge market potential.

Management Discussion and Analysis

In addition, the development direction of photovoltaic industry is becoming clearer. For industry and technology, the state implemented the "Top Runner" program and put forward the idea of deep integration of "PV and Internet Finance", issued the "Letter of Soliciting Guidance on Improving Scale Management of Solar Power Generation and Implementing Competitive Mode on Project Allocation" and solicited comments to conduct classification management for different kinds of solar power plants and in particular, set a separate annual scale for solar power plants with advanced technology. For finance and taxation, the "Circular of the National Development and Reform Commission on Reducing the On-Grid Price for Coal-fired Power and Electricity Prices for General Industrial and Commercial Use" was issued to increase the collection standards of additional tariff for renewable energy in respect of power consumption other than for domestic use and agricultural production from RMB1.5 cents per KWh to RMB1.9 cents per KWh; and adjustment was made on the "Interim Measures for the Administration of Special Funds for Renewable Energy Development" so as to distribute the funds based on competitiveness and choose to financially support the best projects.

In 2016, China will continue to promote energy reform and optimise energy structure to achieve energy transformation. Against the backdrop of great support from the government on the development of low-carbon green economy, "eco-friendly + policy support + technology driven" is definitely a competitive advantage. The Group will continue to uphold the "Top Runner" spirit, together with other outstanding solar power generation enterprises, to embrace new development opportunities by utilising market mechanism, seizing every chance and integrating scientific and innovative resources.

Report of Corporate Governance

CORPORATE GOVERNANCE PRACTICES

We are committed to maintaining a high standard of corporate governance to protect the interests of the Company and our shareholders as a whole. We believe that rigorous standards of corporate governance enhance the sustainability of the Company. To this end, we have maintained a framework of corporate governance policies and practices to apply the principles of good governance in its daily operation.

We have applied the principles of and complied with all code provisions of the corporate governance code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2015, except for code provision A.2.1 relating to the role of chairman and chief executive. Details of such deviation and explanation are set out in the section headed "Chairman and Chief Executive Officer" below.

During the year ended 31 December 2015, we had made further progress on our corporate governance practices including:

- amended the Directors' induction hand book with updates on the Companies Ordinance, Listing Rules and other applicable laws and regulations;

- produced appendices to the internal policy to regulate the procedures of applying for trading in our securities by Directors;

- developed internal compliance checklists in relation to notifiable transactions and connected transactions under the Listing Rules as well as other compliance issues for use by employees;

- produced memoranda of complicated transactions in order to provide appropriate and sufficient compliance advice before carrying out such transactions;

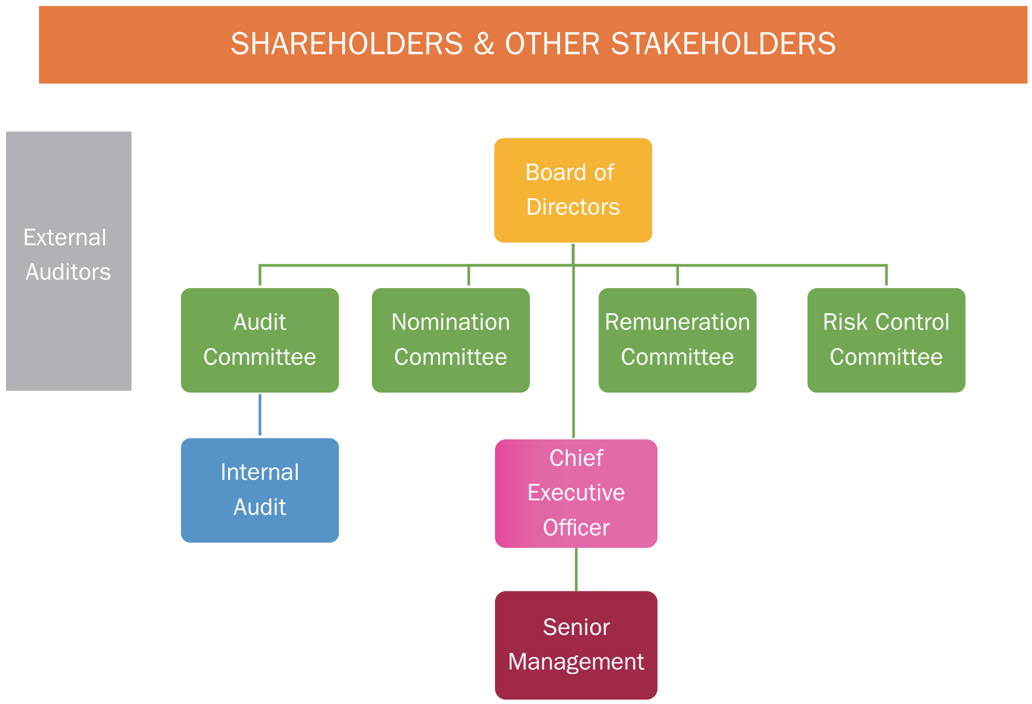
- continuously provided internal professional trainings on the Listing Rules and the Securities and Futures Ordinance for the Directors and employees; and

- voluntarily prepared an environmental, social and governance report for the year 2015.

CORPORATE GOVERNANCE STRUCTURE

Our Board is collectively responsible for performing the corporate governance duties. It is responsible for developing, reviewing and monitoring the policies and practices on corporate governance of the Company. In our corporate governance framework, other key participants, including shareholders, senior management and other stakeholders, have a role to contribute and interact in the process of decision making and they set us in motion of continuing improvement in our corporate governance practices.

Report of Corporate Governance



BOARD OF DIRECTORS

Overall responsibility and delegation

Members of our Board are individually and collectively accountable for the success and sustainable development of the Company. Our Board is responsible for the leadership and control of the Company, overseeing the Group's businesses and evaluating the performance of the Group. It focuses on formulating the overall strategies and policies with particular attention paid to the growth and financial performance of the Group, and makes decisions on specified matters reserved for the Board.

The implementation of the Board's decisions and the day-to-day operations of the Group are performed by the executive Directors, chief executive and senior management under the regular monitoring and supervision of our Board. These arrangements will be reviewed periodically to ensure that they remain appropriate to our needs.

Report of Corporate Governance

All Directors have separate access to the management and are provided with full and timely information about the conduct of the business and operation of the Company. A report containing significant events and latest development of the Company was prepared and sent to all Directors on a monthly basis. Upon requested by the Board, independent professional advice will be available to facilitate the decision-making process. Appropriate directors' and officer's liability insurance has been arranged for the Directors.

Our Board has also delegated certain functions to the Audit Committee, Remuneration Committee, Nomination Committee and Risk Control Committee, further details of which are set out in this report.

Key Matters reserved for the Board

Strategy & operation	Monitoring of financial performance	Organisation & succession planning	Governance & risk management
• approve the strategic plan and annual operation and investment plans of the Group • approve notifiable transactions and connected transactions • approve issue of shares and other securities within the authority given by Shareholders • approve other material transactions and corporate activities	• approve and monitor the annual budget and annual finance plan • approve the selection and appointment of the external auditors • review and approve the annual and interim financial results and its publication	• decide the group organisation • approve the remuneration policy and incentive scheme • approve the appointment or removal of senior management	• develop the corporate governance structure and policy • consider the appointment of directors • approve and review the terms of reference of board committees • establish and review risk management and internal control systems • establish and review shareholders' communication policy

Report of Corporate Governance

Composition of our Board

Our Board currently comprises ten Directors, namely four executive Directors, two non-executive Directors, and four independent non-executive Directors. The Directors who served the Board during the year ended 31 December 2015 and up to the date of this report are as follows:

Name of Directors	Changes in Director during 2015
Executive Directors	
Mr. Li, Alan *(Chairman and CEO)*	
Mr. Lu Zhenwei	
Mr. Li Hong	*appointed as a Director by the Board on 28 August 2015 as an addition to the Board*
Ms. Qiu Ping, Maggie	*re-designated from a non-executive Director to an executive Director on 28 August 2015*
Non-executive Directors	
Academician Yao Jiannian	
Mr. Yang Baiqian	*resigned as Director with effect on 24 December 2015*
Mr. Tang Wenyong	*appointed as a Director by the Board on 24 December 2015 to fill the casual vacancy that arose upon resignation of Mr. Yang Baiqian*
Independent non-executive Directors	
Mr. Kwan Kai Cheong	
Mr. Yen Yuen Ho, Tony	
Mr. Shi Dinghuan	
Mr. Ma Kwong Wing	

Directors' biographical details are set out in the "Biographies of directors and senior management" section of this report. Our Board believes that its composition is well balanced with each Director having sound knowledge, skills, diversity of perspectives, and experience and/or expertise relevant to the business of the Group.

To the best knowledge of our Board, there is no financial, business, family or other material/relevant relationship among its members. Updated list of Directors and their Role and Function has been maintained on our website and that of the Stock Exchange. The names and identification of the Directors are disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

Chairman and Chief Executive Officer

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

Report of Corporate Governance

Independent Non-executive Directors

As disclosed above, our Board has four independent non-executive Directors, representing more than one-third of the Board, and two of whom possess professional qualifications in accounting and related financial management expertise. We are in compliance with Rules 3.10(1) and (2), and 3.10A of the Listing Rules throughout the entire year. With such a weight of the independent non-executive Directors, there is a strong independent element on our Board, which can effectively exercise independent judgement.

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

Appointment and Re-election of Directors

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

Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. In accordance with our Bye-laws, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting of the Company and every Director shall be subject to retirement by rotation at least once every three years. Each Director has entered into a service contract or a letter of appointment with the Company. All the non-executive Directors (including the independent non-executive Directors) are appointed for a specific term of one year subject to the retirement and re-appointment provisions of our Bye-laws.

In the annual general meeting held on 27 May 2015, Mr. Li, Alan, Academician Yao Jiannian and Mr. Yen Yuen Ho, Tony had retired from office and been re-elected as Directors. In the special general meeting held on 16 February 2016, Mr. Tang Wenyong had retired from office and been re-elected as Director.

Report of Corporate Governance

Directors' Induction and Continuous Professional Development

Upon each appointment, an induction briefing and a Directors' induction handbook are given to each of the newly appointed Directors. Such briefing and handbook primarily introduce the laws, rules and regulations to which the Directors should observe during their tenure, as well as the Company's policies, codes, compliance manual, and the business, operations and development of the Group. Mr. Li Hong and Mr. Tang Wenyong, the new Directors appointed during the year 2015, had both received an induction briefing and given an updated Directors' induction handbook.

During the year 2015, we have arranged trainings which were presented by professional firms to the Directors. The Directors also recognise the importance of keeping abreast of the business activities and development of the Company, and developing and refreshing their knowledge and skills and thus continuously attend seminars and/or briefings to refresh their knowledge. In addition, a number of reading materials in relation to the amendments or revision of applicable laws, rules, regulations, standards and policies of the country and region in which the Group operates, such as guidelines, newsletters, reports, consultation papers, interpretations issued by regulatory bodies or professional firms, are also provided to all Directors from time to time.

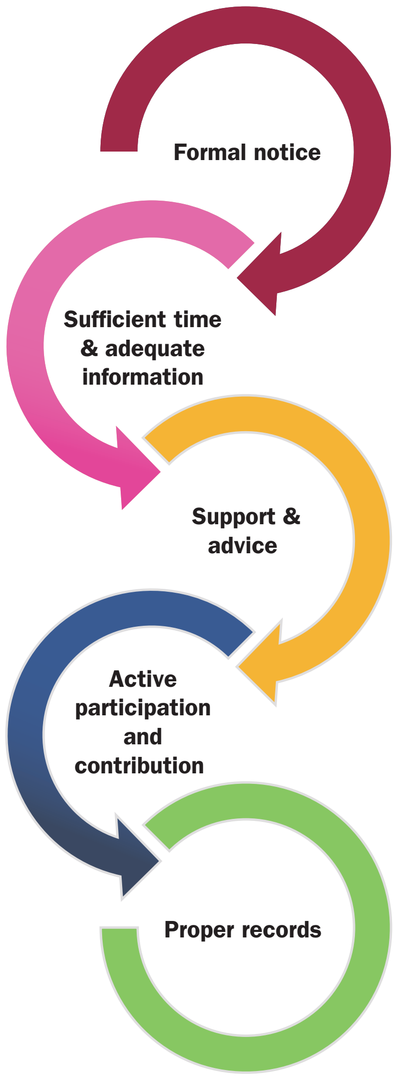
We have maintained record of the continuous professional development participated by the Directors. A summary of the Directors' participation in the continuous professional development during the year 2015 is as below:

	Attending briefings/ seminars	Reading materials/ regulatory updates/ monthly reports
Executive Directors		
Mr. Li, Alan	✓	✓
Mr. Lu Zhenwei	✓	✓
Mr. Li Hong *(appointed on 28 August 2015)*	✓	✓
Ms. Qiu Ping, Maggie *(re-designated on 28 August 2015)*	✓	✓
Non-executive Directors		
Academician Yao Jiannian	✓	✓
Mr. Yang Baiqian *(resigned on 24 December 2015)*	✓	✓
Mr. Tang Wenyong *(appointed on 24 December 2015)*	✓	✓
Independent non-executive Directors		
Mr. Kwan Kai Cheong	✓	✓
Mr. Yen Yuen Ho, Tony	✓	✓
Mr. Shi Dinghuan	✓	✓
Mr. Ma Kwong Wing	✓	✓

Report of Corporate Governance

BOARD PROCESS

Key features of Board process



- 14 days' notice or reasonable notice

- Agenda and board papers are provided in advance

- access to the management
- seek independent professional advice at the Company's expenses

- meet at least 4 times a year
- meet when required
- promote a culture of openness and debate
- encourage all Directors to voice their concerns, if any

- record in sufficient detail the matters considered and decisions reached
- record any concerns raised

Other Key Features of Board Process

- The Chairman held a meeting with the non-executive Directors without the presence of executive Directors.

- Transactions in which a Director is considered having a material conflict of interest shall be dealt with by a physical meeting with present of independent non-executive Directors who have no material interests.

- Directors having conflict of interests or material interests shall disclose his/her interests in accordance with the Bye-laws before the meeting and shall abstain from voting on the resolution(s) approving such transactions.

Report of Corporate Governance

BOARD COMMITTEES

Our Board has established its Audit Committee, Remuneration Committee, Nomination Committee and Risk Control Committee on 14 March 2000, 28 September 2005, 23 March 2012 and 23 July 2013 respectively. Details of authority, role and responsibilities of each committee are set out in written terms of reference which are available on the Company's website under the Investor Relations section and the Stock Exchange's website. The Audit Committee, Remuneration Committee and Nomination Committee reviewed its terms of reference at least once a year to ensure they remain in line with the requirements of the Listing Rules. Amendments to the terms of reference shall be submitted to the Board for approval and adoption.

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

Audit Committee

Audit Committee currently consists of three members, including two independent non-executive Directors, namely Mr. Kwan Kai Cheong and Mr. Yen Yuen Ho, Tony, and one non-executive Director, namely Mr. Tang Wenyong (appointed on 24 December 2015 to fill the vacancy that arose upon the resignation of Mr. Yang Baiqian). The Audit Committee is chaired by Mr. Kwan Kai Cheong who possess relevant professional qualification and expertise in financial reporting matters.

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

The Audit Committee held two meetings to deal with the following matters during the year 2015:

Summary of work done during the year 2015

- reviewed and discussed with the external auditors of the Company the unaudited interim financial statements and the annual financial statements as well as the financial and accounting policy and practices of the Group;
- reviewed the structure and composition of Finance and Accounting Department and Corporate Finance Department;
- reviewed the works done by the Company's Internal Audit Department during the year 2014 and made recommendations;
- reviewed and assessed independence of the external auditors and dealt with the matters of reappointment and remuneration; and
- discussed the nature and scope of the audit and reporting obligations before the audit commences.

Report of Corporate Governance

Auditor's Remuneration

The external auditors perform independent review or audit of the financial statements prepared by the management. PricewaterhouseCoopers has been re-appointed as the independent auditor of the Company by Shareholders at the AGM held on 27 May 2015. During the year ended 31 December 2015, the remuneration paid or payable to PricewaterhouseCoopers (including its affiliated firms) for services rendered is summarised as below:

	2015 RMB$'000	2014 RMB$'000
Statutory audit	2,415	2,217
Non-audit services	1,078	1,361
Total	3,493	3,578

The non-audit services mainly comprise of services in connection with acquisitions of solar power plants by the Group.

The responsibilities of the independent auditor with respect to the consolidated financial statements for the year ended 31 December 2015 are set out in the section "Independent Auditor's Report".

Remuneration Committee

Remuneration Committee currently consists of three members, including two independent non-executive Directors, namely Mr. Kwan Kai Cheong and Mr. Yen Yuen Ho, Tony, and one non-executive Director, namely Mr. Tang Wenyong (appointed on 24 December 2015 to fill the vacancy arose upon the resignation of Mr. Yang Baiqian). Mr. Kwan Kai Cheong is the chairman of the Remuneration Committee.

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

The Remuneration Committee held one meeting and passed two written resolutions to deal with the following matters during the year 2015:

Summary of work done during the year 2015

- reviewed and discussed the remuneration policy of the Group;
- made recommendations on the director's fee of a newly appointed executive Director and a re-designated executive Director in August 2015; and
- made recommendations on the director's fee of a non-executive Director appointed in December 2015.

Report of Corporate Governance

Remuneration payable to senior management other than the Directors for the year ended 31 December 2015

Details of the emoluments payable to the members of the senior management other than Directors by band for the year ended 31 December 2015 are set out below:

Emolument bands (in HK dollar)	Number of members	
	2015	2014
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**–**	–
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**1**	–
	1	1

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

Nomination Committee

The Nomination Committee currently consists of three members, including two independent non-executive Directors, namely Mr. Kwan Kai Cheong and Mr. Yen Yuen Ho, Tony, and one executive Director, namely Mr. Li, Alan. Mr. Yen Yuen Ho, Tony is the chairman of the Nomination Committee.

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

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

Report of Corporate Governance

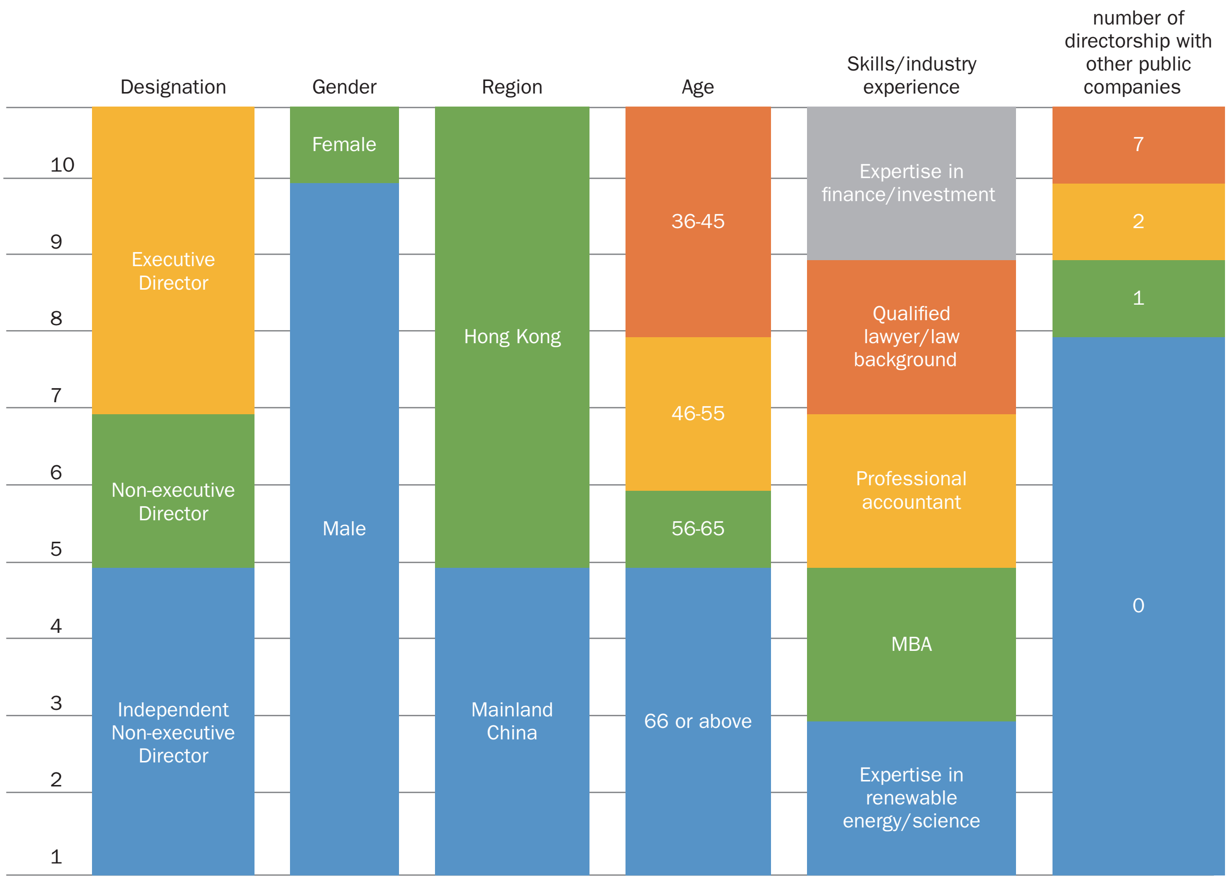
The Nomination Committee held one meeting and passed two written resolutions to deal with the following matters during the year 2015:

Summary of work done during the year 2015

- reviewed the composition and diversity of the Board and the Board Diversity Policy;
- made recommendations on re-election of retiring Directors in the AGM for the year 2015;
- assessed the independence of the independent non-executive Directors;
- passed a written resolution resolving nomination of a candidate for the position of executive Director and re-designation of Director in August 2015; and
- passed a written resolution to nominate a candidate for the position of non-executive Director in December 2015.

The Board Diversity Policy which has been adopted in 2013 outlines the Company's commitment to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. It also sets out the approach to diversity of the members of the Board pursuant to which all board members will be appointed based on a merit basis with due consideration to the Board diversity.

