UNITED PHOTOVOLTAICS GROUP LIMITED
聯 合 光 伏 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2015	2014	
	RMB' million	*RMB' million*	*% change*
Sales of electricity	**175**	125	40%
Tariff adjustment	**456**	254	80%
	631	379	66%
EBITDA	**480**	277	73%
Profit for the year	**373**	260	43%
Basic EPS (RMB cents)	**7.96**	6.17	29%

The board (the "Board") of directors (the "Directors") of United Photovoltaics Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015 (the "Year") prepared under Hong Kong Financial Reporting Standards ("HKFRS").

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		**175,256**	124,846
Tariff adjustment		**455,418**	254,518
		630,674	379,364
Government grant		**1,950**	–
Reversal of impairment charge on other receivables		**–**	8,382
Employee benefits expenses		**(69,736)**	(53,217)
Legal and professional fees		**(7,618)**	(3,516)
Maintenance costs		**(47,652)**	(37,922)
Other expenses		**(43,873)**	(15,939)
Sales of solar energy related products	*4*	**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	*13*	**(4,822)**	(2,401)
Depreciation of property, plant and equipment		**(242,176)**	(144,801)
Bargain purchase arising from:			
(i) Business combinations	*13*	**204,506**	35,520
(ii) Acquisition of associates		**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")	*10*	**120,890**	–
(ii) Guaranteed electricity output	*10*	**(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 issued in relation to acquisition of an associate ("Put Option")		**34,541**	72,967
Fair value gain on previously held interest as a result of business combination		**–**	1,617
Finance income	*5*	**288,122**	162,466
Finance costs	*6*	**(637,534)**	(306,769)
Gain on disposal of an associate		**32,840**	–
Share of profits of associates		**3,893**	15,127
Profit before income tax		**373,262**	498,550
Income tax credit	*7*	**–**	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

	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)	*9*		
— From continuing operations		**7.96**	12.00
— From discontinued operation		**–**	(5.83)
		7.96	6.17
Diluted earnings/(loss) per share (RMB cents)	*9*		
— 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	RMB'000	*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

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		**7,419,750**	4,581,055	2,013,240
Intangible assets		**949,781**	989,424	1,297,222
Investments in associates		**305,040**	290,627	227,864
Investment properties		**–**	–	38,120
Other receivables, deposits and prepayments		**741,123**	453,979	442,269
Financial assets at fair value through profit or loss	*10*	**120,890**	–	–
		9,537,024	6,315,536	4,129,933
Current assets				
Inventories		**1,314**	1,314	6,896
Amounts due from associates		**279,277**	18,341	–
Financial assets at fair value through profit or loss	*10*	**–**	76,356	74,000
Other receivables, deposits and prepayments		**770,031**	100,990	227,958
Trade, bills and tariff adjustment receivables	*11*	**1,228,359**	363,284	27,449
Pledged bank deposits		**–**	61,000	118,514
Restricted cash		**206,150**	18,341	18,280
Cash and cash equivalents		**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		**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

	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		**4,305,778**	1,626,676	660,000
Convertible bonds		**1,986,936**	826,191	971,711
Contingent consideration payables		**580,691**	696,536	978,433
Cash-settled share-based payment		**23,570**	16,073	27,868
Deferred government grant		**4,210**	4,160	87,629
Deferred tax liabilities		**281,532**	246,278	259,982
		7,182,717	3,415,914	2,985,623
Current liabilities				
Trade payables	*12*	**89,638**	186	263,852
Other payables and accruals	*12*	**1,792,566**	1,677,969	644,005
Amounts due to associates		**25,328**	30,199	14,500
Current income tax liabilities		**–**	–	30
Amounts due to shareholders		**–**	–	20,599
Bank and other borrowings		**703,821**	504,013	296,194
Convertible bonds		**924,023**	–	–
Other financial liability at fair value through profit or loss		**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

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.

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.

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.

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. 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. 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.

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.

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.

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.

(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 payable of its solar power plants in Shanxi and Yunnan Province, the PRC.

(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 Group, 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.

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.

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

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.

3 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**	–

4 SALES OF SOLAR ENERGY RELATED PRODUCTS

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

5 FINANCE INCOME

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

6 FINANCE COSTS

	2015	2014
	RMB'000	*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:		
— 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

7 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 engaging 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 engaging 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, followed by a 50% tax exemption for the next three years.

8 DIVIDEND

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

9 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, share option, shares held under employee incentive scheme ("EIS"), Put Option and contingent consideration payables (2014: convertible bonds, share option, EIS, Put Option, 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.

	2015	2014 (Restated)
Earnings		
Profit from continuing operations attributable to shareholders of the Company *(RMB'000)*	**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).

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	RMB'000	*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

Notes:

(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 at 31 December 2015, the majority shareholder held 96.68% equity interest in such associate.

(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.

11 TRADE, BILLS AND TARIFF ADJUSTMENT RECEIVABLES

	2015	2014
	RMB'000	*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, an 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.

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.

12 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2015	2014
	RMB'000	*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 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	2014
	RMB'000	*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

13 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 New Energy Company Limited* (常州光昱新能源有限公司) ("Changzhou Guangyu") for a cash consideration of approximately RMB22 million from 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 China Solar Power Group Limited ("CSPG") in June 2013, an amount of approximately RMB31,981,000 has been redesignated from intangible assets as part of investment cost, and an amount of approximately RMB6,556,000 has been recognised as deferred tax liabilities 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, and an amount of approximately RMB1,571,000 has been recognised as deferred tax liabilities 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 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 owned 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 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.

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	Minfeng	Nanjing Silk Road	Hubei Jingtai	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Consideration:					
Cash consideration	21,711	136,350	212,238	200,000	570,299
Redesignation of concession rights previously recognised					
— Intangible assets	31,981	7,662	–	–	39,643
— Deferred tax liabilities	(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	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	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	(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	(45,288)	(17,552