An analysis of the current Board composition:



Risk Control Committee

The Risk Control Committee currently consists of five members, including one independent non-executive Director, namely Mr. Kwan Kai Cheong, one non-executive Director Mr. Tang Wenyong (appointed on 24 December 2015 to fill the vacancy arising from the resignation of Mr. Yang Baiqian) and three executive Directors, namely Mr. Li, Alan, Mr. Lu Zhenwei and Mr. Li Hong. The Risk Control Committee is chaired by Mr. Lu Zhenwei following the resignation of Mr. Yang Baiqian, the former chairman of the committee since 24 December 2015.

The aim of the Risk Control Committee is to strengthen the risk analysis, judgement and decision making of the Board. The main responsibilities of the Risk Control Committee are to review significant investment, to assess the internal control system and to conduct risk assessment on the material operation, compliance issues and financial matters of the Company. The Risk Control Committee amended its terms of reference on 16 February 2016 to reflect the additional duties and responsibilities in respect of the risk management and internal control systems of the Group. An updated written terms of reference is available on the Company's website under the Investor Relations section and the Stock Exchange's website.

During the year ended 31 December 2015, the Risk Control Committee held five meetings to review and conduct risk assessment on acquisition transactions and made recommendation to the Board for consideration or otherwise make suggestions to the management.

Summery of work done during the year 2015

- reviewed the acquisition of 90.9% equity interest in a project company which owns a solar power plant with an installed capacity of approximately 20MW located in Xinjiang, the PRC. The acquisition was completed on 29 May 2015;

- reviewed the acquisition of 100% of the equity interest in a project company which owns four solar power plants with an aggregate installed capacity of 170MW located in Inner Mongolia and Zhejiang Province, the PRC. The acquisition was completed on 24 September 2015;

- reviewed the acquisition of 100% of a project company which owns a solar power plant project with an installed capacity of approximately 100MW located in Hubei Province, the PRC. The transaction was completed on 29 October 2015; and

- reviewed other transactions involving acquisition of certain solar power plants, which are still in negotiation with the relevant parties.

Report of Corporate Governance

The attendance records of each Director at board meetings, committee meetings and general meetings in 2015 are set out below:

Attendance Record of Directors and Committee Members in 2015

	Board meetings	General meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	Risk Control Committee meetings
Number of meetings	19	6	2	1	1	5
Executive Directors						
Mr. Li, Alan	19/19	5/6	–	–	1/1	5/5
Mr. Lu Zhenwei [(1)]	17/19	3/6	–	–	–	4/5
Mr. Li Hong [(2)]	5/5	1/1	–	–	–	1/1
Ms. Qiu Ping, Maggie [(3)]	19/19	6/6	–	–	–	–
Non-executive Directors						
Academician Yao Jiannian	7/19	1/6	–	–	–	–
Mr. Yang Baiqian [(4)]	9/18	2/6	1/2	0/1	–	4/4
Mr. Tang Wenyong [(5)]	0/1	–	–	–	–	0/1
Independent non-executive Directors						
Mr. Kwan Kai Cheong	18/19	6/6	2/2	1/1	1/1	5/5
Mr. Yen Yuen Ho, Tony	17/19	5/6	2/2	1/1	1/1	–
Mr. Shi Dinghuan	4/19	0/6	–	–	–	–
Mr. Ma Kwong Wing	14/19	4/6	–	–	–	–

Notes

(1) appointed as the chairman of the Risk Control Committee on 24 December 2015.

(2) appointed as a Director and a member of Risk Control Committee on 28 August 2015.

(3) re-designated as an executive Director on 28 August 2015.

(4) resigned as a non-executive Director, chairman of the Risk Control Committee and a member of each of Audit Committee and Remuneration Committee on 24 December 2015.

(5) appointed as a non-executive Director, a member of each of Audit Committee, Remuneration Committee and Risk Control Committee on 24 December 2015.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Our Board is accountable to the Shareholders and responsible for the preparation of the consolidated financial statements of the Group. We recognise the importance of integrity of financial information and endeavour to present to our Shareholders a balanced, clear and understandable assessment of the performance, position and prospects of the Group. Our Board also acknowledges its responsibility for preparing the consolidated financial statements that give a true and fair view of the Group's affairs and of its results and cash flows. Our Board receives from the management such explanation and information as necessary to enable it to assess the financial information and position of the Group.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The accounting policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of financial statements in conformity with HKFRS requires the use of certain critical estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving high degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the note 4 to the consolidated financial statements.

As set out in note 2.1.3 of the consolidated financial statements, the Group's current liabilities exceeded its current assets by RMB124 million as at 31 December 2015. In addition, as described in note 2.1.3, the Group also made certain contractual and other arrangements which need substantial amount of funds in the foreseeable future to finance capital expenditures. These conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding the conditions described above and in the Independent Auditor's Report, the consolidated financial statements have been prepared on the assumption that the Group will be able to operate as a going concern for the foreseeable future.

The Board is of the view that the Group has sufficient cash resources to satisfy their working capital and other financial obligations for the next twelve months from the date of approval of this report after having taken into account the Group's projected cash flows, current financial resources and capital expenditure requirements, and the measures implemented as disclosed in note 2.1.3 to consolidated financial statements. Accordingly, the Board is of the view that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

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

Report of Corporate Governance

INTERNAL CONTROL AND RISK MANAGEMENT

Our Board is responsible for evaluating and determining the nature and extent of risks that the Group is willing to take in achieving its strategic objectives, and establishing and maintaining sound and effective risk management and internal control systems.

Our Board, through the Audit Committee, assesses the effectiveness of the Group's internal control system. During the year ended 31 December 2015, the Audit Committee has conducted a review of the effectiveness of the internal control system of the Group and reviewed the works done by the Internal Audit Department which has a primary role in assessing and evaluating the effectiveness of the internal control system and acts independently and reports to the Board and the Audit Committee. The Audit Committee considers that the existing internal control system is effective and adequate.

Our Board has also delegated the management and the implementation of risk control procedures to the Risk Control Committee. During the year ended 31 December 2015, the Risk Control Committee continuingly accessed, monitored and controlled the risks that may be incurred in acquisition activities by reviewing financial, legal and technological due diligence reports in respect of the projects produced by independent professional firms.

Our Board recognises that dealing with risk is an integral part of how it protects and creates value. Our business focused on development, investment and operation of solar power plants and we have identified a number of risks associated with our business including but not limited to:

Dependency on weather — Our performance will vary across different geographical location of the solar power plants, which affects the amount of exposure to insolation of the solar power plants. Weather conditions may also create fluctuation and uncertainty in our productivity and revenue.

Our response: To mitigate the impact of this risk factor, we normally assess the duration of insolation as one of the major considerations prior to acquisition or development of a new solar power plant. As such, we can expect such solar power plant can generate abundant electricity which in turn brings us stable income.

Dependency on policy — Our business is sensitive to change in state policy and its implementation and our revenue are dependent on the supportive framework for on-grid tariffs and subsidies that the government put in place, and any reduction in the on-grid tariffs or government subsidies or implementation of grid curtailment could affect the Group's results of operations.

Our response: To mitigate the impact of this risk factor, we select to acquire solar power plants which are located at the area where communities nearby have higher need and consumption of electricity and where have less curtailment of electricity. We also proactively engage the local governments and grid companies in dialogues, advocating for more dispatch.

Technology constraints — Our projects may not be able to deliver design output as anticipated due to the technology constraints. In addition, timely maintenance is required to ensure the solar power plants can generate electricity effectively and efficiently during the lifetime of the solar power plants. Failure in prompt repairs of the breakdown or failure of any key equipment or structure in the solar power plants could disrupt the generation and transmission of electricity by the solar power plants and in turn affect our income.

Report of Corporate Governance

Our response: To mitigate the impact of this risk factor, the EPC contractors are contractually obliged to resolve the technique problems that we identified and provide us a warranty on the quality of the solar power plants. We will arrange an independent third party to carry out a comprehensive inspection before proceeding with the acquisition of a new solar power plant to ensure that defects had been identified and fixed.

In addition, we have set up a Global Smart PV Cloud Management Center to oversee the performance of our solar power plants. Apart from receiving data of electricity volume, this also enables us to receive real-time alert if there has any breakdown or failure of any key equipment in the solar power plants. As a result, we can arrange prompt response. It also allows our workers to remotely interact with experts when difficult problems arise.

Business risk — We are operating in a highly competitive market and our results would be affected by market conditions. Solar energy business requires intensive capital investments. Our primary sources of funds are cash flows from operations, borrowings from banks and other institutional lenders, and funding from capital markets, such as equity securities and convertible securities. We need liquid funds to pay our operating expenses, the principal of and interest on our debt and dividends on our capital stock. We also need long-term financing to fund, among other things, capital expenditures and business development to strengthen our position in the market. The ability to successfully obtain such financing would affect our financing costs, and therefore could affect our financial condition and results of operations.

Our response: We solicit funding through various channels and open to new and innovative fundraising methods. We maintain good and long-lasting relationship with shareholders, institutional investors, banks and lease financing companies.

Financial risk — For the financial risks we are exposed to, please refer to note 3.1 to the consolidated financial statements in this Annual Report.

Our Board has also taken initiatives to strengthen the risk management and internal control systems. The terms of reference of the Risk Control Committee has been revised to reflect the new requirements under the CG Code. The Board, through its Risk Control Committee, shall oversee the overall risk management of the Group and endeavours to identify, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. Pursuant to the terms of reference, the Risk Control Committee shall conduct review of the effectiveness of the risk management and internal control systems on an annual basis and form an opinion whether the overall internal controls in place for the Group during review year continue to be effective and adequate.

DIRECTORS' SECURITIES TRANSACTIONS

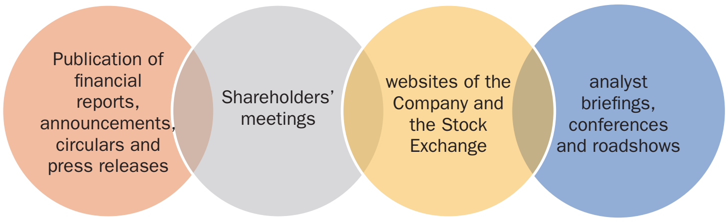
We have adopted a code for securities transactions by Directors on terms no less exacting than the required standard of the model code as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry to all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code and our own code throughout the year ended 31 December 2015.

Report of Corporate Governance

COMPANY SECRETARY

Ms. Qiu, Ping Maggie, re-designated as an executive Director from a non-executive Director on 28 August 2015, was appointed as the Company Secretary of the Company on 10 August 2013. Ms. Qiu has day-to-day knowledge of the Company's business. Ms. Qiu reports to the Chairman and CEO. The biographical details of Ms. Qiu are set out under the section headed "Biographies of directors and senior management" section of this annual report. During the year ended 31 December 2015, Ms. Qiu has taken more than 15 hours of relevant professional trainings according to Rule 3.29 of the Listing Rules.

SHAREHOLDERS' COMMUNICATION



We adopted a shareholders communication policy on 26 March 2013, which stipulates the objectives of the Company in communicating with its Shareholders, both individual and institutional, and, where appropriate, the investment community at large. The Company aims to provide its Shareholders timely and understandable information, and allow the Shareholders to engage actively with the Company and exercising their rights.

Information are communicated to the Shareholders mainly through general meetings, our website (www.unitedpvgroup.com) and corporate communications including interim and annual reports, notice, announcements and circulars which are available on our website and that of the Stock Exchange and hard copies of reports and circular are sent to the Shareholders.

Our Board is dedicated to maintaining an on-going dialogue with Shareholders of the Company. Shareholders are encouraged to participate in general meetings or appoint proxies to attend and vote at general meetings for and on behalf of them if they are unable to attend in person. Directors will make an effort to attend and the external auditor is also available at the AGM to address shareholders' queries. In case of any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval, members of the independent Board committee will also make an effort to attend to address shareholders' queries. Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at general meetings would be taken by poll.

Corporate strategies and latest business development of the Group are also communicated with investors and analysts through various investor relations activities such as analyst briefings, conferences and roadshows. Details of investor events are disclosed in "Investor Relations" section under this report.

The important dates for corporate events of the Company are set out in the IR Calendar under the Investor Relations section of the Company's website.

Shareholders' rights

Calling and putting forward proposals at a general meeting of the Company

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

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

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

Proposing a candidate for election as a Director at a general meeting

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

Report of Corporate Governance

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

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

Enquiries

Shareholders may directly enquire about their shareholdings to the Company's share registrar. To the extent the requisite information of the Company is publicly available, Shareholders and the investment community who have enquiries in respect of the Company may write to the Company Secretary by post to Unit 12, 10/F., West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong or by email to csd@unitedpvgroup.com or ird@unitedpvgroup.com.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2015, the Company has increased the authorised share capital to HK$2,000,000,000 divided into 20,000,000,000 shares by the creation of an additional 10,000,000,000 new shares by passing an ordinary resolution on 12 June 2015. A consolidated up-to-date version of the Company's Memorandum and Bye-laws has been uploaded on its website and the website of the Stock Exchange on 2 July 2015.

Our Board has reviewed corporate governance practices of the Company during the year ended 31 December 2015 and this corporate governance report. It will continue to review, monitor and improve the policies and practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance of the Company.

Directors' Report

Our Board is pleased to present their report together with the audited consolidated financial statements of United Photovoltaics Group Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2015, being the year under review.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and operates its businesses through its subsidiaries. The Group is principally engaged in development, investment, operation and management of solar power plants.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2015 (2014: Nil).

FINANCIAL SUMMARY

A summary of the consolidated results and of the assets and liabilities of the Group for each of the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 163 of this annual report. This summary does not form part of the consolidated financial statements for the year ended 31 December 2015.

SHARE CAPITAL

Details of the share capital of the Company and its movements during the year ended 31 December 2015 are set out in note 23 to the consolidated financial statements.

CONVERTIBLE BONDS

Details of the convertible bonds of the Company during the year are set out in note 25 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DISTRIBUTABLE RESERVES OF THE COMPANY

As of 31 December 2015, the Company had no reserve (31 December 2014: nil) available for distribution as computed in accordance with the Companies Act 1981 of Bermuda. However, the Company's share premium account in the amount approximately RMB4,511,460,000 as at 31 December 2015 (31 December 2014: RMB4,235,731,000) may be distributed in the form of fully paid bonus shares.

DONATION

During the year under review, the Group had made donations of approximately RMB3,800,000 (2014: RMB372,000).

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for approximately 28.3% and 88.7% respectively (2014: approximately 37.75% and 99.93% respectively) of the Group's total revenue for the year under review.

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 48.6% and 96.6% respectively (2014: approximately 94.95% and 100% respectively), of the Group's total purchases for the year under review.

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

DIRECTORS

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

Executive Directors

Mr. Li, Alan *(Chairman and CEO)*	
Mr. Lu Zhenwei	
Mr. Li Hong	*appointed on 28 August 2015*
Ms. Qiu Ping, Maggie	*re-designated on 28 August 2015*

Non-executive Directors

Academician Yao Jiannian	
Mr. Yang Baiqian	*resigned on 24 December 2015*
Mr. Tang Wenyong	*appointed on 24 December 2015*

Independent non-executive Directors

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

In accordance with Section 83(2) of the Bye-laws, Mr. Li Hong, being a Director appointed by the Board on 28 August 2015, shall hold office until the forthcoming annual general meeting (the "AGM") and shall be eligible for re-election at the AGM. In accordance with Section 84 of the Bye-laws, Ms. Qiu Ping, Maggie, Mr. Kwan Kai Cheong and Mr. Shi Dinghuan, being one-third of the Directors, shall retire from office by rotation and be eligible for re-election at the AGM.

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

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out in the "Biographies of director and senior management section" of the annual report.

DIRECTORS' INTERESTS IN CONTRACTS

Details of the connected transactions are set out in the section headed "Connected Transactions" below.

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

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

As of 31 December 2015, the interests of the Directors, the chief executive and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules, were as follows:

Long Positions

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

Name of directors	Personal interests	Notes	Corporate interests	Notes	Percentage of issued share capital of the Company as of 31 December 2015
Mr. Li, Alan	6,003,000		159,404,314	1&2	3.48 %
Mr. Li Hong	2,471,200	3	–		0.05 %
Ms. Qiu Ping, Maggie	2,401,200		–		0.05 %

(b) Convertible debentures of the Company

Name of directors	Personal interests	Notes	Corporate interests	Notes	Percentage of issued share capital of the Company as of 31 December 2015
Mr. Li, Alan	4,002,000	4	–		0.08 %
Mr. Li Hong	1,600,800	3	–		0.03 %
Ms. Qiu Ping, Maggie	1,600,800	5	–		0.03 %

Directors' Report

Notes:

1. Among the 159,404,314 shares, 141,230,827 shares of the Company are held by Magicgrand Group Limited ("Magicgrand"), which is incorporated in the British Virgin Islands and beneficially wholly-owned by Mr. Li, Alan.

2. Among the 159,404,314 shares, 18,173,487 shares of the Company are held by Pairing Venture Limited, which is incorporated in the British Virgin Islands and wholly-owned by Mr. Li, Alan.

3. Mr. Li Hong by undertaking to work for China Solar Power Group Limited ("CSPG"), a wholly-owned subsidiary of the Company, for a period of three years and subject to performance review, is entitled to receive, from a trustee company, 2,401,200 shares and convertible bonds in the principal amount of HK$1,600,800 convertible into 1,600,800 shares. The remaining 70,000 shares are ordinary shares of the Company personally held by Mr. Li Hong.

4. Mr. Li, Alan by undertaking to work for CSPG, for a period of three years and subject to performance review, is entitled to receive, from a trustee company, convertible bonds in the principal amount of HK$4,002,000 convertible into 4,002,000 shares.

5. Ms. Qiu Ping, Maggie by undertaking to work for CSPG, for a period of three years and subject to performance review, is entitled to receive, from a trustee company, convertible bonds in the principal amount of HK$1,600,800 convertible into 1,600,800 shares.

Other than disclosed above and in the section headed "Share Option Scheme" below, none of the Directors or the chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code in the Listing Rules as of 31 December 2015.

INDEMNITY TO DIRECTORS

Under the Bye-Laws of the Company, every Director is entitled to be indemnified out of the assets and profits of the Company against all actions and losses which he/she may incur or sustain or in or about the execution/discharge of the duties of his/her office or otherwise in relation thereto, to the extent as permitted by law.

Furthermore, during the year, the Company has taken out and maintained appropriate directors' and officers' liability insurance to protect the directors of the Company or its subsidiaries against potential costs and liabilities arising from claims brought against them.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

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

SHARE OPTION SCHEME

At the annual general meeting of the Company held on 19 June 2012, the Shareholders approved the adoption of a share option scheme (the "Option Scheme") .

During the year ended 31 December 2015, 64,500,000 options to subscribe for 64,500,000 Shares were granted under the Option Scheme. Details of the share options granted under the Option Scheme to directors of the Company and employees of the Group and movement in such holding during the period under review are as follows:

	Date of grant	Exercisable period	Exercise price per share HK$	Closing price of the shares before the date of grant	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31 December 2015
Directors								
Mr. Li, Alan	8 January 2015	8 January 2016 to 7 January 2020	1.00	1.00	1,800,000	–	–	1,800,000
	8 January 2015	8 January 2017 to 7 January 2020	1.00	1.00	1,800,000	–	–	1,800,000
	8 January 2015	8 January 2018 to 7 January 2020	1.00	1.00	2,400,000	–	–	2,400,000
Mr. Lu Zhenwei	8 January 2015	8 January 2016 to 7 January 2020	1.00	1.00	600,000	–	–	600,000
	8 January 2015	8 January 2017 to 7 January 2020	1.00	1.00	600,000	–	–	600,000
	8 January 2015	8 January 2018 to 7 January 2020	1.00	1.00	800,000	–	–	800,000
Mr. Li Hong (appointed as a Director on 28 August 2015)	8 January 2015	8 January 2016 to 7 January 2020	1.00	1.00	600,000	–	–	600,000
	8 January 2015	8 January 2017 to 7 January 2020	1.00	1.00	600,000	–	–	600,000
	8 January 2015	8 January 2018 to 7 January 2020	1.00	1.00	800,000	–	–	800,000
Ms. Qiu Ping, Maggie	8 January 2015	8 January 2016 to 7 January 2020	1.00	1.00	900,000	–	–	900,000
	8 January 2015	8 January 2017 to 7 January 2020	1.00	1.00	900,000	–	–	900,000
	8 January 2015	8 January 2018 to 7 January 2020	1.00	1.00	1,200,000	–	–	1,200,000
Academician Yao Jiannian	8 January 2015	8 January 2016 to 7 January 2020	1.00	1.00	900,000	–	–	900,000
	8 January 2015	8 January 2017 to 7 January 2020	1.00	1.00	900,000	–	–	900,000
	8 January 2015	8 January 2018 to 7 January 2020	1.00	1.00	1,200,000	–	–	1,200,000

Directors' Report

	Date of grant	Exercisable period	Exercise price per share HK$	Closing price of the shares before the date of grant	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31 December 2015
Mr. Yang Baiqian (resigned as a Director on 24 December 2015)	8 January 2015	8 January 2016 to 7 January 2020	1.00	1.00	600,000	–	(600,000)	–
	8 January 2015	8 January 2017 to 7 January 2020	1.00	1.00	600,000	–	(600,000)	–
	8 January 2015	8 January 2018 to 7 January 2020	1.00	1.00	800,000	–	(800,000)	–
Mr. Kwan Kai Cheong	8 January 2015	8 January 2016 to 7 January 2020	1.00	1.00	600,000	–	–	600,000
	8 January 2015	8 January 2017 to 7 January 2020	1.00	1.00	600,000	–	–	600,000
	8 January 2015	8 January 2018 to 7 January 2020	1.00	1.00	800,000	–	–	800,000
Mr. Yen Yuen Ho, Tony	8 January 2015	8 January 2016 to 7 January 2020	1.00	1.00	600,000	–	–	600,000
	8 January 2015	8 January 2017 to 7 January 2020	1.00	1.00	600,000	–	–	600,000
	8 January 2015	8 January 2018 to 7 January 2020	1.00	1.00	800,000	–	–	800,000
Mr. Shi Dinghuan	8 January 2015	8 January 2016 to 7 January 2020	1.00	1.00	600,000	–	–	600,000
	8 January 2015	8 January 2017 to 7 January 2020	1.00	1.00	600,000	–	–	600,000
	8 January 2015	8 January 2018 to 7 January 2020	1.00	1.00	800,000	–	–	800,000
Mr. Ma Kwong Wing	8 January 2015	8 January 2016 to 7 January 2020	1.00	1.00	600,000	–	–	600,000
	8 January 2015	8 January 2017 to 7 January 2020	1.00	1.00	600,000	–	–	600,000
	8 January 2015	8 January 2018 to 7 January 2020	1.00	1.00	800,000	–	–	800,000
Other officers and employees	8 January 2015	8 January 2016 to 7 January 2020	1.00	1.00	11,550,000	–	(3,210,000)	8,340,000
	8 January 2015	8 January 2017 to 7 January 2020	1.00	1.00	11,550,000	–	(3,210,000)	8,340,000
	8 January 2015	8 January 2018 to 7 January 2020	1.00	1.00	15,400,000	–	(4,280,000)	11,120,000
Total					**64,500,000**	**–**	**(12,700,000)**	**51,800,000**

During the year under review, no participant was granted with share options in excess of individual limit. A summary of the Option Scheme is set out in note 23(c) to the consolidated financial statements.

As at 31 December 2015, 36,568,319 share options to subscribe for a total of 36,568,319 Shares were available for issue under the Option Scheme, and all of which were granted to Directors and employees of the Group on 28 January 2016:

Position/Capacity of grantees	Number of share options granted	Exercise price per share (HK$)
Directors	18,000,000	0.564
Other officers and employees	18,568,319	0.564

More details were disclosed in the announcement dated 28 January 2016.

EQUITY INCENTIVE SCHEME

Details of the equity incentive scheme are set out in note 23(d) to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following Shareholders (other than those disclosed in the section headed "Directors' and Chief Executives' interests in Shares, Underlying Shares and Debentures") had notified the Company/the Stock Exchange of relevant interests and short positions in the shares or underlying shares of the Company.

Name of shareholder	Capacity	Number of shares held	Number of underlying shares held	Percentage of the issued share capital of the Company as of 31 December 2015
China Merchants Group Limited*（招商局集團有限公司）("China Merchants") (note 1)	Interest in controlled corporation	683,055,686 (note 2)	1,543,622,303 (note 3)	46.86%
Snow Hill Developments Limited ("Snow Hill") (note 2)	Beneficial owner	103,111,436	–	23.64%
	Interest in controlled corporation	579,944,250 (note 4)	440,036,000	
China Merchants New Energy Group Limited ("CMNEG") (note 4)	Beneficial owner	579,944,250	440,036,000	21.47%
China Merchants Fund Management Limited*（招商基金管理有限公司）("CM Fund") (note 5)	Beneficial owner	–	547,731,493	11.53%
Shenzhen China Merchants Yinke Investment Management Limited*（深圳市招商局銀科投資管理有限公司）("CM Yinke") (note 6)	Beneficial owner	–	555,854,810	11.70%
New Energy Exchange Limited (formerly known as Renewable Energy Trade Board Corporation) ("NEX") (note 7)	Beneficial owner	201,926,000	79,948,000	7.21%
	Interest in controlled corporation	60,627,621	–	
Zhongli New Energy (Hong Kong) Investment Limited (note 8)	Beneficial owner	299,922,000	79,948,000	8.00%
Fosun International Limited (note 9)	Interest in controlled corporation	70,924,000	290,860,132	7.61%
China Huarong Asset Management Co., Ltd. (note 10)	Interest in controlled corporation	–	631,376,578	13.29%
Huaqing Solar Power Limited*（華青光伏有限公司）(note 11)	Beneficial owner	–	486,564,540	10.24%
COAMI ABS No. 1 Limited (note 12)	Beneficial owner	–	380,728,155	8.01%

Directors' Report

Notes:

1. China Merchants and together with other parties acting in concert with CMNEG under Section 317 of the SFO are interested in 24.05% shares, and a total interest in 59.02% shares and underlying shares based on 4,741,266,325 shares in issue and subject to the terms of the convertible bonds.

2. These 683,055,686 shares are held directly and indirectly by Snow Hill, which is an indirect wholly-owned subsidiary of China Merchants.

3. These represent the conversion shares of certain convertible bonds held by CM Fund, CM Yinke, Snow Hill and CMNEG, each a controlled corporation of China Merchants.

4. These 579,944,250 shares are held by CMNEG, which is owned as to 79.36% by Snow Hill and as to 20.64% by Magicgrand. Magicgrand is beneficially wholly owned by Mr. Li, Alan, an executive Director and chief executive officer of the Company.

5. CM Fund is owned as to 55% by China Merchants Bank Co., Ltd. and as to 45% by China Merchants Securities Co., Limited, and China Merchants holds 47.8% interest in China Merchants Securities Co., Limited. Accordingly each of its shareholders and China Merchants is deemed to have interest in those 547,731,493 shares.

6. CM Yinke is indirectly owned as to 52% by China Merchants.

7. NEX is a party acting in concert with CMNEG according to Section 317 of the SFO.

8. Zhongli New Energy (Hong Kong) Investment Limited is directly and wholly owned by Zhongli Talesun Solar Co., Ltd., which is directly owned as to 74.81% by Zhongli Science and Technology Group Co., Ltd. and it is directly owned as to 46.94% by Mr. Wang Baixing. Accordingly, Mr. Wang Baixing is deemed to have interest in those 299,922,000 shares and 79,948,000 underlying shares.

9. Fosun International Limited is indirectly owned as to 79.53% by Fosun International Holdings Limited, which is indirectly owned as to 58% by Mr. Guo Guangchang. Accordingly, Mr. Guo Guangchang is deemed to have interest in those 70,924,000 shares and 290,860,132 underlying shares.

10. These shares are held by Driven Innovation Limited, which is an indirect wholly-owned subsidiary of China Huarong Asset Management Co., Ltd.

11. Huaqing Solar Power Limited is indirectly wholly owned by Qingdao City Construction Investment (Group) Co., Ltd.

12. Walkers Fiduciary Limited acts as the fund manager of COAMI ABS No. 1 Limited and is deemed to have interest in those 380,728,155 underlying shares.

13. Further to the shareholders as set out in the above table, as at 31 December 2015, each of China Green Holdings Limited, Sino Arena, Magicgrand and Pairing Venture Limited, being parties acting in concert with CMNEG according to Section 317 of the SFO, was holding 2,205,621 shares, 36,633,860 shares, 141,230,827 shares and 18,173,487 shares of the Company respectively; and Sino Arena was also interested in Series B convertible bonds with a principal amount of HK$40,020,000, convertible into 40,020,000 shares of the Company.

Save as disclosed above, the Directors are not aware of any person (not being a Director) who, as at 31 December 2015, had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was recorded in the register required to be kept under Section 336 of Part XV of the SFO or who (other than a member of the Group) was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

CONNECTED TRANSACTIONS

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

(1) Subscription of Shares

On 18 December 2014, the Company entered into the subscription agreement with (a) CMNEG, a substantial shareholder of the Company and (b) Magicgrand, beneficially wholly owned by Mr. Li, Alan, an executive director of the Company, in relation to the issue of and subscription for 100,000,000 shares by each of CMNEG and Magicgrand in cash, respectively, at the subscription price of HK$1.0 per share (the "CM Subscription"). The net proceeds derived from the CM Subscription have been used in connection with the solar power business of the Group as well as the Group's general operating and administrative expenses. Each of CMNEG and Magicgrand was a connected person of the Company and accordingly, the CM Subscription constituted a connected transaction of the Company under the Listing Rules.

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

(2) Acquisition of 51% equity interest in Changzhou Guangyu and grant of options

Further to a cooperation agreement dated 31 October 2014, United Photovoltaics (Changzhou) Investment Co., Ltd* (聯合光伏(常州)投資有限公司) ("UP(Changzhou)"), a subsidiary of the Company entered into an equity transfer agreement dated 23 February 2015 with (a) CM Yinke, an associate of the Company's substantial shareholder, China Merchants and (b) China Merchants Zhangzhou Development Zone Silk Road New Energy Co., Ltd.* (招商局漳州開發區絲路新能源有限公司) (formerly known as China Merchants Zhangzhou Development Zone Trenda Solar Limited* (招商局漳州開發區創大太陽能有限公司)) ("CM Trenda"), an associate of a the Company's substantial shareholder, CMNEG, in relation to the acquisition interest in Changzhou Guangyu New Energy Company Limited* (常州光昱新能源有限公司) ("Changzhou Guangyu") from CM Trenda. UP(Changzhou) entered into a options agreement with CM Yinke in relation to conditional call and put option in respect 49% interest in Changzhou Guangyu held by CM Yinke. As of the date of the relevant agreements, each of CM Trenda and CM Yinke was a connected person of the Company and accordingly, the acquisition of interest in CM Trenda, the grant of put option to CM Yinke by the Company, and the formation of the joint venture constituted connected transactions of the Company under the Listing Rules.

Details of the acquisition of 51% equity interest in Changzhou Guangyu, the grant of options over 49% equity interest of such company, formation of the joint venture were disclosed in the Company's announcement dated 23 January 2015 and the circular dated 27 February 2015. The transaction was approved by the independent shareholders on the special general meeting held on 17 March 2015. Completion of the acquisition of 51% equity interest in Changzhou Guangyu by UP(Changzhou) took place on 8 April 2015.

(3) Issue of convertible bonds

On 23 January 2015, the Company and China Merchants Fund Management Limited* (招商基金管理有限公司) ("CM Fund") entered into a subscription agreement in relation to the issue of up to HK$529,000,000 three-year 7.5% secured convertible bonds by the Company to CM Fund.

As CM Fund is a 30%-controlled company of China Merchants, and in turn an associate of CMNEG, a non-wholly owned subsidiary of China Merchants and a substantial shareholder of the Company. The subscription agreement and transactions contemplated thereunder constitute connected transactions of the Company. Details were disclosed in the Company's announcement dated 23 January 2015 and the circular dated 27 February 2015. The transaction was approved by the independent shareholders on the special general meeting held on 17 March 2015. The completion of issue of convertible bonds by the Company to CM Fund was announced by the Company on 20 April 2015, in the actual principal amount of HK$524,803,198.80.

Directors' Report

CONTINUING CONNECTED TRANSACTIONS

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

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

On 29 December 2011, China Technology New Energy Limited ("CTNE") and China (Shenzhen) Ocean Shipping Agency Co., Limited*（中國深圳外輪代理有限公司）("CSOSA") entered into a framework agreement, whereby the parties agreed, among others, the provision of solar electricity by CTNE to CSOSA and its affiliates. Details of the terms and conditions for the provision of solar electricity as contemplated will be determined by solar electricity supply and energy saving service agreement(s) to be entered into by CTNE or its subsidiaries with CSOSA or its affiliates. As of 31 December 2015, the grid-connected solar power plants in connection with the framework agreement reached an aggregate installed capacity of 300KW.

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

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

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

Transactions during the year — RMB245,000

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

On 25 May 2012, United Photovoltaics (Shenzhen) Limited (the "UP (Shenzhen)") and China Merchants Bonded Logistics Co., Limited（招商局保稅物流有限公司）("CMBL") , entered into a solar electricity supply and energy saving service agreement for the supply of solar electricity and provision of related energy saving services by UP (Shenzhen) to CMBL. As of 31 December 2015, the grid-connected solar power plants in connection with the framework agreement reached an aggregate installed capacity of 2.1MW.

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

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

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

Transactions during the year — RMB1,924,000

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

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

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

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

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

Transactions during the year — Nil

(D) Project development work of solar power plants for the Group by CMLH

On 16 December 2014, China Merchants Zhangzhou Development Zone Silk Road Ark Carbon Asset Management Co., Ltd.* (招商局漳州開發區絲路方舟碳資產管理有限公司) (formerly known as China Merchants Zhangzhou Development Zone Trendar Solar Tech Limited *(招商局漳州開發區創達太陽能科技有限公司) ("ZZCAM"), a subsidiary of the Company, and CMLH entered into a solar power plant development agreement (the "Projects Development Agreement in relation to the selection and employment of workers to undertake the registration and obtaining of plans, permits, approvals for the development of solar power plants by CMLH in areas selected by ZZCAM based on the existing network of CMLH.

Term — The term of the Projects Development Agreement commenced from 1 January 2015 up to and including 31 December 2017.

Directors' Report

Pricing — Upon successful completion of the project development work stipulated in the Projects Development Agreement, ZZCAM shall pay CMLH a fee calculated based on the rate of RMB0.10 per watt of the total designed installed capacity of the relevant solar power plants, which was arrived at with reference to prevailing market rates of 3 other similar service providers and results of market research in the solar industry which averaged between RMB0.30 to RMB0.50 per watt and the highest being RMB1 per watt. An initial upfront payment of a disbursement amount of RMB1,000,000 represents the estimated costs and expenses that would need to be incurred by CMLH for undertaking the project development work stipulated in the Projects Development Agreement.

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

Transactions during the year — Nil

(E) Leasing of rooftop by ZZCAM from CMLH

On 16 December 2014, ZZCAM and CMLH also entered into a framework agreement pursuant to which, among others, (i) CMLH agreed to lease to the Group certain rooftops of warehouses, distribution centres and other logistics network buildings being built or to be built in Xinjiang, Qingdao, Kunming, Ningbo and Hefei; and (ii) CMLH agreed to undertake reinforcement construction work at the cost of the Group on such rooftops according to the requirements specified by the Group to ensure solar power plants can be safely installed on such roofs.

Term — The terms of the framework agreement commenced from 1 January 2015 up to and including 31 December 2017.

Pricing — Reinforcement construction costs for the roof will depend on the design, circumstances and structure of the building at the relevant time. To ensure that such costs are in line with market rates, the Company will ensure that its management team compares quotes from other contractors for reinforcement construction work with the quotes given by CMLH. The actual lease amount for each rooftop will vary depending on the area of the roof being leased, the design, circumstances and structure of the building, and the business plan of the Company. The rates of the leases will however be based on the following agreed rates as and when they are entered into:

The leasing rates were arrived at with reference to prevailing market rates of 3 other similar premises and services, and results of market research in the same industry, which averaged between an annual rate of RMB2.00 to RMB6.00 per square meter:

(a) commencing from the first year of a lease arrangement to the tenth year (if such lease arrangement continues to be in place for such period) ("1st Period"), leases shall be at an annual rate of RMB1.00 per square meter;

(b) continuing for the next five years following the 1st Period ("2nd Period"), leases shall be at an annual rate of RMB1.50 per square meter; and

(c) continuing for the next five years following the 2nd Period ("3rd Period"), shall be at an annual rate of RMB2.00 per square meter.

The terms and conditions of any lease arrangements to be continued after the 3rd Period shall thereafter be discussed and agreed between the parties.

Transactions during the year — Nil

Directors' Report

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

Continuing Connected Transactions		Major type of products/ services	Transaction amount for the year ended 31 December 2015	Annual cap for the year ended 31 December 2015
A	Provision of solar electricity by CTNE to CSOSA and its affiliates	Solar electricity	RMB245,000	RMB2,078,000
B	Provision of solar electricity by UP (Shenzhen) to CMBL and its affiliates	Solar electricity	RMB1,924,000	RMB20,784,000
C	Provision of solar electricity by CTNE to CMLH and its affiliates	Solar electricity	–	RMB103,920,000
D	Developing of solar power plants for the Group by CMLH	Project development work	–	HK$13,860,000
E	Leasing of rooftop by ZZCAM from CMLH	Rooftop leasing and rooftop reinforcement construction	–	HK$2,300,000

The independent non-executive Directors have reviewed the connected transactions and continuing connected transactions and confirmed that the connected transactions and continuing connected transactions for the year ended 31 December 2015 were entered into: (i) in the ordinary and usual course of the business of the Group; (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant written agreements governing them on terms that are fair and reasonable and are in the interests of the Shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions for the year ended 31 December 2015 in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor have issued their unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in the "Continuing connected transaction" section of the annual report in accordance with rule 14A.56 of the Rules Governing the Listing of Securities on the Stock Exchange. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

Directors' Report

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2015, the Company has applied the principles and complied with all the code provisions of the corporate governance code (the "CG Code") as set out in Appendix 14 to the Listing Rules, save for the following deviation.

Mr. Li, Alan, an executive Director, is the CEO and the Chairman of the Board. Code A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Our Board believes that the balance of power and authority between chairman and chief executive will not be impaired by the present arrangement and the significant weight of the non-executive directors (including the independent ones) will enable the Board as a whole to effectively exercise its non-bias judgement.

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

EMOLUMENT POLICY

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

The Company has adopted the Option Scheme as an incentive to directors, consultants and eligible employees. CSPG, a wholly-owned subsidiary of the Company, has the EIS in place to reward the directors, employees and consultants of CSPG and its subsidiaries with shares and convertible bonds of the Company. Details of the Option Scheme and EIS are set out under the section headed "Share Option Scheme" and "Equity Incentive Scheme" in this report and in note 23(c) and 23(d) to the consolidated financial statements.

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and to the best knowledge of the Directors, the Company has maintained a sufficient amount of public float of its issued share capital in the Hong Kong stock market throughout the financial year ended 31 December 2015 and has continued to maintain a sufficient amount of public float as required under the Listing Rules as at the date of this annual report.

MANAGEMENT CONTRACTS

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

FUNDRAISING ACTIVITIES THROUGH ISSUE OF EQUITY/CONVERTIBLE SECURITIES

The Company has conducted fundraising activities through issue of equity/convertible bonds during the year under review. In order to maintain financial flexibility for the Group to manage its business expansion and to raise additional equity capital for the business development and future investment opportunities, the general mandate as approved and granted to the Directors by the Shareholders at the annual general meeting held on 27 May 2015 and refreshed at the special general meeting held on 24 July 2015 has been refreshed again on the special general meeting held on 16 February 2016 (the "Refreshed General Mandate"). As at the date of the report, the Refreshed General Mandate has not been utilised and the Directors were authorised to issue up to 950,253,265 Shares.

Directors' Report

A summary of the fundraising activities conducted during the year ended 31 December 2015 are set out below:

Date of issue	Transaction	Issue price per Share	Market price per Share as at the date the principal terms of issue were fixed	Net proceeds	Net price per Share	Intended use of proceeds	Actual use of proceeds as at the date of this report
10 February 2015	Issue of 180,000,000 Shares to Zhongli New Energy (Hong Kong) Investment Limited	HK$1.00	HK$0.89	HK$179.8 million	HK$0.999	General working capital	Approximately 85% of the proceeds have been used to repay the EPC payables under the existing solar power business of the Group; approximately 15% of the proceeds have been used in connection with the general administrative expenses of the Group
	1. Issue of 100,000,000 Shares to CMNEG; and 2. Issue of 100,000,000 Shares to Magicgrand	HK$1.00	HK$0.89	HK$199.2 million	HK$0.996	General working capital	
20 April 2015	Issue of 7.5% three-year convertible bonds in the principal amount of HK$524,803,198.80	HK$1.03	HK$1.01	HK$522.8 million	HK$1.026	General working capital and capital expenditure and the acquisition of the solar power plants with an aggregate installed capacity of 80MW, general working capital for the development, construction, maintenance and operation of solar power plant(s)	100% of the proceeds have been used to acquire new solar power plants in Xinjiang, the PRC
29 April 2015	Issue of 3-year convertible bonds in the principal amount of US$30,000,000 (equivalent to approximately HK$232,500,000)	HK$1.03	HK$1.03	HK$232 million	HK$1.028	General working capital for the development, construction maintenance and operation of solar power plant(s)	100% of the proceeds have been used in connection with the development, construction, maintenance and operation of the solar power plants in Inner Mongolia, the PRC
3 June 2015	Issue of 3-year convertible bonds in the principal amount of US$100,000,000 (equivalent to approximately HK$775,000,000)	HK$1.3134	HK$1.17	HK$759 million	HK$1.286	General working capital for the development, construction, maintenance and operation of solar power plant(s)	Approximately 73% of the proceeds have been used in connection with new solar power plants in Xinjiang, Huibei province and Yunnan province; the remaining 27% of the proceeds are kept by the Group and will be used as general working capital for the development, construction, maintenance and operation of solar power plant(s)
23 June 2015	Issue of 3-year convertible bonds in the principal amount of US$15,000,000 (equivalent to approximately HK$116,250,000)	HK$1.03	HK$1.00	HK$115.75 million	HK$1.026	Finance the acquisition of target company(ies) which own the solar power plant(s) with an aggregate installed capacity of approximately 20MW in the PRC to be identified and acquired by the Group	100% of the proceeds have been used in connection with new solar power plants in Xinjiang, the PRC
29 December 2015	Issue of 3-year convertible bonds in the principal amount of US$100,000,000 (equivalent to approximately HK$775,000,000)	HK$1.5928	HK$0.78	HK$774.5 million	HK$1.592	General working capital for the acquisition, development, construction, maintenance and operation of solar power plant(s)	Approximately 50% of the proceeds have been used in contraction with new solar power plants in Inner Mongolia, the PRC; the remaining 50% will be used as general working capital for the acquisition, development, construction, maintenance and operation of solar power plant(s)

Save as disclosed above, the Company has not conducted any other fund raising activities through equity/convertible securities during the year ended 31 December 2015.

Directors' Report

AUDIT COMMITTEE

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

The consolidated financial statements for the year ended 31 December 2015 have been reviewed by the Company's audit committee.

AUDITORS

The consolidated financial statements for the year ended 31 December 2015 have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for re-appointment of PricewaterhouseCoopers as auditor of the Company will be proposed at the AGM.

EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

Details of the events of the Group occurring after the date of statement of financial position are set out in the note 34 to the consolidated financial statements.

The directors' report was approved by the Board on 30 March 2016 and signed by the chairman of the meeting at which the Directors report was approved.

On behalf of the Board

/Signature/
Li, Alan
Chairman and CEO

Hong Kong, 30 March 2016

Independent Auditor's Report

羅兵咸永道

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

We have audited the consolidated financial statements of United Photovoltaics Group Limited (the "Company") and its subsidiaries set out on pages 75 to 162, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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Independent Auditor's Report

TO THE SHAREHOLDERS OF UNITED PHOTOVOLTAICS GROUP LIMITED

(incorporated in Bermuda with limited liability)

OPINION

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

EMPHASIS OF MATTER

We draw your attention to Note 2.1.3 of the consolidated financial statements, which states that the Group's current liabilities exceeded its current assets by RMB124 million as at 31 December 2015, and that the Group has certain contractual and other arrangements to settle its financial obligations and various capital expenditures. These matters, along with other matters as described in Note 2.1.3 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 March 2016

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Continuing operations			
Sales of electricity	5	**175,256**	124,846
Tariff adjustment	5	**455,418**	254,518
		630,674	379,364
Government grant	27	**1,950**	–
Reversal of impairment charge on other receivables		**–**	8,382
Employee benefits expenses	7	**(69,736)**	(53,217)
Legal and professional fees		**(7,618)**	(3,516)
Maintenance costs		**(47,652)**	(37,922)
Other expenses	8	**(43,873)**	(15,939)
Sales of solar energy related products	6	**306,615**	35,500
Cost of sales of solar energy related products		**(289,998)**	(35,195)
EBITDA#		**480,362**	277,457
Acquisition costs arising from business combinations	31	**(4,822)**	(2,401)
Depreciation of property, plant and equipment	14	**(242,176)**	(144,801)
Bargain purchase arising from:			
(i) Business combinations	31	**204,506**	35,520
(ii) Acquisition of associates	17	**9,634**	–
Fair value gain/(loss) on financial assets at fair value through profit or loss relating to:			
(i) Call option issued relating to the acquisition of an associate ("Call Option")	19	**120,890**	–
(ii) Guaranteed electricity output	19	**(76,356)**	101,146
Fair value gain on financial liabilities at fair value through profit or loss relating to:			
(i) Contingent consideration payables	26	**159,362**	286,221
(ii) Put option issued in relation to acquisition of an associate ("Put Option")	17	**34,541**	72,967
Fair value gain on previously held interest as a result of business combination		**–**	1,617
Finance income	9	**288,122**	162,466
Finance costs	10	**(637,534)**	(306,769)
Gain on disposal of an associate	17	**32,840**	–
Share of profits of associates	17	**3,893**	15,127
Profit before income tax		**373,262**	498,550
Income tax credit	11	**–**	30
Profit for the year from continuing operations		**373,262**	498,580
Discontinued operation			
Loss from discontinued operation		**–**	(238,420)
Profit for the year		**373,262**	260,160

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Profit attributable to:			
— Shareholders of the Company		360,670	251,864
— Non-controlling interests		12,592	8,296
		373,262	260,160
Profit/(loss) attributable to shareholders of the Company arising from:			
— Continuing operations		360,670	490,284
— Discontinued operation		–	(238,420)
		360,670	251,864
Earnings/(loss) per share from continuing and discontinued operations attributable to shareholders of the Company			
Basic earnings/(loss) per share (RMB cents)	13		
— From continuing operations		7.96	12.00
— From discontinued operation		–	(5.83)
		7.96	6.17
Diluted earnings/(loss) per share (RMB cents)	13		
— From continuing operations		0.75	2.90
— From discontinued operation		–	(4.63)
		0.75	(1.73)

EBITDA represents earnings before finance income, finance costs, taxation, depreciation and fair value gains/(losses), which also excludes acquisition costs arising from business combinations, share of profits of associates and gain on disposal of an associate. EBITDA is not a measure of performance under Hong Kong Financial Reporting Standards, but is widely used by management for monitoring business performance of a company from operational perspective.

The notes on pages 84 to 162 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000 (Restated)
Profit for the year	**373,262**	260,160
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of financial statements of subsidiaries and associates	**(107,520)**	(1,702)
Total other comprehensive loss for the year, net of tax	**(107,520)**	(1,702)
Total comprehensive income for the year	**265,742**	258,458
Total comprehensive income for the year attributable to		
— Shareholders of the Company	**253,150**	250,162
— Non-controlling interests	**12,592**	8,296
	265,742	258,458
Total comprehensive income/(loss) for the year attributable to shareholders of the Company arising from:		
— Continuing operations	**253,150**	488,582
— Discontinued operation	**–**	(238,420)
	253,150	250,162

The notes on pages 84 to 162 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)	1 January 2014 RMB'000 (Restated)
ASSETS				
Non-current assets				
Land use rights		440	451	111,218
Property, plant and equipment	14	7,419,750	4,581,055	2,013,240
Intangible assets	15	949,781	989,424	1,297,222
Investments in associates	17	305,040	290,627	227,864
Investment properties		–	–	38,120
Other receivables, deposits and prepayments	18	741,123	453,979	442,269
Financial assets at fair value through profit or loss	19	120,890	–	–
		9,537,024	6,315,536	4,129,933
Current assets				
Inventories	20	1,314	1,314	6,896
Amounts due from associates	17	279,277	18,341	–
Financial assets at fair value through profit or loss	19	–	76,356	74,000
Other receivables, deposits and prepayments	18	770,031	100,990	227,958
Trade, bills and tariff adjustment receivables	21	1,228,359	363,284	27,449
Pledged bank deposits	22	–	61,000	118,514
Restricted cash	22	206,150	18,341	18,280
Cash and cash equivalents	22	947,154	212,672	108,038
		3,432,285	852,298	581,135
Total assets		12,969,309	7,167,834	4,711,068
EQUITY AND LIABILITIES				
Equity attributable to shareholders of the Company				
Share capital	23	385,804	354,915	284,416
Reserves		1,739,519	1,084,586	71,654
		2,125,323	1,439,501	356,070
Non-controlling interests		104,631	44,249	1,425
Total equity		2,229,954	1,483,750	357,495

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	**31 December 2015 RMB'000**	31 December 2014 RMB'000 (Restated)	1 January 2014 RMB'000 (Restated)
LIABILITIES				
Non-current liabilities				
Bank and other borrowings	24	**4,305,778**	1,626,676	660,000
Convertible bonds	25	**1,986,936**	826,191	971,711
Contingent consideration payables	26	**580,691**	696,536	978,433
Cash-settled share-based payment	23(d)	**23,570**	16,073	27,868
Deferred government grant	27	**4,210**	4,160	87,629
Deferred tax liabilities	28	**281,532**	246,278	259,982
		7,182,717	3,415,914	2,985,623
Current liabilities				
Trade payables	29	**89,638**	186	263,852
Other payables and accruals	29	**1,792,566**	1,677,969	644,005
Amounts due to associates	17	**25,328**	30,199	14,500
Current income tax liabilities		**–**	–	30
Amounts due to shareholders		**–**	–	20,599
Bank and other borrowings	24	**703,821**	504,013	296,194
Convertible bonds	25	**924,023**	–	–
Other financial liability at fair value through profit or loss	17	**21,262**	55,803	128,770
		3,556,638	2,268,170	1,367,950
Total liabilities		**10,739,355**	5,684,084	4,353,573
Total equity and liabilities		**12,969,309**	7,167,834	4,711,068

The notes on pages 84 to 162 are an integral part of these consolidated financial statements.

Mr. Li, Alan
Director

Mr. Li Hong
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to the shareholders of the Company										
	Share capital RMB'000 (Restated)	Share premium RMB'000 (Restated)	Share-based payment reserve RMB'000 (Restated)	Shares held under equity incentive scheme ("EIS") RMB'000 (Restated)	Convertible bonds equity reserve RMB'000 (Restated)	Property revaluation reserve RMB'000 (Restated)	Translation reserve RMB'000 (Restated)	Accumulated losses RMB'000 (Restated)	Total RMB'000 (Restated)	Non-controlling interests RMB'000 (Restated)	Total equity RMB'000 (Restated)
Balance at 1 January 2014	284,416	3,178,238	63,871	(24,028)	408,347	1,894	(48,339)	(3,508,329)	356,070	1,425	357,495
Comprehensive income											
Profit for the year	–	–	–	–	–	–	–	251,864	251,864	8,296	260,160
Other comprehensive loss	–	–	–	–	–	–	(1,702)	–	(1,702)	–	(1,702)
Total comprehensive (loss)/income	–	–	–	–	–	–	(1,702)	251,864	250,162	8,296	258,458
Release of property revaluation reserve upon disposal of a subsidiary	–	–	–	–	–	(1,894)	–	–	(1,894)	–	(1,894)
Issue of shares through placement	37,762	598,433	–	–	–	–	–	–	636,195	–	636,195
Issue of shares upon conversion of convertible bonds	29,560	432,375	–	–	(300,034)	–	–	–	161,901	–	161,901
Share-based payment	–	–	23,854	–	–	–	–	–	23,854	–	23,854
Share option lapsed	–	–	(1,184)	–	–	–	–	1,184	–	–	–
Issue of shares on conversion of convertible bonds held by a trustee under EIS	3,177	26,685	13,213	(29,862)	–	–	–	–	13,213	–	13,213
Non-controlling interests arising from business combination	–	–	–	–	–	–	–	–	–	34,528	34,528
Total transactions with shareholders, recognised directly in equity	70,499	1,057,493	35,883	(29,862)	(300,034)	(1,894)	–	1,184	833,269	34,528	867,797
Balance at 31 December 2014	354,915	4,235,731	99,754	(53,890)	108,313	–	(50,041)	(3,255,281)	1,439,501	44,249	1,483,750

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to the shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Share-based payment reserve RMB'000	Shares held under EIS RMB'000	Convertible bonds equity reserve RMB'000	Translation reserve RMB'000	Other reserve (Note 23(e)) RMB'000	Accumulated losses (Note 23(f)) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015	354,915	4,235,731	99,754	(53,890)	108,313	(50,041)	–	(3,255,281)	1,439,501	44,249	1,483,750
Comprehensive income											
Profit for the year	–	–	–	–	–	–	–	360,670	360,670	12,592	373,262
Other comprehensive loss	–	–	–	–	–	(107,520)	–	–	(107,520)	–	(107,520)
Total comprehensive (loss)/income	–	–	–	–	–	(107,520)	–	360,670	253,150	12,592	265,742
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(17,326)	(17,326)
Non-controlling interests arising from business combination (Note 31)	–	–	–	–	–	–	–	–	–	65,067	65,067
Issue of shares through placement (Note 23(b))	30,041	269,962	–	–	–	–	–	–	300,003	–	300,003
Issue of convertible bonds (Note 25)	–	–	–	–	113,680	–	–	–	113,680	–	113,680
Share-based payment (Note 23(c)&(d))	–	–	19,038	–	–	–	–	–	19,038	–	19,038
Transaction with non-controlling interests (Note 16(c))	848	5,767	–	–	–	–	(6,664)	–	(49)	49	–
Total transactions with shareholders, recognised directly in equity	30,889	275,729	19,038	–	113,680	–	(6,664)	–	432,672	47,790	480,462
Balance at 31 December 2015	385,804	4,511,460	118,792	(53,890)	221,993	(157,561)	(6,664)	(2,894,611)	2,125,323	104,631	2,229,954

The notes on pages 84 to 162 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Cash flows from operating activities			
Net cash generated from continuing operations	30	**111,536**	147,715
Net cash generated from operating activities from continuing operations		**111,536**	147,715
Net cash generated from operating activities from discontinued operation		**–**	73,751
		111,536	221,466
Cash flow from investing activities			
Acquisition of associates		**(31,747)**	(4,500)
Acquisitions of subsidiaries, net of cash acquired	31	**(545,068)**	(149,190)
Deposits paid for investments		**(75,000)**	(8,747)
Amounts due from associates		**(284,148)**	–
Interests received		**7,027**	705
Net proceeds from disposal of an associate	17	**67,448**	–
Net proceeds from disposal of subsidiaries		**–**	169,150
Proceeds from government grant		**2,000**	2,460
Refundable deposit from Hareon		**(423,872)**	–
Purchase of property, plant and equipment		**(79,590)**	(44,226)
Repayment of construction costs payable		**(1,874,747)**	(879,486)
Net proceeds from disposal of assets held-for-sale	31(iii)	**70,000**	–
Net cash used in investing activities from continuing operations		**(3,167,697)**	(913,834)
Net cash used in investing activities from discontinued operation		**–**	(16,391)
		(3,167,697)	(930,225)

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Cash flow from financing activities			
Interests paid		**(232,603)**	(130,799)
Decrease/(increase) in pledged bank deposits		**61,000**	(10,917)
Increase in restricted cash		**(186,440)**	–
Increase in pledged guarantee deposits		**(64,000)**	(25,500)
Net proceeds from issue of convertible bonds		**1,941,323**	–
Net proceeds from bank borrowings		**1,402,229**	872,023
Repayment of bank borrowings		**(132,000)**	(650,000)
Net proceeds from loans from leasing companies		**580,660**	203,396
Repayment of loans from leasing companies		**(23,422)**	–
Net proceeds from medium-term note	24(c)	**62,726**	–
Net proceeds from placing of new shares	23(b)	**300,003**	636,194
Net proceeds from loans from a third party		**–**	5,500
Repayment of loans from a third party		**(10,000)**	(40,000)
Repayment of amounts due to shareholders		**–**	(16,639)
Net proceeds from the associates		**–**	29,500
Net cash generated from financing activities from continuing operations		**3,699,476**	872,758
Net cash used in financing activities from discontinued operation		**–**	(63,337)
		3,699,476	809,421
Net increase in cash and cash equivalents		**643,315**	100,662
Cash and cash equivalents at beginning of year		**212,672**	108,038
Effect of foreign exchange rate changes		**91,167**	3,972
Cash and cash equivalents at end of year	22	**947,154**	212,672

The notes on pages 84 to 162 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

1 GENERAL INFORMATION

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

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

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

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

2.1.1 Discontinued operation

In October 2014, the Company disposed of 70% equity interest in Fortune Arena Limited ("Fortune Arena") and its subsidiaries (the "Disposal Group"). The Disposal Group represented a separate major line of business of the Group and was regarded as a discontinued operation. In December 2015, the Group has further disposed of its remaining 30% equity interest in Fortune Arena.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.2 Change in presentation currency

During the year, the Group has changed its presentation currency from Hong Kong dollars ("HK$") to RMB for the preparation of its consolidated financial statements. Having considered the principal activities of the Group are mainly conducted in the People's Republic of China ("PRC") where the functional currency of those subsidiaries in the PRC are denominated in RMB, the directors of the Company considered that the change would result in a more appropriate presentation of the Group's transactions in these consolidated financial statements.

The change in presentation currency have been applied retrospectively. The comparative figures in these consolidated financial statements were translated from HK$ to RMB using the applicable closing rates for items in the consolidated statement of financial position and applicable average rates that approximated to actual rates for items in the consolidated statement of profit or loss and consolidated statement of comprehensive income.

2.1.3 Going concern

As at 31 December 2015, the Group's current liabilities exceeded its current assets by RMB124 million.

The Group has certain contractual and other arrangements to settle its financial obligations and various capital expenditures. As at 31 December 2015, the Group had capital commitment of RMB690 million, mainly in relation to the construction of a solar power plant, with an aggregate installed capacity of 100MW (Note 32(a)).

In December 2015, the Group entered into conditional sale and purchase agreements with an associate to acquire all the equity interests of two of the associate's subsidiaries at RMB356 million, comprising consideration payables and assumption of Engineering, Procurement and Construction ("EPC") payables and other payables. Up to 31 December 2015, the Group has already paid RMB80 million as a deposit for the proposed acquisitions (Note 18(a)). Should these proposed acquisitions be completed, the Group will have to pay an additional amount of RMB276 million.

In addition, in January 2016, the Group completed the acquisition of an additional equity interest in an associate at a cash consideration of RMB20 million (Note 34). The associate has since become a subsidiary of the Group and the Group has assumed the EPC payables and other payables of approximately RMB12 million.

Furthermore, in February 2016, the Group paid a deposit of RMB30 million pursuant to an agreement with a vendor for further negotiation of a potential acquisition of a solar power plant with an aggregate installed capacity of 35MW. Should this potential acquisition be completed, the Group would have to finance the settlement of its EPC payables and other payables, which amounted to approximately RMB284 million based on internal estimates.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.3 Going concern (Continued)

In December 2013, as part of the Group's acquisition of a 50% equity interest in an associate, the Group granted a Put Option to the other shareholder of that associate, under which the other shareholder has a right to request the Group to acquire its remaining 50% equity interest in that associate for RMB225 million with an internal rate of return of 8% per annum, to be settled by way of cash or issuance of the Company's shares at the discretion of the other shareholder, for a three-year period up to December 2016. The other shareholder of the associate has confirmed not to request the Group to acquire the remaining 50% equity interest by way of cash before 31 May 2016 (Note 17).

In June 2013, the Group acquired certain concession rights to develop and operate various solar power plant projects. The Group intends to exercise these concession rights and acquire the relevant solar power plant projects from the respective vendors before these rights expire in 2017 and 2018. The Group would require additional financing for these future acquisitions and the required amount is yet to be determined, as it is subject to the negotiation of the final consideration with the relevant vendors, as well as the negotiation of the amount of liabilities of the acquirees to be assumed by the Group upon completion of the acquisitions (Note 15).

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

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 31 December 2015. The directors are of the opinion that, taking into account the following plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2015:

(i) During the year, the Group had obtained a long-term loan totalling RMB600 million from a bank to finance the EPC payables of its solar power plant in Hubei, the People's Republic of China (the "PRC"). As at 31 December 2015, the Group had already drawn down a loan amount of RMB545 million. Subsequent to the year end, the remaining loan principal amount of RMB55 million has also been drawn down (Note 24).

(ii) Subsequent to the date of statement of financial position, the Group had obtained and drawn down long-term loans totalling RMB587 million from certain leasing companies to finance the EPC payables of its solar power plants in Shanxi and Yunnan Province, the PRC (Note 24).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.3 Going concern (Continued)

(iii) In December 2015, China Merchants New Energy Group Limited ("CMNEG"), a shareholder of the Company and an indirect 79.36% owned subsidiary of China Merchants, has issued a letter to the Group and agreed to provide financial support to the Group for a period up to 31 December 2017 to enable the Group to meet its liabilities and obligations (including capital expenditures and operating expenses) as and when they fall due and to carry on its business without a significant curtailment of operations.

(iv) The Group is also in the process of negotiating long-term borrowings from banks or other financial institutions to finance the settlement of its existing financial obligations and capital expenditures. In addition, should the proposed acquisitions be completed, the Group will negotiate long-term borrowings from banks or other financial institutions to finance the settlement of EPC payables and other payables of these newly acquired subsidiaries. Based on the past experience of the Group, the directors are confident that they could obtain such long-term borrowings from banks and other financial institutions.

(v) The solar power plants currently held and planned to be acquired by the Group have already achieved on-grid connection. They are expected to generate operating cash inflows to the Group. The directors are confident that the tariff adjustment receivables will be settled following the release of the next Renewable Energy Tariff Subsidy Catalogue by the PRC government (Note 21).

In the opinion of the directors, in light of the above plans and measures, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from 31 December 2015. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainty exists as to whether management of the Group can achieve the plans and measures described in (iii) to (v) above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to obtain the financial support from CMNEG as needed, secure various sources of short-term or long-term financing as and when required, and to generate adequate operating cash inflows from its existing solar power plants and other plants to be acquired or constructed in the expected timeframe.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.4 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015.

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

Those standards, amendments and interpretations which were effective for the financial year beginning on 1 January 2015 do not have a material effect on the Group's financial statements.

(b) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

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

The following new/revised standards, amendments and interpretations have been issued but were not yet effective for the financial year beginning on 1 January 2015 and have not been adopted early by the Group:

Effective for accounting periods beginning on or after 1 January 2016

Annual Improvements Project	Annual Improvements 2012–2014 Cycle
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment entities: Applying the consolidation exception
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKAS 1 Amendment	Disclosure Initiative
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 27 Amendment	Equity Method in Separate Financial Statements

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.4 Changes in accounting policy and disclosures (Continued)

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

Effective for accounting periods beginning on or after 1 January 2018

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

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

2.2 Subsidiaries

2.2.1 Consolidation

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

(a) *Business combination*

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

Acquisition-related costs are expensed as incurred.

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

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) Business combination (Continued)

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

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

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

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.2.2 Separate financial statements

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Associates

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

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

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

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

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

Gain or losses on dilution of equity interest in associates are recognised in the consolidated statement of profit or loss.

2.4 Segment reporting

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

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's functional currency is HK$ and the consolidated financial statements are presented in RMB which is the Group's presentation currency (Note 2.1.2).

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss within "finance costs". All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss.

(c) Group companies

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

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

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

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

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

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation (Continued)

(d) Disposal of foreign operation and partial disposal

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

2.6 Land use rights

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

2.7 Property, plant and equipment

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

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

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

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

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment (Continued)

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

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss.

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

2.8 Intangible assets

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

2.9 Assets held-for-sale

Assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The assets held-for-sale are stated at the lower of carrying amount and fair value less costs of disposal.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Impairment of investments in subsidiaries and non-financial assets

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

2.11 Financial assets and liabilities

2.11.1 Classification

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

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

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

(b) Loans and receivables

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

(c) Financial liabilities at amortised cost

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

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Financial assets and liabilities (Continued)

2.11.2 Recognition and measurement

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

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

2.12 Offsetting financial instruments

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

2.13 Impairment of financial assets

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Impairment of financial assets (Continued)

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

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

2.14 Inventories

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

2.15 Trade and other receivables

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

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

2.16 Cash and cash equivalents

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

2.17 Share capital

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

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Trade payables

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

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

2.19 Borrowings

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

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

2.20 Borrowing costs

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

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

2.21 Compound financial instruments

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

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

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

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

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Compound financial instruments (Continued)

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

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

2.22 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Outside basis differences

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

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

(c) Offsetting

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

2.23 Employee benefits

(a) Pension obligations

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Employee benefits (Continued)

(b) Employee leaves entitlements

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

(c) Termination benefits

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

2.24 Share-based payments

(a) Equity-settled share-based payment transactions

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

- including any market performance conditions (for example, an entity's share price);

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

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

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Share-based payments (Continued)

(a) Equity-settled share-based payment transactions (Continued)

After vesting, when the share options are forfeited prior to the expiry date, the amount previously recognised in the "Share-based payment reserve" will be transferred to the "Accumulated losses" within the consolidated statement of changes in equity.

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

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

(b) Cash-settled share-based payment transactions

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

(c) Share-based payment transactions among group entities

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

2.25 Provisions

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Revenue recognition

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

(a) Sales of electricity

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

(b) Tariff adjustment

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

(c) Sales of goods — solar energy related products

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

(d) Interest income

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

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Leases

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

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

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

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

2.28 Government grants

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

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

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

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Related party transactions

A related party transaction is a transfer of resources, services or obligations between the Group and a related party of the Group, regardless of whether a price is charged.

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) the entity is controlled or jointly controlled by a person identified in (a) above.

(vii) a person, or a close member of that person's family, who has control or joint control over the Group, has significant influence over the Group or is a member of the key management personnel of the Group (or of a parent of the Group).

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.30 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks on behalf of subsidiaries to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee issued at the time of issuance is determined by reference to fees charged in an arm's length transactions for a similar services. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. Any increase in the liability relating to guarantees is reported in the consolidated statement of profit or loss.

Where guarantees in relation to loans of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Company.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

The Group operates in the PRC and Hong Kong. Most of the transactions for the PRC reporting entities are denominated in RMB and HK$, whereas that for Hong Kong reporting entities are denominated in HK$ and United States dollar ("US$"). The Group is exposed to foreign exchange risk primarily through financing, capital expenditure and expenses transactions that are denominated in a currency other than RMB, which are the functional currencies of the major subsidiaries of the Group. The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group is presently not using any forward exchange contract to hedge against foreign exchange risk as management considers its exposure is not significant.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

For transactions or balances denominated in US$, as US$ are reasonably stable against the HK$ under the Linked Exchange Rate System, the directors are of the opinion that the Group does not have significant foreign exchange risk. Accordingly, no sensitivity analysis is performed.

At 31 December 2015, if HK$ had strengthened/weakened by 5% (2014: 5%) against RMB with all other variables held constant, profit for the year would have been approximately RMB1,479,000 higher/lower (2014: profit for the year would have been approximately RMB4,372,000 higher/lower) mainly as a result of net foreign exchange impact on transaction of HK$ denominated deposits in banks.

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

(ii) Cash flow and interest rate risk

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

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

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

At 31 December 2015, if interest rates on bank and other borrowings had been 50 basis points (2014: 50 basis points) higher/lower with all other variables held constant, profit for the year would have been approximately RMB22,968,000 lower/higher (2014: RMB8,975,000 lower/higher) mainly as a result of higher/lower interest expense on floating rate borrowings.

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

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

As at 31 December 2015, the Group has concentration of credit risk as 73% (2014: 99%) of its trade and tariff adjustment receivables were due from two largest customers (2014: three), which were mainly state-owned enterprises. Considering the track record of regular repayment of trade receivables and based on the Group's experience with respect to the collection of tariff adjustment receivables, which is well supported by the government policy, the directors are of the opinion that the risk of default by these customers is not significant.

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

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

(c) Liquidity risk

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

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

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

	Less than 1 year RMB'000	**Between 1 year to 2 years** RMB'000	**Between 2 to 5 years** RMB'000	**Over 5 years** RMB'000	**Total** RMB'000
At 31 December 2015					
Trade payables	**89,638**	**–**	**–**	**–**	**89,638**
Other payables and accruals	**1,792,566**	**–**	**–**	**–**	**1,792,566**
Amounts due to associates	**25,328**	**–**	**–**	**–**	**25,328**
Bank and other borrowings and corresponding interests	**903,483**	**1,044,604**	**1,759,468**	**2,477,708**	**6,185,263**
Convertible bonds and corresponding interests	**1,249,643**	**145,879**	**2,719,855**	**–**	**4,115,377**
	4,060,658	**1,190,483**	**4,479,323**	**2,477,708**	**12,208,172**
At 31 December 2014 (Restated)					
Trade payables	186	–	–	–	186
Other payables and accruals	1,677,969	–	–	–	1,677,969
Amounts due to associates	30,199	–	–	–	30,199
Bank and other borrowings and corresponding interests	562,672	303,512	865,099	950,554	2,681,837
Convertible bonds and corresponding interests	36,682	1,027,109	183,774	–	1,247,565
	2,307,708	1,330,621	1,048,873	950,554	5,637,756

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

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

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

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

The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015 **RMB'000**	2014 RMB'000 (Restated)
Bank and other borrowings	**5,009,599**	2,130,689
Construction costs payable	**1,442,416**	1,540,317
Convertible bonds	**2,910,959**	826,191
	9,362,974	4,497,197
Less: cash and cash equivalents	**(947,154)**	(212,672)
Net debts	**8,415,820**	4,284,525
Total equity	**2,229,954**	1,483,750
Total capital	**10,645,774**	5,768,275
Gearing ratio	**79.05%**	74.28%

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the fair value hierarchy of the Group's financial assets and liabilities that were measured at fair value at 31 December 2015 and 2014.

	Level 3	
	2015	2014
	RMB'000	RMB'000
		(Restated)
Assets		
Financial assets at fair value through profit and loss		
— Call Option (Note 19)	**120,890**	–
— Guaranteed electricity output (Note 19)	**–**	76,356
Liabilities		
Contingent consideration payables (Note 26)	**580,691**	696,536
Other financial liabilities derivatives:		
— Put Option (Note 17)	**21,262**	55,803
— Derivative portion of convertible bonds (Note 25)	**108,527**	42,773

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

Specific valuation techniques used to value financial instruments include:

- Guaranteed electricity output was estimated based on the shortfall of electricity pursuant to sale and purchase agreement mutually agreed between the relevant parties.
- See relevant disclosures on fair valuation of Call Option (Note 19), contingent consideration payables (Note 26), Put Option (Note 17) and derivative portion of the convertible bonds (Note 25).

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

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the changes in level 3 instruments for the year ended 31 December 2015.

	Financial assets at fair value through profit or loss		Financial liabilities at fair value through profit or loss		
	Call Option RMB'000	Guaranteed electricity output RMB'000	Contingent consideration payables RMB'000	Put Option RMB'000	Derivative portion of convertible bonds RMB'000
Opening balance	–	76,356	(696,536)	(55,803)	(42,773)
Issuance of convertible bonds	–	–	–	–	(331,495)
Initial recognition of Call Option in the consolidated statement of profit or loss	111,388	–	–	–	–
Fair value gain/(loss) recognised in the consolidated statement of profit or loss	9,502	(76,356)	159,362	34,541	278,876
Exchange difference	–	–	(43,517)	–	(13,135)
Closing balance	120,890	–	(580,691)	(21,262)	(108,527)
Total gains/(losses) for the year included in the consolidated statement of profit or loss for assets held/liabilities assumed at the end of the year	120,890	(76,356)	159,362	34,541	278,876
Change in unrealised gains/(losses) for the year included in the consolidated statement of profit or loss at the end of the year	120,890	(76,356)	159,362	34,541	278,876

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

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

	Financial assets at fair value through profit or loss	Financial liabilities at fair value through profit or loss		
	Guaranteed electricity output RMB'000 (Restated)	Contingent consideration payables RMB'000 (Restated)	Put Option RMB'000 (Restated)	Derivative portion of convertible bonds RMB'000 (Restated)
Opening balance	74,000	(978,433)	(128,770)	(203,241)
Fair value gain recognised in the consolidated statement of profit or loss	101,146	286,221	72,967	161,739
Settlements	(98,790)	–	–	–
Exchange difference	–	(4,324)	–	(1,271)
Closing balance	76,356	(696,536)	(55,803)	(42,773)
Total gains for the year included in the consolidated statement of profit or loss for assets held/liabilities assumed at the end of the year	101,146	286,221	72,967	161,739
Change in unrealised gains for the year included in the consolidated statement of profit or loss at the end of the year	101,146	286,221	72,967	161,739

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Sensitivity analysis of observable and unobservable inputs

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

Description	Fair value at 31 December		Valuation techniques	Significant inputs	Range of inputs	Favourable/(unfavourable) changes in profit or loss	
	2015 RMB'000	2014 RMB'000 (Restated)				2015 RMB'000	2014 RMB'000 (Restated)
Financial assets at fair value through profit or loss							
— Guaranteed electricity output	–	76,356	Based on the estimated shortfall of electricity pursuant to sale and purchase agreement	N/A	– –	– –	– –
— Call Option	120,890	–	Binomial model	Volatility	+5% -5%	11,162 (11,325)	– –
Financial liabilities at fair value through profit or loss							
— Contingent consideration payables	(580,691)	(696,536)	Binomial model	Volatility	+5% -5%	(2,328) 11,184	(8,647) 8,735
				Share price	+HK$0.10 -HK$0.10	(34,056) 37,373	(56,350) 53,558
— Put Option	(21,262)	(55,803)	Binomial model	Volatility	+5% -5%	(1,525) 1,440	(4,611) 4,709
				Share price	+HK$0.10 -HK$0.10	(1,125) 404	(7,489) 6,355
— Derivative portion of convertible bonds	(108,527)	(42,773)	Binomial model	Volatility	+5% -5%	(22,496) 23,527	(10,049) 7,894
				Share price	+HK$0.10 -HK$0.10	(42,455) 35,774	(14,201) 12,015

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Sensitivity analysis of observable and unobservable inputs (Continued)

Except for the liability component of the convertible bonds which are carried at amortised cost, the carrying amounts of all financial assets and financial liabilities of the Group approximated their fair values as at 31 December 2015 (2014: same).

	2015		2014	
	Carrying value RMB'000	**Fair value RMB'000**	Carrying value RMB'000 (Restated)	Fair value RMB'000 (Restated)
Financial Liabilities				
Convertible bonds carried at amortised cost	**2,802,432**	**3,053,378**	783,418	918,219

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

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

(a) Purchase accounting

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

Notes to the Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

(b) Impairment of intangible asset

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

(c) Useful lives 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. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

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

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

5 SEGMENT INFORMATION

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

The Group has one single reportable segment, which is principally engaged in the development, investment, operation and management of solar power plants.

For the year ended 31 December 2015, the major operating entities of the Group are domiciled in the PRC and accordingly, all of the Group's revenue was derived in the PRC (2014: same).

The geographical analysis of the Group's non-current assets (excluding deposits for investments, pledged guarantee deposits relating to borrowings, value-added tax recoverable and financial assets at fair value through profit or loss) is as follows:

	2015	2014
	RMB'000	RMB'000
		(Restated)
The PRC	**8,733,918**	5,917,981
Hong Kong	**435**	544
	8,734,353	5,918,525

For the year ended 31 December 2015, there were four customers (2014: three) which individually contributed over 10% of the Group's total revenue. During the year, the revenue contributed from each of these customers was as follows:

	2015	2014
	RMB'000	RMB'000
		(Restated)
— Customer A	**265,328**	156,604
— Customer B	**194,809**	140,043
— Customer C	**–**	80,757
— Customer D	**102,523**	–
— Customer E	**204,092**	–

6 SALES OF SOLAR ENERGY RELATED PRODUCTS

During the year, the Group recognised sales of solar modules to contractors for certain projects under construction.

Notes to the Financial Statements

7 EMPLOYEE BENEFITS EXPENSES

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

	2015 RMB'000	2014 RMB'000 (Restated)
Salaries, wages and bonuses	**41,172**	27,047
Contributions to retirement contribution plan	**3,547**	1,070
Share-based payment expenses (Note 23)	**25,017**	25,100
	69,736	53,217

(b) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, two (2014: two) were directors of the Company, whose emoluments are included in the disclosure set out in Note 7(c) below. The emolument of the remaining three (2014: three) highest paid individual is as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Salaries	**3,839**	1,756
Retirement benefit scheme contributions	**24**	21
Share-based payment expenses	**2,387**	2,468
	6,250	4,245

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
HK$1,000,001–HK$1,500,000	**–**	–
HK$1,500,001–HK$2,000,000	**1**	3
HK$2,000,001–HK$2,500,000	**–**	–
HK$2,500,001–HK$3,000,000	**1**	–
HK$3,000,001–HK$3,500,000	**1**	–

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

7 EMPLOYEE BENEFITS EXPENSES (Continued)

(c) Directors' emoluments

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

For the year ended 31 December 2015

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Retirement benefit scheme contributions RMB'000	Share-based payment expenses RMB'000	RMB'000	Total RMB'000
Executive director:							
Mr. Li, Alan	161	1,932	–	14	2,718	–	4,825
Mr. Lu Zhenwei (i)	–	–	–	–	–	–	–
Ms. Qiu Ping, Maggie (iii)	52	332	–	5	398	–	787
Mr. Li Hong (iv)	52	332	–	5	323	–	712
Non-executive director:							
Academician Yao Jiannian	161	–	–	–	–	–	161
Mr. Tang Wenyong (v)	–	–	–	–	–	–	–
Mr. Yang Baiqian (vi)	3	–	–	–	–	–	3
Ms. Qiu Ping, Maggie (iii)	109	632	1,207	9	797	–	2,754
Independent non-executive director:							
Mr. Kwan Kai Cheong	161	–	–	–	–	–	161
Mr. Yen Yuen Ho, Tony	161	–	–	–	–	–	161
Mr. Shi Dinghuan	161	–	–	–	–	–	161
Mr. Ma Kwong Wing	161	–	–	–	–	–	161
Total	1,182	3,228	1,207	33	4,236	–	9,886

Notes to the Financial Statements

7 EMPLOYEE BENEFITS EXPENSES (Continued)

(c) Directors' emoluments (Continued)

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

For the year ended 31 December 2014 (restated)

Certain of the comparative information of directors' emoluments for the year ended 31 December 2014 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap.622).

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees	Salaries	Discretionary bonuses	Retirement benefit scheme contributions	Share-based payment expenses		Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive director:							
Mr. Li, Alan	158	1,900	–	13	2,284	–	4,355
Mr. Lu Zhenwei (i)	–	–	–	–	–	–	–
Non-executive director:							
Academician Yao Jiannian	158	–	–	–	–	–	158
Mr. Yang Baiqian (i)	–	–	–	–	–	–	–
Ms. Qiu Ping, Maggie	158	950	24	13	914	–	2,059
Mr. Wu Zhenmian (ii)	78	–	–	–	–	–	78
Independent non-executive director:							
Mr. Kwan Kai Cheong	158	–	–	–	–	–	158
Mr. Ching Kwok Ho, Samuel (ii)	47	–	–	–	–	–	47
Mr. Yen Yuen Ho, Tony	158	–	–	–	–	–	158
Mr. Shi Dinghuan	158	–	–	–	–	–	158
Mr. Ma Kwong Wing	158	–	–	–	–	–	158
Total	1,231	2,850	24	26	3,198	–	7,329

7 EMPLOYEE BENEFITS EXPENSES (Continued)

(c) Directors' emoluments (Continued)

Notes:

(i) Agreed to waive their entitlement to director's fee for the year ended 31 December 2015 (2014: same)

(ii) Retired on 27 June 2014

(iii) Re-designated as an executive director on 28 August 2015

(iv) Appointed on 28 August 2015

(v) Appointed on 24 December 2015

(vi) Agreed to waive his entitlement to director's fee from 1 January 2015 to 24 December 2015 (date of resignation) (2014: same)

(vii) None of the directors received remunerations in respect of accepting office as directors (2014: same).

(d) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2014: Nil).

(e) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the year (2014: Nil).

(f) Consideration provided to third parties for making available directors' services

No payment was made to the former employer of directors for making available the services of them as a director of the Company (2014: Nil).

(g) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year (2014: Nil).

(h) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2014: Nil).

Notes to the Financial Statements

8 OTHER EXPENSES

Other expenses comprise the following items:

	2015 RMB'000	2014 RMB'000 (Restated)
Auditor's remuneration		
— Audit services	2,415	2,217
— Non-audit services	64	1,361
Foreign exchange differences	4,072	(1,427)
Operating lease rentals	6,331	1,921
Travelling	11,223	5,643
Others	19,768	6,224
	43,873	15,939

9 FINANCE INCOME

	2015 RMB'000	2014 RMB'000 (Restated)
Imputed interest income on pledged guarantee deposits	2,219	22
Interest income on bank balances and deposits	7,027	705
Subsequent fair value gain on derivative portion of convertible bonds (Note 25)	278,876	161,739
	288,122	162,466

10 FINANCE COSTS

	2015 RMB'000	2014 RMB'000 (Restated)
In relation to bank and other borrowings:		
— Amortisation of loan facilities fees	25,854	591
— Interest expenses	196,145	93,983
In relation to convertible bonds (Note 25):		
— Day 1 fair value loss on issue of convertible bonds	49,743	–
— Amortisation of unrealised fair value loss of issue of convertible bonds	64,549	63,488
— Imputed interest expense on convertible bonds	301,243	148,707
	637,534	306,769

11 INCOME TAX CREDIT

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group has no assessable profit derived from Hong Kong for the year (2014: Nil).

The Group's operations in the PRC are subject to the corporate income tax law of the PRC (the "PRC corporate income tax"). The standard PRC corporate income tax rate is 25%. During the year, fourteen subsidiaries of the Group which are engaged in the development, investment, operation and management of solar power plants have obtained the relevant preferential tax concession. Seven newly acquired subsidiaries during the year which are also engaged in the development, investment, operation and management of solar power plants are expected to obtain the preferential tax concession in the near future. They are fully exempted from the PRC corporate income tax for the first three years after obtaining the concession, followed by a 50% tax exemption for the next three years.

The applicable tax rate during the year for all the subsidiaries which have already obtained the concession was 0% (2014: 0%).

The amount of tax credited to the consolidated statement of profit or loss represented:

	2015 **RMB'000**	2014 RMB'000 (Restated)
Current income tax		
— Over-provision in prior years	**–**	(30)

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

	2015 **RMB'000**	2014 RMB'000 (Restated)
Profit before income tax	**373,262**	498,550
Less: share of profits of associates	**(3,893)**	(15,127)
	369,369	483,423
Calculated at a tax rate of 16.5% (2014: 16.5%)	**60,946**	79,765
Effect of different tax rates of subsidiaries operating in other jurisdictions	**39,076**	18,467
PRC tax concession	**(50,528)**	(49,696)
Expenses not deductible for tax purposes	**76,308**	99,748
Income not subject to tax	**(80,144)**	(89,361)
Temporary differences not recognised	**(51,453)**	(62,462)
Tax loss for which no deferred income tax amount was recognised	**5,795**	3,539
Over-provision in prior years	**–**	(30)
Income tax credit	**–**	(30)

Notes to the Financial Statements

12 DIVIDEND

No dividend has been paid or declared by the Company during the year ended 31 December 2015 (2014: same).

13 EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	2015	2014 (Restated)
Profit/(loss) attributable to shareholders of the Company (RMB'000)		
— From continuing operations	**360,670**	490,284
— From discontinued operation	**–**	(238,420)
	360,670	251,864
Weighted average number of ordinary shares in issue (thousand shares)	**4,533,192**	4,084,966
Basic earnings/(loss) per share (RMB cents)		
— From continuing operations	**7.96**	12.00
— From discontinued operation	**–**	(5.83)
	7.96	6.17

(b) Diluted

Diluted earnings/(loss) per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all dilutive potential ordinary shares. For the year ended 31 December 2015, the Group has five (2014: five) categories of dilutive potential ordinary shares: convertible bonds (Note 25), share option (Note 23(c)), EIS (Note 23(d)), Put Option (Note 17) and contingent consideration payables (Note 26) (2014: convertible bonds, share option, EIS, Put Option and contingent consideration payables). The convertible bonds and contingent consideration payables were assumed to have been converted into ordinary shares, and the net profit/(loss) has been adjusted to eliminate the interest expense, amortisation of unrealised fair value loss of issue of convertible bonds and fair value change less the tax effect. For the share option and EIS, a calculation has been done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share option and EIS. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share option and EIS.

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

Notes to the Financial Statements

13 EARNINGS/(LOSS) PER SHARE (Continued)

(b) Diluted (Continued)

	2015	2014 (Restated)
Earnings (RMB'000)		
Profit from continuing operations attributable to shareholders of the Company	**360,670**	490,284
Assumed conversion/exercise of certain convertible bonds, contingent consideration payables, Put Option and EIS (2014: contingent consideration payables, Put Option and EIS)		
Adjustments for:		
Certain convertible bonds		
— Imputed interest expenses	**102,163**	–
— Subsequent remeasurement gains	**(236,385)**	–
Contingent consideration payables		
— Fair value gain	**(159,362)**	(286,221)
Put Option		
— Fair value gain	**(34,541)**	(73,667)
— Additional share of results of an associate	**13,112**	18,991
Adjusted profit from continuing operations attributable to shareholders of the Company used to determine the diluted earnings per share	**45,657**	149,387
Loss from discontinued operation attributable to shareholders of the Company	**–**	(238,420)
	45,657	(89,033)
Weighted average number of ordinary shares in issue (thousand shares)	**4,533,192**	4,084,966
Adjustments for:		
— Assumed conversion of certain convertible bonds	**558,848**	–
— Assumed exercise of contingent consideration payables	**807,944**	807,944
— Assumed exercise of Put Option	**179,334**	178,457
— Assumed exercise of EIS	**11,416**	84,223
	6,090,734	5,155,590
Diluted earnings/(loss) per share attributable to the shareholders of the Company (RMB cents)		
— From continuing operations	**0.75**	2.90
— From discontinued operation	**–**	(4.63)
	0.75	(1.73)

Certain convertible bonds and share option were not assumed to be converted/exercised as they would have an anti-dilutive impact to the profit from continuing operations attributable to the shareholders of the Company per share, for the year ended 31 December 2015 (2014: same).

Notes to the Financial Statements

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000 (Restated)	Power generating modules and equipment RMB'000 (Restated)	Plant and machinery RMB'000 (Restated)	Furniture, fixtures and office equipment RMB'000 (Restated)	Motor vehicles RMB'000 (Restated)	Construction in-progress RMB'000 (Restated)	Total RMB'000 (Restated)
At 1 January 2014							
Cost	149,869	1,513,464	300,229	7,645	2,968	211,851	2,186,026
Accumulated depreciation	(21,943)	(28,836)	(115,734)	(4,810)	(1,463)	–	(172,786)
Net book amount	127,926	1,484,628	184,495	2,835	1,505	211,851	2,013,240
Year ended 31 December 2014							
Opening net book amount	127,926	1,484,628	184,495	2,835	1,505	211,851	2,013,240
Acquisition of subsidiaries	–	3,384,008	–	528	1,639	–	3,386,175
Additions	–	34,122	–	3,405	109	33,638	71,274
Depreciation charge	(6,353)	(147,437)	(26,173)	(1,370)	(759)	–	(182,092)
Disposal of subsidiaries	(101,997)	(254,906)	(10,527)	(731)	(443)	(169,571)	(538,175)
Disposals	–	–	–	(1)	–	–	(1)
Transfer	–	48,929	24,088	–	–	(73,017)	–
Transfer from intangible assets	–	195	–	–	–	–	195
Impairment charge	–	–	(169,564)	–	–	–	(169,564)
Exchange difference	–	–	–	1	2	–	3
Closing net book amount	19,576	4,549,539	2,319	4,667	2,053	2,901	4,581,055
At 31 December 2014							
Cost	26,991	4,716,737	4,217	6,516	2,842	2,901	4,760,204
Accumulated depreciation and impairment	(7,415)	(167,198)	(1,898)	(1,849)	(789)	–	(179,149)
Net book amount	19,576	4,549,539	2,319	4,667	2,053	2,901	4,581,055

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Leasehold improvements RMB'000	Power generating modules and equipment RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in-progress RMB'000	Total RMB'000
Year ended 31 December 2015								
Opening net book amount	19,576	–	4,549,539	2,319	4,667	2,053	2,901	4,581,055
Acquisition of subsidiaries (Note 31)	–	–	2,997,988	–	77	1,464	–	2,999,529
Additions	–	1,009	–	1,761	14,116	997	63,425	81,308
Depreciation charge	(1,210)	(168)	(236,185)	(495)	(3,303)	(815)	–	(242,176)
Exchange difference	–	–	–	–	13	21	–	34
Closing net book amount	18,366	841	7,311,342	3,585	15,570	3,720	66,326	7,419,750
At 31 December 2015								
Cost	26,991	1,009	7,714,725	5,978	20,745	5,353	66,326	7,841,127
Accumulated depreciation	(8,625)	(168)	(403,383)	(2,393)	(5,175)	(1,633)	–	(421,377)
Net book amount	18,366	841	7,311,342	3,585	15,570	3,720	66,326	7,419,750

Note: As at 31 December 2015, power generating modules and equipment with carrying values of RMB4,002,233,000 (2014: RMB2,808,280,000) were pledged as security for the Group's bank borrowings of RMB2,867,000,000 (2014: RMB1,880,000,000) and RMB2,542,519,000 (2014: RMB492,461,000) were pledged as security for the Group's loans from leasing companies of RMB1,726,578,000 (2014: RMB220,000,000) (Note 24).

Notes to the Financial Statements

15 INTANGIBLE ASSETS

	Concession rights RMB'000
At 1 January 2014 (restated)	
Cost	1,949,950
Accumulated impairment	(652,728)
Net book amount	1,297,222
Year ended 31 December 2014 (restated)	
Opening net book amount	1,297,222
Redesignation in relation to the step acquisition of a subsidiary:	
— As an associate	(136,500)
— Step acquisition as a subsidiary	(171,103)
Redesignated to property, plant and equipment	(195)
Closing net book amount	989,424
At 31 December 2014 (restated)	
Cost	1,642,152
Accumulated impairment	(652,728)
Net book amount	989,424
Year ended 31 December 2015	
Opening net book amount	**989,424**
Redesignation in relation to acquisition of subsidiaries (Note 31)	**(39,643)**
Closing net book amount	**949,781**
At 31 December 2015	
Cost	**1,602,509**
Accumulated impairment	**(652,728)**
Net book amount	**949,781**

(i) In June 2013, the Group acquired concession rights from various vendors, including GCL-Poly Investment Limited ("GCL"), New Energy Exchange Limited (previously known as Renewable Energy Trade Board Corporation ("NEX")), Talesun Solar Hong Kong Limited ("Talesun") and other independent third parties, to develop and operate various solar power plant projects. As at 31 December 2015, the carrying amount of these concession rights amounted to approximately RMB950 million, of which approximately RMB617 million (in relation to the framework agreement signed between the Group, GCL and NEX ("Framework Agreement")) will expire in November 2017 and majority of the remaining RMB333 million will expire in August 2018. The Group has been in discussions with respective vendors and intends to exercise these concession rights and will acquire more solar power plants before their expiry.

(ii) In March 2016, the Group, GCL and NEX have entered into a supplemental agreement to the Framework Agreement whereby GCL and NEX agreed to jointly execute GCL's obligation to provide solar power plant projects under the concession rights given to the Group under the Framework Agreement.

Notes to the Financial Statements

15 INTANGIBLE ASSETS (Continued)

(iii) For the purpose of annual impairment test for concession rights, management prepared its pre-tax cash flow projection covering a twenty-five-year period, where the useful lives of solar power plants are generally assessed to be of 25 years, to determine the recoverable amount, which has been determined based on fair value less costs of disposal, as at 31 December 2015. The fair value measurement was categorised under level 3 fair value hierarchy. The recoverable amount was higher than its carrying value as at 31 December 2015, and therefore no impairment was considered necessary.

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

	2015	2014
Capacity (Note (a))	**1.9GW**	2.0GW
Insolation hours (Geographical)	**1,244MWh/MWp–1,936MWh/MWp**	1,370MWh/MWp–1,680MWh/MWp
Degradation factor	**0.8% per annum**	0.8% per annum
Electricity tariff	**RMB0.8/KWh–RMB1.26/KWh**	RMB0.7/KWh–RMB3.7/KWh
Discount rate	**8.5%**	8.5%–10.0%
Construction costs (Note (b))		
— Rooftop projects	**RMB9/W–RMB9.7/W**	RMB10/W
— Ground projects	**RMB8/W–RMB10.7/W**	RMB9/W–RMB10.2/W

Notes:

(a) Drop in capacity was mainly due to the acquisition of certain solar power plants in relation to the concession rights held by the Group as at 31 December 2014.

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

Notes to the Financial Statements

16 SUBSIDIARIES

(a) Particulars of the principal subsidiaries as at 31 December 2015 are as follows:

Name of company	Place of incorporation/ registration/operation and kind of legal entity	Particulars of issued share capital/ registered capital	Proportion of issued share capital/ registered capital held by the Company Directly	Proportion of issued share capital/ registered capital held by the Company Indirectly	Principal activities
China Solar Power Group Limited ("CSPG")	British Virgin Islands ("BVI"), limited liability company	Issued and fully paid: US$5,750,000	–	100%	Investment holding
China Technology New Energy Ltd	BVI, limited liability company	Issued and fully paid: US$1	–	100%	Possession of exclusive rights in developing rooftop solar plants
New Light Technology Limited	Hong Kong, limited liability company	Issued and fully paid: HK$10,000	–	100%	Investment holding
United Photovoltaics (Changzhou) Investment Limited	The PRC, limited liability company	Registered: HK$4,000,000,000 Paid up: HK$2,621,446,731	–	100%	Investment holding
United Photovoltaics (Shenzhen) Limited	The PRC, limited liability company	Registered: HK$300,000,000 Paid up: HK$162,000,000	–	100%	Design and installation of solar power systems, research and development of solar power products and solar technology
Zhongli (Jiayuguan) Photovoltaic Power Co., Limited	The PRC, limited liability company	Registered and paid up: RMB271,785,558	–	100%	Development, investment, operation and management of solar power plants
Zhongli Gonghe Photovoltaic Power Co., Limited	The PRC, limited liability company	Registered: RMB200,000,000 Paid up: RMB86,000,000	–	100%	Development, investment, operation and management of solar power plants
Hainanzhou Yahui New Energy Power Company Limited	The PRC, limited liability company	Registered and paid up: RMB351,000,000	–	100%	Development, investment, operation and management of solar power plants

Notes to the Financial Statements

16 SUBSIDIARIES (Continued)

(a) Particulars of the principal subsidiaries as at 31 December 2015 are as follows: (Continued)

Name of company	Place of incorporation/ registration/operation and kind of legal entity	Particulars of issued share capital/ registered capital	Proportion of issued share capital/ registered capital held by the Company		Principal activities
			Directly	Indirectly	
Zhongli Talesun Gonghe New Energy Limited	The PRC, limited liability company	Registered and paid up: RMB342,000,000	–	100%	Development, investment, operation and management of solar power plants
Guodian Tuoketuo County Solar Power Company Limited ("Tuoketuo")	The PRC, limited liability company	Registered: RMB112,000,000 Paid up: RMB80,000,000	–	92.7%	Development, investment, operation and management of solar power plants
Guodian Chahaeryouyiqianqi Solar Power Company Limited ("Chahaeryouyiqianqi")	The PRC, limited liability company	Registered: RMB133,000,000 Paid up: RMB100,000,000	–	90.07%	Development, investment, operation and management of solar power plants
Guodian Wulatehouqi Solar Power Company Limited ("Wulatehouqi")	The PRC, limited liability company	Registered: RMB129,000,000 Paid up: RMB80,000,000	–	94%	Development, investment, operation and management of solar power plants
Hami Huiteng Photovoltaic Company Limited	The PRC, limited liability company	Registered: RMB405,000,000 Paid up: RMB310,000,000	–	51%	Development, investment, operation and management of solar power plants
Turpan Zhongli Talesun Photovoltaic Company Limited	The PRC, limited liability company	Registered: RMB370,000,000 Paid up: RMB50,000,000	–	51%	Development, investment, operation and management of solar power plants
Minfeng County Angli Photovoltaic Technology Company Limited	The PRC, limited liability company	Registered and paid up: RMB150,000,000	–	90.9%	Development, investment, operation and management of solar power plants
Guodian Chahaeryouyiqianqi Second Solar Power Company Limited	The PRC, limited liability company	Registered: RMB102,000,000 Paid up: RMB49,558,000	–	99%	Development, investment, operation and management of solar power plants

Notes to the Financial Statements

16 SUBSIDIARIES (Continued)

(a) Particulars of the principal subsidiaries as at 31 December 2015 are as follows: (Continued)

Name of company	Place of incorporation/ registration/operation and kind of legal entity	Particulars of issued share capital/ registered capital	Proportion of issued share capital/ registered capital held by the Company		Principal activities
			Directly	Indirectly	
Guodian Kezuozhongqi Photovoltaics Company Limited ("Kezuozhongqi")	The PRC, limited liability company	Registered: RMB169,700,000 Paid up: RMB34,000,000	–	99.4%	Development, investment, operation and management of solar power plants
Guodian Shangdu County Second Photovoltaics Company Limited	The PRC, limited liability company	Registered: RMB147,170,000 Paid up: RMB80,402,000	–	99.31%	Development, investment, operation and management of solar power plants
Hubei Jingtai Photovoltaics Power Company Limited	The PRC, limited liability company	Registered and paid up: RMB250,000,000	–	100%	Development, investment, operation and management of solar power plants

Notes:

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

(ii) The cash and cash equivalents of approximately RMB711,679,000 (2014: RMB174,352,000) held by the PRC subsidiaries were subject to local exchange control regulations. These local exchange control regulations provided for restrictions on exporting capital from the country other than through normal dividends.

(b) Material non-wholly owned subsidiaries

As at 31 December 2015, the Group had ten non-wholly owned subsidiaries (2014: four). The total non-controlling interest for the year was approximately RMB104,631,000. At the end of each reporting date, the Group re-assessed those subsidiaries that have non-controlling interests that are considered material to the Group based on their relative size in terms of total assets, revenue and profit. The accumulated non-controlling interests of the material subsidiaries were as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Changzhou Guangyu New Energy Company Limited ("Changzhou Guangyu")	34,106	–
Chahaeryouyiqianqi	23,670	19,875
Tuoketuo	14,016	12,430

Notes to the Financial Statements

16 SUBSIDIARIES (Continued)

(b) Material non-wholly owned subsidiaries (Continued)

Set out below are the summarised financial information for those subsidiaries that have non-controlling interests that are considered to be material to the Group.

	Changzhou Guangyu RMB'000	Chahaeryouyi-qianqi RMB'000	Tuoketuo RMB'000
Assets and liabilities as at 31 December 2015			
Current assets	233,200	164,832	290,292
Non-current assets	776,426	490,615	401,276
Current liabilities	(547,574)	(112,474)	(260,426)
Non-current liabilities	(92,348)	(363,375)	(294,887)
Profit or loss for the year ended 31 December 2015			
Revenue	58,605	67,749	51,674
Profit for the year	12,543	29,145	14,584
Other comprehensive income	–	–	–
Total comprehensive income	12,543	29,145	14,584
Profit allocated to non-controlling interests	6,146	3,796	1,586
Dividends paid to non-controlling interests	17,326	–	–
Cash flows for the year ended 31 December 2015			
Net cash generated from operations	19,903	37,521	56,951
Net cash used in investing activities	(300,403)	(417,584)	(138,415)
Net cash generated from financing activities	288,721	374,406	79,765
Net increase/(decrease) in cash and cash equivalents	8,221	(5,657)	(1,699)

Notes to the Financial Statements

16 SUBSIDIARIES (Continued)

(b) Material non-wholly owned subsidiaries (Continued)

	Chahaeryouyi-qianqi RMB'000 (Restated)	Tuoketuo RMB'000 (Restated)	Wulatehouqi RMB'000 (Restated)
Assets and liabilities as at 31 December 2014			
Current assets	93,678	71,293	70,900
Non-current assets	522,467	403,632	423,064
Current liabilities	(462,317)	(350,846)	(371,603)
Non-current liabilities	(3,375)	(2,408)	(1,518)
Profit or loss for the year ended 31 December 2014			
Revenue	53,561	42,606	43,877
Profit for the year	31,559	25,638	27,656
Other comprehensive income	–	–	–
Total comprehensive income	31,559	25,638	27,656
Profit allocated to non-controlling interests	4,169	2,619	2,674
Dividends paid to non-controlling interests	–	–	–
Cash flows for the year ended 31 December 2014			
Net cash generated from operations	3,380	4,717	4,149
Net cash used in investing activities	(3,353)	(2,967)	(11,080)
Net cash used in financing activities	–	–	–
Net increase/(decrease) in cash and cash equivalents	27	1,750	(6,931)

The information above was the amount before inter-company eliminations.

(c) Acquisition of additional interests in subsidiaries

In August 2015, the Group further acquired 2.92%, 3.28% and 3.67% equity interests in Tuoketuo, Chahaeryouyiqianqi and Wulatehouqi respectively by way of capital injection for cash consideration of RMB32,000,000, RMB33,000,000 and RMB49,000,000 respectively, while the respective non-controlling interests remained their existing capital contributed. In December 2015, the Group acquired 100% equity interest in Carbon Assets Management Limited (formerly known as Honour Sky International Limited), which holds the remaining 8.4% equity interest in China Merchants Zhangzhou Development Zone Silk Road Ark Carbon Asset Management Co., Limited* (招商局漳州開發區絲路方舟碳資產管理有限公司) for a maximum of 15,000,000 shares of the Company as consideration. 10,000,000 shares have been issued upon completion while the remaining 5,000,000 shares will be issued after fulfilling of the post-completion conditions. The difference between the fair value of consideration paid or payable and the carrying amount of the non-controlling interests amounting to approximately RMB6,664,000 (2014: Nil) was recognised in other reserve.

There were no transactions with non-controlling interests in 2014.

* The English name of the subsidiary represents the best effort by the Group's management to translate its Chinese name, as the subsidiary do not have official English name.

17 INVESTMENTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000 (Restated)
As 1 January	**290,627**	227,864
Fair value of consideration for the acquisitions		
— cash	**35,494**	4,500
— bargain purchase arising from acquisition	**9,634**	–
— intangible assets (Note 15)	**–**	136,500
— deferred tax liabilities (Note 28)	**–**	(27,983)
— equity interests retained arising from the disposal of a subsidiary	**–**	51,592
Disposal of Fortune Arena	**(34,608)**	–
Step acquisition of a subsidiary	**–**	(114,178)
Share of profits/(losses)		
— Continuing operations	**3,893**	15,127
— Discontinued operation	**–**	(2,795)
As 31 December	**305,040**	290,627

During the year ended 31 December 2015, the Group completed the acquisition of three associates from independent third parties. The total consideration in aggregate was RMB35,494,000, of which RMB3,747,000 is settled by deposit paid in 2014. As a result of the completion of these acquisitions, the Group recognised the bargain purchase of approximately RMB9,634,000.

In December 2015, the Group disposed of its 30% equity interest in Fortune Arena and its subsidiaries at a consideration of HK$80,000,000 (approximately RMB67,448,000). A gain on disposal of RMB32,840,000 was recognised in the consolidated statement of profit or loss.

Pursuant to the acquisition of a 50% equity interest in an associate in December 2013, the Group granted the Put Option to Huabei Expressway Co., Ltd. ("Huabei Expressway"), the shareholder of the remaining 50% equity interest in such associate ("Huabei Sales Interest"), to request the Group to acquire the Huabei Sales Interest at RMB225,000,000 with an internal rate of return of 8% per annum, to be settled by way of cash or issue of the Company's shares at the discretion of Huabei Expressway during a three-year period till December 2016. The other shareholder of the associate has confirmed not requesting the Group to acquire the remaining 50% equity interest by way of cash before 31 May 2016. The Put Option was recognised as a financial liability at fair value through profit or loss. As at 31 December 2015, the fair value of the Put Option was estimated to be approximately RMB21,262,000 (2014: RMB55,803,000).

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

	2015	2014
Risk free rate	**2.52%**	3.40%
Dividend yield of the associate	**8%**	8%
Dividend yield of the shares of the Company	**0%**	0%
Life of the option	**0.99 year**	1.99 years
Volatility	**55%**	50%

Notes to the Financial Statements

17 INVESTMENTS IN ASSOCIATES (Continued)

Set out below are the particulars of the material associate of the Group as at 31 December 2015.

Name of entity	Place of establishment	% of ownership interest	Nature of business
Fengxian Huize Photovoltaic Energy Limited* ("Fengxian Huize")	The PRC	50%	Development, investment, operation and management of solar power plants

* The English name of the associate represents the best effort by the Group's management to translate its Chinese name, as the associate do not have official English name.

All associates were private companies and there were no quoted market prices available for their shares.

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

Set out below are the summarised financial information for Fengxian Huize.

	(Unaudited) 2015 RMB'000	2014 RMB'000 (Restated)
Assets and liabilities as at 31 December		
Current assets	**172,242**	114,976
Non-current assets	**384,997**	411,661
Current liabilities	**(25,294)**	(20,323)
Non-current liabilities	**(17,604)**	(18,195)
Profit or loss for the year ended 31 December		
Revenue	**58,397**	60,880
Profit for the year	**26,225**	37,981
Other comprehensive income	**–**	–
Total comprehensive income	**26,225**	37,981
Dividend received from associates	**–**	–

Set out below are the summarised financial information for the remaining associates which were individually immaterial to the Group.

	2015 RMB'000	2014 RMB'000 (Restated)
Group's share on:		
— Loss for the year	**(9,219)**	(5,024)
— Other comprehensive income	**–**	–
— Total comprehensive income	**(9,219)**	(5,024)
Carrying amount of investments	**47,868**	46,567

17 INVESTMENTS IN ASSOCIATES (Continued)

As at 31 December 2015, the cash and cash equivalents of approximately RMB197,468,000 (2014: RMB68,385,000) that were held by PRC entities of the associates were subject to local exchange control regulations. These local exchange control regulations provided for restrictions on exporting capital from the country other than through normal dividends.

As at 31 December 2015, the amounts due from/(to) associates were unsecured, interest-free and repayable on demand.

As at 31 December 2014, except for the amounts due to associates of RMB15,000,000 and RMB14,500,000 which were unsecured, interest-free and repayable by 12 June 2015 and 19 August 2015 respectively, the remaining amounts due from/(to) associates were unsecured, interest-free and repayable on demand.

18 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 RMB'000	2014 RMB'000 (Restated)
Non-current		
Prepayments for purchase of plant and equipment	59,342	56,968
Deposits for investments (Note a)	80,000	8,747
Pledged guarantee deposits relating to borrowings	134,084	18,202
Value-added tax recoverable	467,697	370,062
	741,123	453,979
Current		
Value-added tax recoverable	264,998	73,418
Other receivables, deposits and prepayments	81,161	27,572
Advance payment to Hareon (Note b)	423,872	–
	770,031	100,990
Total	1,511,154	554,969

(a) In December 2015, the Group entered into conditional sale and purchase agreements with an associate to acquire all the equity interests of two of the associate's subsidiaries at a consideration of RMB356 million, comprising consideration payables and assumption of EPC payables and other payables. Up to 31 December 2015, the Group has already paid RMB80 million as a deposit for the proposed acquisitions.

(b) On 15 January 2016, an arbitration proceeding has been brought by the Company against Hareon Solar Technology Company Limited (海潤光伏科技股份有限公司) ("Hareon") for, amongst others, the return of the advance payment of HK$500 million (approximately RMB424 million) paid under the cooperation agreement dated 13 May 2015 ("Cooperation Agreement") in relation to the proposed acquisitions of 930MW solar power plant projects. On 27 January 2016, a deed of assignment was entered into between the Company, Hareon and an assignee whereby all of the Group's rights, obligations and responsibilities, including the claims under the Cooperation Agreement, shall be assigned to the assignee (the "Assignee"). As at the date of approval of the consolidated financial statements, the Group has received from the assignee (i) a total sum of HK$500 million (approximately RMB424 million), being the advance payment previously made to Hareon, (ii) interest of approximately HK$28 million (RMB24 million) in accordance with the terms of the deed of assignment and (iii) the reimbursement of all the arbitration costs and legal costs incurred by the Company.

Notes to the Financial Statements

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 RMB'000	2014 RMB'000 (Restated)
Call Option (Note (a))	120,890	–
Guaranteed electricity output (Note (b))	–	76,356
	120,890	76,356
Less: Amount classified as non-current portion	(120,890)	–
Current portion	–	76,356

(a) Pursuant to an option agreement entered into between the Group and the majority shareholder of an associate in January 2015, the Group was granted a call option to acquire part or all of the equity interest in this associate from the majority shareholder at the actual injection amount with an internal rate of return of 8% per annum. The Call Option may be exercisable by the Group within three months from the third anniversary of the completion of the registration of the share transfer as its discretion. As at 31 December 2015, the majority shareholder held 96.68% equity interest in such associate.

The fair value of the Call Option was determined by using the binomial model with the following key assumptions:

	On inception	As at 31 December 2015
Risk free rate	3.47%	2.61%
Dividend yield	0%	0%
Life of the option	3.25 years	2.26 years
Volatility	45%	50%

(b) According to certain sale and purchase agreements entered into between the Group and the vendors in respect of acquisition of subsidiaries, the vendors undertook to guarantee certain level of electricity output generated by the underlying solar power plants for a period of time and the shortfall would be payable by the vendors. The directors determined the fair value after considering the contractual terms, the actual shortfall in electricity generated and the outcome of recent negotiation with the relevant vendors.

20 INVENTORIES

	2015 RMB'000	2014 RMB'000 (Restated)
Merchandise/raw materials	996	996
Finished goods	318	318
	1,314	1,314

Notes to the Financial Statements

21 TRADE, BILLS AND TARIFF ADJUSTMENT RECEIVABLES

	2015 RMB'000	2014 RMB'000 (Restated)
Trade receivables	212,290	23,635
Less: Provision for impairment	(149)	(149)
Trade receivables — net	212,141	23,486
Tariff adjustment receivables	1,009,380	304,896
Trade and tariff adjustment receivables	1,221,521	328,382
Bills receivables	6,838	34,902
Trade, bills and tariff adjustment receivables	1,228,359	363,284

As at 31 December 2015, trade receivables mainly represented receivables from sales of electricity and sales of solar energy related products. Tariff adjustment receivables represented the central government subsidies on renewable energy projects to be received from the State Grid Corporation of China based on the respective electricity sale and purchase agreements for each of the Group's solar plants and the prevailing nationwide government policies, of which approximately RMB5 million, RMB339 million and RMB665 million are in relation to the tariff adjustment for the electricity generated by the Group in 2013, 2014 and 2015, respectively.

On 25 January 2016, a notice announcement ("Notice") in relation to the registration onto the Renewable Energy Tariff Subsidy Catalogue (the "6th Batch Catalogue") was jointly issued by Ministry of Finance ("MOF"), National Development and Reform Commission ("NDRC") and National Energy Bureau ("NEB"). Pursuant to the Notice, for the solar power plants which have achieved on-grid connection before 28 February 2015 and have not registered in the previous catalogues are qualified for the registration. All existing solar power plants currently held by the Group, if not registered in the previous catalogues, are eligible for the registration and the Group has already completed the submission for registration with the Renewable Energy Information Management Centre in February 2016 according to the procedural guidance as set out in the Notice.

Based on past experience, the management believes that the registration procedures and distribution of tariff adjustment to solar power operators are of administrative in nature and expects the tariff adjustment receivables will be settled when the 6th Batch Catalogue is issued by MOF.

Notes to the Financial Statements

21 TRADE, BILLS AND TARIFF ADJUSTMENT RECEIVABLES (Continued)

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

	2015 RMB'000	2014 RMB'000 (Restated)
Not yet due	**1,063,295**	328,382
1–30 days	**158,226**	–
	1,221,521	328,382

As at 31 December 2015 and 2014, no trade and tariff adjustment receivables were past due but not impaired.

As of 31 December 2015, trade receivables which aged over 1 year of approximately RMB149,000 were impaired (2014: RMB149,000).

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

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

	2015 RMB'000	2014 RMB'000 (Restated)
Pledged bank deposits	**–**	61,000
Restricted cash (Note (b))	**206,150**	18,341
Cash and cash equivalents	**947,154**	212,672
	1,153,304	292,013

(a) As at 31 December 2015, the Group's bank balances of approximately RMB711,679,000 (2014: RMB174,352,000) were deposited with banks in the PRC. The remittance of these funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

(b) As at 31 December 2015, bank balances of RMB186,440,000 (2014: Nil) and RMB19,710,000 (2014: RMB18,341,000) were restricted deposits held at banks as reserve for bills facilities provided by a bank and the interest of the convertible bonds (Note 25), respectively.

Notes to the Financial Statements

23 SHARE CAPITAL

	Number of shares (thousands)		Share capital	
	2015	2014	**2015**	2014
			RMB'000	RMB'000
				(Restated)
Ordinary shares of HK$0.1 each				
Authorised:				
At 1 January	**10,000,000**	10,000,000	**848,178**	848,178
Increase in authorised share capital (Note (a))	**10,000,000**	–	**788,990**	–
At 31 December	**20,000,000**	10,000,000	**1,637,168**	848,178
Issued and fully paid:				
At 1 January	**4,361,266**	3,468,782	**354,915**	284,416
Issue of shares through placement (Note (b))	**380,000**	480,000	**30,041**	37,762
Issue of shares on conversion of convertible bonds	**–**	372,464	**–**	29,560
Issue of shares upon transaction with a non-controlling interest (Note 16(c))	**10,000**	–	**848**	–
Issue of shares on conversion of convertible bonds held by a trustee in relation to EIS	**–**	40,020	**–**	3,177
At 31 December	**4,751,266**	4,361,266	**385,804**	354,915

(a) On 12 June 2015, a resolution was passed to increase the authorised share capital of the Company by HK$1,000 million (equivalent to approximately RMB789 million).

(b) On 10 February 2015, the Company issued 380,000,000 shares through placement with a price of HK$1.0 each. The net proceeds from the placement was approximately RMB300 million after netting off related transaction costs of approximately RMB418,000.

Notes to the Financial Statements

23 SHARE CAPITAL (Continued)

(c) Share option

On 8 January 2015, certain share options were granted under the share option scheme adopted on 19 June 2012 ("Option Scheme") to directors and employees of the Group. Details of the share options granted and movement in such holding during the year are as follows:

Date of grant	Exercisable period	Exercise price per share HK$	Granted during the year	Exercised during the year	Forfeit during the year	Outstanding 31 December 2015
Directors						
8 January 2015	8 January 2016 to 7 January 2020	1.00	7,800,000	–	(600,000)	7,200,000
8 January 2015	8 January 2017 to 7 January 2020	1.00	7,800,000	–	(600,000)	7,200,000
8 January 2015	8 January 2018 to 7 January 2020	1.00	10,400,000	–	(800,000)	9,600,000
			26,000,000	–	(2,000,000)	24,000,000
Employees						
8 January 2015	8 January 2016 to 7 January 2020	1.00	11,550,000	–	(3,210,000)	8,340,000
8 January 2015	8 January 2017 to 7 January 2020	1.00	11,550,000	–	(3,210,000)	8,340,000
8 January 2015	8 January 2018 to 7 January 2020	1.00	15,400,000	–	(4,280,000)	11,120,000
			38,500,000	–	(10,700,000)	27,800,000
			64,500,000	–	(12,700,000)	51,800,000

The recognition of compensation cost of share options is based on their fair values of the options on grant date. The fair values of share options measured at the date of grant (8 January 2015) amounted to approximately RMB17.8 million was determined by using binomial model. During the year ended 31 December 2015, share-based payment expense of approximately RMB8,567,000 (2014: Nil) was recognised in the consolidated statement of profit or loss in relation to the share option. None of the outstanding option was exercisable as at 31 December 2015 (2014: Nil).

The significant assumptions used in the model to derive the fair value were as follows:

	On 8 January 2015
Risk free rate	1.257%
Volatility	45%
Dividend yield	0%
Expected option life (year)	5
Share price	HK$1.0

23 SHARE CAPITAL (Continued)

(d) EIS of CSPG

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

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

As part of the acquisition of CSPG, 20,010,000 shares of the Company, Series A convertible bonds with a principal amount of HK$40,020,000 and Series B convertible bonds with a principal amount of HK$40,020,000 was issued to the Trustee in exchange for the CSPG shares held by the Trustee. Since the Trustee will be accounted for as a structured entity of CSPG under HKFRS, its financial results and financial position will be consolidated into the Group. Other than the portion issued for the pre-combination services rendered under EIS, these shares and convertible bonds transferred will not be considered as part of the consideration transferred as part of the acquisition. All Series A convertible bonds were converted into the ordinary shares of the Company in 2014. Those shares still held by the Trustee as at 31 December 2015 would be consolidated as own shares held by the Company.

During the year ended 31 December 2015, share-based payment expense of approximately RMB16,450,000 (2014: RMB25,100,000) was recognised in the consolidated statement of profit or loss in relation to EIS.

(e) Other reserve represented the difference between the fair value of consideration paid/payable and the carrying amount of net assets attributable to the additional interest in the subsidiaries being acquired from non-controlling interests.

(f) The PRC companies are required to allocate 10% of their net profit to a statutory reserve fund until such fund reaches 50% of the companies' registered capital. The statutory reserve fund can be utilised upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the companies, provided that such fund is maintained at a minimum of 25% of the companies' registered capital. As at 31 December 2015, accumulated losses comprise of statutory reserve fund amounting to RMB50,848,000 (2014: RMB21,653,000).

Notes to the Financial Statements

24 BANK AND OTHER BORROWINGS

	2015 Current portion RMB'000	2015 Non-current portion RMB'000	2015 Total RMB'000	2014 Current portion RMB'000 (Restated)	2014 Non-current portion RMB'000 (Restated)	2014 Total RMB'000 (Restated)
Bank borrowings	**646,875**	**2,617,125**	**3,264,000**	424,000	1,456,000	1,880,000
Loans from leasing companies	**32,007**	**1,694,571**	**1,726,578**	20,994	199,006	220,000
Medium-term note	**–**	**64,947**	**64,947**	–	–	–
Loans from a third party	**55,500**	**–**	**55,500**	65,500	–	65,500
	734,382	**4,376,643**	**5,111,025**	510,494	1,655,006	2,165,500
Unamortised loan facilities fees	**(30,561)**	**(70,865)**	**(101,426)**	(6,481)	(28,330)	(34,811)
	703,821	**4,305,778**	**5,009,599**	504,013	1,626,676	2,130,689

The Group's bank and other borrowings were repayable as follows:

	2015 Bank borrowings RMB'000	2015 Loans from leasing companies RMB'000	2015 Medium-term note RMB'000	2015 Loans from a third party RMB'000	2015 Total RMB'000	2014 Bank borrowings RMB'000 (Restated)	2014 Loan from a leasing company RMB'000 (Restated)	2014 Loans from a third party RMB'000 (Restated)	2014 Total RMB'000 (Restated)
Within 1 year	**646,875**	**32,007**	**–**	**55,500**	**734,382**	424,000	20,994	65,500	510,494
Between 1 and 2 years	**291,625**	**493,201**	**64,947**	**–**	**849,773**	176,500	22,587	–	199,087
Between 2 and 5 years	**902,000**	**444,914**	**–**	**–**	**1,346,914**	556,500	78,571	–	635,071
Over 5 years	**1,423,500**	**756,456**	**–**	**–**	**2,179,956**	723,000	97,848	–	820,848
	3,264,000	**1,726,578**	**64,947**	**55,500**	**5,111,025**	1,880,000	220,000	65,500	2,165,500

24 BANK AND OTHER BORROWINGS (Continued)

Notes:

(a) As at 31 December 2015, bank borrowings and loans from leasing companies are secured by the following:

- (i) Pledged guarantee deposits (Note 18);
- (ii) power generating modules and equipment (Note 14);
- (iii) pledge of the fee collection right in relation to the sales of electricity; and
- (iv) mortgage over the shares in certain subsidiaries and associates.

(b) During the year, the Group entered into several sales and leaseback agreements with leasing companies for certain assets, which included power generating modules and equipment ("Secured Assets"), amounted to RMB600,000,000 (2014: RMB220,000,000). The arrangements were for a period of 10 years. Upon maturity, the Group will be entitled to purchase the Secured Assets at a minimal consideration. The Group considered that it was almost certain that it would exercise this repurchase option. As substantial risks and rewards of the Secured Assets were retained by the Group before and after these arrangements, the transactions were regarded as secured borrowings, rather than finance lease arrangements.

(c) **Medium-term note**

On 6 November 2015, the Group issued a 7.5% medium-term note of HK$80,000,000 (equivalent to approximately RMB67,820,000). It will mature on 6 November 2017.

(d) The loans from a third party were unsecured, interest-free and repayable on demand.

(e) Bank borrowings and loans from leasing companies which bear floating interest rates that would be adjusted with reference to the benchmark lending rate issued by the People's Bank of China is as follows:

	2015 **RMB'000**	2014 RMB'000 (Restated)
Bank borrowings	**2,867,000**	1,575,000
Loans from leasing companies	**1,726,578**	220,000
	4,593,578	1,795,000

(f) During the year, the Group obtained a long-term loan totalling RMB600 million from a bank to finance the EPC payables of its solar power plant in Hubei, the PRC. As at 31 December 2015, the Group already drawn down a loan amount of RMB545 million. Subsequent to the date of statement of financial position, the remaining loan principal amount of RMB55 million has also been drawn down.

(g) Subsequent to the date of statement of financial position, the Group had obtained and drawn down long-term loans totalling RMB587 million from certain leasing companies to finance its EPC payables of its solar power plants in Shanxi and Yunnan Province, the PRC.

Notes to the Financial Statements

25 CONVERTIBLE BONDS

As at 31 December 2015, the Group had seven convertible bonds outstanding (2014: two). The table below summarised the details and features of these convertible bonds.

Batch	Issue date	Principal amount (thousands)	Interest rate per annum	Maturity date	Conversion price per share	Conversion period
1st	8 October 2013	US$120,000	5%	8 October 2016	HK$1.60	At any time up to 10 days prior to maturity date
2nd	27 December 2013	HK$232,959	0%	27 December 2018	HK$1.60	At any time up to maturity date
3rd	20 April 2015	HK$524,803	7.5%	20 April 2018	HK$1.03	Last day of a six-month period immediately following the issue date to 5th business days prior to maturity date
4th	29 April 2015	US$30,000	7.5%	29 April 2018	HK$1.03	Last day of a six-month period immediately following the issue date to 5th business days prior to maturity date
5th	3 June 2015	US$100,000	7.0%	3 June 2018	HK$1.3134	The day immediately following the issue date to 5 days prior to maturity date
6th	23 June 2015	US$15,000	7.5%	23 June 2018	HK$1.03	The day immediately following the issue date to 5th business days prior to maturity date
7th	29 December 2015	US$100,000	6.75%	29 December 2018	HK$1.5928	The day immediately following the issue date to 5th business days prior to maturity date

25 CONVERTIBLE BONDS (Continued)

Subject to the occurrence of any of the following events, the Company is entitled to, having given mandatory conversion notice to all bondholders, convert all the outstanding principal amount of convertible bonds into conversion shares at the conversion price then in effect:

Batch	Mandatory conversion notice period	Mandatory conversion clause
1st	Not less than 50 nor more than 65 days	On or at any time after 18 months from the issue date but not less than 14 business days prior to the maturity date and if the volume weighted average price of the shares of the Company for the 60 trading day period immediately preceding the date upon which mandatory conversion notice is given is not less than HK$2.60
2nd	N/A	N/A
3rd	Not less than 5 nor more than 10 business days	if at any time during the period commencing from the last day of a six-month period immediately following the issue date and ending on the maturity date, the average closing price per share for any 15 consecutive trading days reaches HK$1.70 per share (or if there is any adjustment of the conversion price, such other price per share representing a premium of 65% over the conversion price then in effect from time to time) or above.
4th	Not less than 5 nor more than 10 business days	if at any time during the period commencing from the issue date up to the day immediately before the first anniversary of the issue date (both dates inclusive), the closing price per share for any 15 consecutive trading days reaches HK$1.50 per share (or if there is any adjustment of the conversion price, such other price per share representing a premium of 45.63% over the conversion price then in effect from time to time) or above; or if at any time during the period commencing from the first anniversary of the issue date up to the day immediately before the second anniversary of the issue date (both dates inclusive), the closing price per share for any 15 consecutive trading days reaches HK$1.80 per share (or if there is any adjustment of the conversion price, such other price per share representing a premium of 74.76% over the conversion price then in effect from time to time) or above; or if at any time during the period commencing from the second anniversary of the issue date up to maturity date (both dates inclusive), the closing price per share for any 15 consecutive trading days reaches HK$2.20 per share (or if there is any adjustment of the conversion price, such other price per Share representing a premium of 113.59% over the conversion price then in effect from time to time) or above.

Notes to the Financial Statements

25 CONVERTIBLE BONDS (Continued)

Batch	Mandatory conversion notice period	Mandatory conversion clause
5th	Not less than 5 nor more than 10 business days	if at any time during the period commencing from the issue date up to the day immediately before the first anniversary of the issue date (both dates inclusive), the closing price per share for any 15 consecutive trading days reaches HK$1.80 per share (or if there is any adjustment of the conversion price, such other price per share representing a premium of 37.05% over the conversion price then in effect from time to time) or above; or
		if at any time during the period commencing from the first anniversary of the issue date up to the day immediately before the second anniversary of the issue date (both dates inclusive), the closing price per share for any 15 consecutive trading days reaches HK$2.20 per share (or if there is any adjustment of the conversion price, such other price per share representing a premium of 67.50% over the conversion price then in effect from time to time) or above; or
		if at any time during the period commencing from the second anniversary of the issue date up to maturity date (both dates inclusive), the closing price per share for any 15 consecutive trading days reaches HK$2.50 per share (or if there is any adjustment of the conversion price, such other price per Share representing a premium of 90.35% over the conversion price then in effect from time to time) or above.
6th	Not less than 5 nor more than 10 business days	if at any time during the period commencing from the issue date up to the day immediately before the first anniversary of the issue date (both dates inclusive), the closing price per share for any 15 consecutive trading days reaches HK$1.50 per share (or if there is any adjustment of the conversion price, such other price per share representing a premium of 45.63% over the conversion price then in effect from time to time) or above; or
		if at any time during the period commencing from the first anniversary of the issue date up to the day immediately before the second anniversary of the issue date (both dates inclusive), the closing price per share for any 15 consecutive trading days reaches HK$1.80 per share (or if there is any adjustment of the conversion price, such other price per share representing a premium of 74.76% over the conversion price then in effect from time to time) or above; or
		if at any time during the period commencing from the second anniversary of the issue date up to maturity date (both dates inclusive), the closing price per share for any 15 consecutive trading days reaches HK$2.20 per share (or if there is any adjustment of the conversion price, such other price per Share representing a premium of 113.59% over the conversion price then in effect from time to time) or above.

25 CONVERTIBLE BONDS (Continued)

Batch	Mandatory conversion notice period	Mandatory conversion clause
7th	Not less than 5 nor more than 10 business days	if at any time during the period commencing from the issue date up to the day immediately before the first anniversary of the issue date (both dates inclusive), the closing price per share for any 15 consecutive trading days reaches HK$2.07 per share (or if there is any adjustment of the conversion price, such other price per share representing a premium of 29.96% over the conversion price then in effect from time to time) or above; or if at any time during the period commencing from the first anniversary of the issue date up to the day immediately before the second anniversary of the issue date (both dates inclusive), the closing price per share for any 15 consecutive trading days reaches HK$2.50 per share (or if there is any adjustment of the conversion price, such other price per share representing a premium of 56.96% over the conversion price then in effect from time to time) or above; or if at any time during the period commencing from the second anniversary of the issue date up to maturity date (both dates inclusive), the closing price per share for any 15 consecutive trading days reaches HK$3.0 per share (or if there is any adjustment of the conversion price, such other price per Share representing a premium of 88.35% over the conversion price then in effect from time to time) or above.

During the year, the Company issued five 3-year convertible bonds (3rd to 7th batches) and the net proceeds from these convertible bonds were approximately RMB1,941,323,000. The conversion features of the 4th to 7th batches of convertible bonds fail the fixed-to-fixed requirement for equity classification. They contain two components, debts component and derivative component with a conversion option derivative of the holders and a callable option derivative of the Company.

Notes to the Financial Statements

25 CONVERTIBLE BONDS (Continued)

Summarised below is the movement of each portion under liabilities component during the year:

	Financial liabilities at amortised cost — debt portion	Financial liabilities at fair value through profit or loss — derivative portion	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2014 (restated)	768,470	203,241	971,711
Interest accretion	148,707	–	148,707
Amortisation of unrealised fair value loss	63,488	–	63,488
Fair value gain recognised	–	(161,739)	(161,739)
Conversion	(161,901)	–	(161,901)
Interests paid	(36,816)	–	(36,816)
Exchange difference	1,470	1,271	2,741
As at 31 December 2014 (restated) and 1 January 2015	**783,418**	**42,773**	**826,191**
Fair value of convertible bonds issued	**1,609,828**	**331,495**	**1,941,323**
Equity component	**(113,680)**	**–**	**(113,680)**
Day 1 fair value loss on issuance	**49,743**	**–**	**49,743**
Interest accretion	**301,243**	**–**	**301,243**
Amortisation of unrealised fair value loss	**64,549**	**–**	**64,549**
Fair value gain recognised	**–**	**(278,876)**	**(278,876)**
Interests paid	**(37,431)**	**–**	**(37,431)**
Exchange difference	**144,762**	**13,135**	**157,897**
As at 31 December 2015	**2,802,432**	**108,527**	**2,910,959**

The liability portion of convertible bonds was analysed as follows:

	2015	2014
	RMB'000	RMB'000 (Restated)
Non-current liabilities	**1,986,936**	826,191
Current liabilities	**924,023**	–
	2,910,959	826,191

Notes to the Financial Statements

25 CONVERTIBLE BONDS (Continued)

Notes:

(a) The recurring fair values measurement of derivatives embedded to the convertible bonds were determined by using the binomial model, with the following key assumptions:

On inception date

	Batch 1	Batch 4	Batch 5	Batch 6	Batch 7
Discount rate	15.9%–16.5%	17.8%	17.0%	16.9%	17.2%
Fair value of each share of the Company (HK$)	1.86–1.90	1.19	1.51	1.33	0.76
Conversion price per share (HK$)	1.60	1.03	1.3134	1.03	1.5928
Coupon rate	5%	7.5%	7.0%	7.5%	6.75%
Redemption price	135%	120%	120%	120%	120%
Risk free interest rate	0.57%–0.67%	0.9805%	1.1673%	1.1773%	1.4808%
Time to maturity (years)	3.00	3.00	3.00	3.00	3.00
Expected volatility	50%	40%	40%	40%	50%
Expected dividend yield	0%	0%	0%	0%	0%

As at 31 December 2015

	Batch 1	Batch 4	Batch 5	Batch 6	Batch 7
Discount rate	**16.1%**	**16.8%**	**16.9%**	**16.9%**	**17.2%**
Fair value of each share of the Company (HK$)	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**
Conversion price per share (HK$)	**1.60**	**1.03**	**1.3134**	**1.03**	**1.5928**
Coupon rate	**5%**	**7.5%**	**7.0%**	**7.5%**	**6.75%**
Redemption price	**135%**	**120%**	**120%**	**120%**	**120%**
Risk free interest rate	**0.6379%**	**1.2229%**	**1.2528%**	**1.2727%**	**1.4808%**
Time to maturity (years)	**0.77**	**2.33**	**2.42**	**2.48**	**3.00**
Expected volatility	**55%**	**50%**	**50%**	**50%**	**50%**
Expected dividend yield	**0%**	**0%**	**0%**	**0%**	**0%**

As at 31 December 2014

	Batch 1
Discount rate	16.3%
Fair value of each share of the Company (HK$)	1.03
Conversion price per share (HK$)	1.60
Coupon rate	5%
Redemption price	135%
Risk free interest rate	0.6303%
Time to maturity (years)	1.77
Expected volatility	50%
Expected dividend yield	0%

(b) As at 31 December 2015, the convertible bonds were secured by a share mortgage over shares of certain subsidiaries and charge over a restricted bank account for interest reserve purpose (Note 22).

Notes to the Financial Statements

26 CONTINGENT CONSIDERATION PAYABLES

	2015 RMB'000	2014 RMB'000 (Restated)
At 1 January	696,536	978,433
Fair value gain	(159,362)	(286,221)
Exchange difference	43,517	4,324
	580,691	696,536

Notes:

Contingent consideration payables comprised the following:

The Series B convertible bonds which were issued upon the acquisition of CSPG in 2013. The conversion period for Series B convertible bonds commenced on the expiry of profit guarantee arrangement in relation to the acquisition of CSPG. The cumulative profit of CSPG before interest, tax, depreciation, amortisation and share-based payment expenses in relation to the EIS was less than HK$495,000,000 (equivalent to approximately RMB419,634,000) during the three years ended 31 December 2015 as specified in the sale and purchase agreement.

The potential undiscounted amount of all principal repayments of Series B convertible bonds that the Group could be required to make under this arrangement range from zero to HK$847,964,000 (equivalent to approximately RMB718,857,000).

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

	2015	2014
Discount rate	16.1%	17.3%
Fair value of each share of the Company	HK$0.75 each	HK$1.03 each
Conversion price per share	HK$1.00 per share	HK$1.00 per share
Redemption price	100%	100%
Risk free interest rate	0.5263%	1.1471%
Time to maturity	2.44 years	3.44 years
Expected volatility	50%	50%
Expected dividend yield	0%	0%
Conversion period	After the expiry of the Lock-up period up to maturity date	

27 DEFERRED GOVERNMENT GRANT

The deferred government grant represented the subsidies granted by the PRC government to the Group.

	2015 RMB'000	2014 RMB'000 (Restated)
At 1 January	4,160	87,629
Received during the year:		
— continuing operations	2,000	2,460
Recognised in the consolidated statement of profit or loss:		
— continuing operations	(1,950)	–
— discontinued operation	–	(2,460)
Disposal of subsidiaries	–	(83,469)
At 31 December	4,210	4,160

28 DEFERRED TAX LIABILITIES

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

	Fair value gains RMB'000
At 1 January 2014 (restated)	259,982
Acquisition of subsidiaries	72,440
Redesignation of concession rights in relation to the step up acquisition of a subsidiary	
— As an associate	(27,983)
— As a subsidiary	(35,077)
Disposal of subsidiaries	(23,084)
At 31 December 2014 and 1 January 2015	**246,278**
Acquisition of subsidiaries (Note 31)	**43,381**
Redesignation of concession rights in relation to acquisition of subsidiaries (Note 31)	**(8,127)**
At 31 December 2015	**281,532**
Analysed as:	
Settled within the next 12 months	–
Settled over the next 12 months	281,532
	281,532

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC.

As at 31 December 2015, deferred income tax liabilities of RMB43,054,000 (2014: RMB17,888,000) have not been recognised for the withholding tax that would be payable on the remittance of earnings of PRC subsidiaries. The related unremitted earnings totalling RMB430,544,000 at 31 December 2015 (2014: RMB178,875,000), and the Group does not intend to remit these unremitted earnings from the relevant subsidiaries to the Company in the foreseeable future.

Deferred income tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised deferred tax assets of approximately RMB14,060,000 (2014: RMB8,265,000) in respect of tax losses of approximately RMB56,241,000 (2014: RMB33,060,000), that can be carried forward against future taxable income. Cumulative unrecognised tax losses of approximately RMB108,000 (2014: RMB108,000), RMB5,644,000 (2014: RMB5,644,000), RMB13,149,000 (2014: RMB13,149,000), RMB14,160,000 (2014: RMB14,159,000) and RMB23,180,000 (2014: nil) will be expired in 2016, 2017, 2018, 2019 and 2020 respectively.

Notes to the Financial Statements

29 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2015 RMB'000	2014 RMB'000 (Restated)
Trade payables	89,638	186
Other payables and accruals		
— Amounts due to related companies	–	11
— Construction costs payable	1,442,416	1,540,317
— Other payables and accruals	350,150	137,641
	1,792,566	1,677,969
	1,882,204	1,678,155

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

The average credit period from the Group's trade creditors was of 30 to 90 days (2014: 30 to 90 days). The ageing analysis of trade payable is as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Not yet due	26,928	–
1–30 days	62,300	–
31–60 days	410	18
61–90 days	–	168
	89,638	186

30 CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Net cash generated from continuing operations

	2015 RMB'000	2014 RMB'000 (Restated)
Operating activities from continuing operations:		
Profit before income tax	**373,262**	498,550
Adjustments for:		
Deferred government grant	**(1,950)**	–
Amortisation of land use rights	**11**	10
Bargain purchase arising from:		
(i) Business combinations	**(204,506)**	(35,520)
(ii) Acquisition of associates	**(9,634)**	–
Depreciation of property, plant and equipment	**242,176**	144,801
Fair value gain/(loss) on financial assets at fair value through profit or loss relating to:		
(i) Call Option	**(120,890)**	–
(ii) Guaranteed electricity output	**76,356**	(101,146)
Fair value gain on financial liabilities at fair value through profit or loss relating to:		
(i) Contingent consideration payables	**(159,362)**	(286,221)
(ii) Put Option	**(34,541)**	(72,967)
Fair value gain on previously held interest as a result of business combination	**–**	(1,617)
Finance income	**(288,122)**	(162,466)
Finance costs	**637,534**	306,769
Gain on disposal of an associate	**(32,840)**	–
Impairment charge on trade receivables	**–**	149
Reversal of impairment charge on other receivables	**–**	(8,382)
Share-based payment expenses	**25,017**	25,100
Share of profits of associates	**(3,893)**	(15,127)
Operating profit before working capital changes	**498,618**	291,933
Changes in working capital		
Inventories	**–**	1,691
Financial assets at fair value through profit or loss	**–**	98,790
Other receivables, deposits and prepayments	**10,320**	(63,453)
Trade, bills and tariff adjustment receivables	**(588,431)**	(215,579)
Trade payable	**89,452**	–
Other payables and accruals	**101,577**	34,333
Net cash generated from continuing operations	**111,536**	147,715

(b) Non-cash transaction

Included in additions of property, plant and equipment is an amount of RMB17,524,000 (2014: Nil) which represents the transfer of prepayment for purchase of solar modules for the self-develop solar power plant projects during the year.

Notes to the Financial Statements

31 BUSINESS COMBINATION

The Group is principally engaged in the development, investment, operation and management of solar power plants. It is the Group's strategy to identify suitable investment opportunity to acquire solar power plants with good prospects and potential for stable returns. During the year, the Group has acquired several solar power plants.

(i) Changzhou Guangyu

On 2 April 2015, the Group completed the acquisition of a 51% equity interest in Changzhou Guangyu for a cash consideration of approximately RMB22 million from NEX, an affiliate of a substantial shareholder of the Company.

This acquisition was part of the solar power energy initiative in relation to the concession rights acquired in CSPG in June 2013, an amount of approximately RMB31,981,000 has been redesignated from intangible assets as part of investment cost (Note 15), and an amount of approximately RMB6,556,000 has been recognised as deferred tax liabilities (Note 28) arising from fair value changes.

The principal activities of Changzhou Guangyu are development and operation of four solar power plants located in Xinjiang, the PRC, with an aggregate installed capacity of approximately 80MW.

(ii) Minfeng

On 29 May 2015, the Group completed the acquisition of a 90.9% equity interest in Minfeng County Angli Photovoltaic Technology Company Limited* (民豐縣昂立光伏科技有限公司) ("Minfeng") for a cash consideration of approximately RMB136 million from an independent third party.

This acquisition was part of the solar power energy initiative in relation to the concession rights acquired in CSPG in June 2013, an amount of approximately RMB7,662,000 has been redesignated from intangible assets as part of investment cost (Note 15), and an amount of approximately RMB1,571,000 has been recognised as deferred tax liabilities (Note 28) arising from fair value changes.

The principal activities of Minfeng are the development and operation of a solar power plant located in Xinjiang, the PRC, with an aggregate installed capacity of approximately 20MW.

(iii) Nanjing Silk Road

On 24 September 2015, the Group completed the acquisition of a 100% equity interest in Nanjing Silk Road New Energy Limited* (南京絲綢之路新能源有限公司) ("Nanjing Silk Road"), which owns four project companies operating four on-grid connected solar power plants with an aggregate installed capacity of approximately 170MW located in Inner Mongolia and Zhejiang Province, the PRC, for a cash consideration of approximately RMB212 million from an independent third party.

At the date of acquisition, the Group classified the above investment as subsidiaries, except a wholly-owned project company, which owns and operates a rooftop solar power plant with an aggregate installed capacity of approximately 30MW located in Zhejiang Province, was classified as assets held-for-sale following the management's decision to sell the entire equity interest and the identification of a potential buyer. The transaction was completed in November 2015. The cash consideration was RMB70 million and no gain/loss was recognised for this transaction.

(iv) Hubei Jingtai

On 29 October 2015, the Group completed the acquisition of a 100% equity interest in Hubei Jingtai Photovoltaics Power Company Limited* (湖北晶泰光伏電力有限公司) ("Hubei Jingtai") for a cash consideration of RMB200 million from an independent third party.

The principal activities of Hubei Jingtai are the development and operation of a solar power plant located in Hubei Province, the PRC, with an aggregate installed capacity of approximately 100MW.

31 BUSINESS COMBINATION (Continued)

The following table summarises the consideration paid, the provisional fair value of identifiable assets acquired, liabilities assumed and the non-controlling interests as at the respective acquisition date:

	Changzhou Guangyu RMB'000	Minfeng RMB'000	Nanjing Silk Road RMB'000	Hubei Jingtai RMB'000	Total RMB'000
Consideration:					
Cash consideration	21,711	136,350	212,238	200,000	570,299
Redesignation of concession rights previously recognised					
— Intangible assets (Note 15)	31,981	7,662	–	–	39,643
— Deferred tax liabilities (Note 28)	(6,556)	(1,571)	–	–	(8,127)
Total consideration	47,136	142,441	212,238	200,000	601,815
Recognised amounts of identifiable assets acquired, liabilities assumed and non-controlling interests					
Property, plant and equipment (Note 14)	762,466	189,094	1,292,306	755,663	2,999,529
Value-added tax recoverable	71,113	19,944	136,885	85,496	313,438
Assets held-for-sale	–	–	70,000	–	70,000
Trade, bills and other receivables and prepayments (Note (b))	83,418	4,876	217,730	61,058	367,082
Restricted cash	–	–	823,980	–	823,980
Cash and cash equivalents	13,250	65	7,051	4,865	25,231
Trade and other payables	(731,475)	(47,069)	(1,243,763)	(672,112)	(2,694,419)
Borrowings	(94,000)	–	(896,072)	–	(990,072)
Deferred tax liabilities (Note (c))	(12,348)	(2,927)	(24,780)	(3,326)	(43,381)
Total identifiable net assets	92,424	163,983	383,337	231,644	871,388
Non-controlling interests (Note (e))	(45,288)	(17,552)	(2,227)	–	(65,067)
Bargain purchase recognised in the consolidated statement of profit or loss (Note (d))	–	(3,990)	(168,872)	(31,644)	(204,506)
	47,136	142,441	212,238	200,000	601,815
Acquisition costs recognised in the consolidated statement of profit or loss	945	308	3,317	252	4,822
Net cash outflow arising from the acquisitions					
Cash consideration	(21,711)	(136,350)	(212,238)	(200,000)	(570,299)
Less: Cash and cash equivalents acquired	13,250	65	7,051	4,865	25,231
	(8,461)	(136,285)	(205,187)	(195,135)	(545,068)

Notes to the Financial Statements

31 BUSINESS COMBINATION (Continued)

Notes:

(a) Revenue and profit contribution

The table below illustrates the revenue and tariff adjustment and the profit included in the consolidated statement of profit or loss since acquisition date contributed by each acquisition.

	Changzhou Guangyu	Minfeng	Nanjing Silk Road	Hubei Jingtai	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue and tariff adjustment	58,605	9,267	39,224	17,675	124,771
Profit contributed to the Group	14,350	2,727	12,539	9,086	38,702

Had the consolidation taken place at 1 January 2015, the consolidated statement of profit or loss would show pro-forma revenue on sales of electricity and tariff adjustment of approximately RMB857,712,000 and profit of RMB497,185,000.

(b) Acquired receivables

The fair values of trade, bills and other receivables and prepayments acquired were approximately RMB367,082,000 and included trade, bills and tariff adjustment receivables with fair values as below:

	Changzhou Guangyu	Minfeng	Nanjing Silk Road	Hubei Jingtai	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade, bills and tariff adjustment receivables	81,639	4,826	136,335	53,844	276,644

The gross contractual amount for trade receivables due in aggregate was RMB276,644,000, of which no balance was expected to be uncollectible.

(c) Provisional fair value of acquired identifiable assets

The fair value of the acquired identifiable assets was provisional pending receipt of the final valuations for those assets. Deferred tax liabilities of approximately RMB43,381,000 have been provided in relation to these fair value adjustments.

(d) Bargain purchase on business combinations

The Group recognised bargain purchase of approximately RMB204,506,000 in the consolidated statement of profit or loss as a result of acquisition of Minfeng, Nanjing Silk Road and Hubei Jingtai. The main reason giving rise to the bargain purchase was the fact that the discounted cash flow for 25 years for the solar power plants exceeded the total consideration paid.

(e) Non-controlling interests

The non-controlling interests were recognised at their proportionate share of the recognised amounts of acquirees' identifiable net assets.

Notes to the Financial Statements

32 COMMITMENTS

(a) Capital commitments

As at 31 December 2015, the Group had capital commitment in respect of property, plant and equipment contracted amounted to approximately RMB690,000,000 (2014: RMB3,747,000).

(b) Commitments under operating leases

As at 31 December 2015 and 2014, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises, staff quarters and warehouses as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Within one year	7,117	3,466
After one year but within five years	10,927	5,906
Over five years	584	615
	18,628	9,987

33 RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

Other than those balances and transactions disclosed elsewhere in this consolidated financial statements, no significant related party transactions between the Group and its related parties were occurred during the year.

(b) Key management compensation

	2015 RMB'000	2014 RMB'000 (Restated)
Short-term employee benefits	5,006	3,452
Share-based payment	4,236	3,198
	9,242	6,650

34 EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

Except as disclosed elsewhere in the consolidated financial statements, the following events occurred subsequent to the date of statement of financial position:

Acquisition of a subsidiary

In January 2016, the Group completed the acquisition of an additional equity interest in an associate which owns solar power plant with installed capacity of approximately 19.8MW in Yunnan Province, PRC. The cash consideration for this transaction was approximately RMB20 million. The associate has since become a subsidiary of the Group.

35 COMPARATIVE FIGURES

Certain comparative figures have been represented to conform to current year's presentation.

Notes to the Financial Statements

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)
ASSETS		
Non-current assets		
Interests in subsidiaries	1,242,673	1,126,724
Investment in an associate	–	51,592
	1,242,673	1,178,316
Current assets		
Deposits and prepayments	424,431	719
Amounts due from subsidiaries	3,748,386	1,641,773
Restricted cash	19,710	18,341
Cash and cash equivalents	224	2,268
	4,192,751	1,663,101
Total assets	5,435,424	2,841,417
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	385,804	354,915
Reserves (Note (a))	1,444,422	887,370
Total equity	1,830,226	1,242,285
LIABILITIES		
Non-current liabilities		
Convertible bonds	1,986,936	826,191
Contingent consideration payables	580,691	696,536
Cash-settled share-based payment	23,570	16,073
Other borrowings	64,947	–
	2,656,144	1,538,800
Current liabilities		
Other payables and accruals	3,769	4,529
Convertible bonds	924,023	–
Other financial liability at fair value through profit or loss	21,262	55,803
	949,054	60,332
Total liabilities	3,605,198	1,599,132
Total equity and liabilities	5,435,424	2,841,417

The statement of financial position of the Company was approved by the Board of Directors on 30 March 2016 and was signed on its behalf

Mr. Li, Alan
Director

Mr. Li Hong
Director

Notes to the Financial Statements

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note

(a) Reserve movement of the Company

	Share premium RMB'000	Share-based payment reserve RMB'000	Shares held under EIS RMB'000	(Restated) Convertible bonds equity reserve RMB'000	Contributed surplus (Note) RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2014	3,178,238	63,871	(24,028)	408,347	34,032	(81,432)	(3,504,776)	74,252
Comprehensive income								
Profit for the year	–	–	–	–	–	–	58,119	58,119
Other comprehensive income	–	–	–	–	–	(9,665)	–	(9,665)
Total comprehensive income	–	–	–	–	–	(9,665)	58,119	48,454
Issue of shares through placement	598,433	–	–	–	–	–	–	598,433
Issue of shares upon conversion of convertible bonds	432,375	–	–	(300,034)	–	–	–	132,341
Share-based payment	–	23,854	–	–	–	–	–	23,854
Share option lapsed	–	(1,184)	–	–	–	–	1,184	–
Issue of shares on conversion of convertible bonds held by a trustee in relation to EIS	26,685	13,213	(29,862)	–	–	–	–	10,036
Total transactions with shareholders, recognised directly in equity	1,057,493	35,883	(29,862)	(300,034)	–	–	1,184	764,664
Balance at 31 December 2014	4,235,731	99,754	(53,890)	108,313	34,032	(91,097)	(3,445,473)	887,370

Notes to the Financial Statements

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note (Continued):

(a) Reserve movement of the Company (Continued)

	Share premium RMB'000	Share-based payment reserve RMB'000	Shares held under EIS RMB'000	Convertible bonds equity reserve RMB'000	Contributed surplus (Note) RMB'000	Translation reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2015	4,235,731	99,754	(53,890)	108,313	34,032	(91,097)	–	(3,445,473)	887,370
Comprehensive income									
Profit for the year	–	–	–	–	–	–	–	18,310	18,310
Other comprehensive income	–	–	–	–	–	126,988	–	–	126,988
Total comprehensive income	–	–	–	–	–	126,988	–	18,310	145,298
Issue of shares through placement (Note 23 (b))	269,962	–	–	–	–	–	–	–	269,962
Issue of convertible bonds (Note 25)	–	–	–	113,680	–	–	–	–	113,680
Share-based payment (Note 23(d))	–	19,038	–	–	–	–	–	–	19,038
Transaction with non-controlling interests (Note 16(c))	5,767	–	–	–	–	–	3,307	–	9,074
Total transactions with shareholders, recognised directly in equity	275,729	19,038	–	113,680	–	–	3,307	–	411,754
Balance at 31 December 2015	4,511,460	118,792	(53,890)	221,993	34,032	35,891	3,307	(3,427,163)	1,444,422

Note:

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

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

Five-Year Financial Summary

A summary of the results, assets and liabilities of the Group for the last five financial years is set out below:

	For the years ended 31 December				
Results (Note)	**2015**	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)	(Restated)	(Restated)
Sales of electricity	**175,256**	124,846	10,572	–	–
Tariff adjustment	**455,418**	254,518	19,074	–	–
	630,674	379,364	29,646	–	–
EBITDA	**480,362**	277,457	(87,719)	–	–
Profit/(loss) for the year:					
— From continuing operations	**373,262**	498,580	(1,737,078)	–	–
— From discontinued operations	**–**	(238,420)	(88,660)	(663,651)	(953,799)
	373,262	260,160	(1,825,738)	(663,651)	(953,799)

	As at 31 December				
Assets and liabilities (Note)	**2015**	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)	(Restated)	(Restated)
Total assets	**12,969,309**	7,167,834	4,711,068	1,301,760	1,651,818
Total liabilities	**(10,739,355)**	(5,684,084)	(4,353,573)	(1,120,153)	(977,637)
	2,229,954	1,483,750	357,495	181,607	674,181

Note: During the year, the Group has changed its presentation currency from Hong Kong Dollar to Renminbi. In addition, EBITDA is used by management for monitoring business performance of its solar power business. Accordingly, the comparative figures have been restated.

Information for Investors

ANNOUNCEMENT OF ANNUAL RESULTS

30 March 2016

ANNUAL GENERAL MEETING

25 May 2016

INFORMATION ABOUT SHARES

Board Lot: 2,000 shares
Issued Shares as at 31 December 2015: 4,751,266,325 shares
Issued Shares as at 30 March 2016: 4,751,266,325 shares

STOCK CODE

Hong Kong Stock Exchange: 00686
Bloomberg: 686 HK
Reuters: 0686.HK

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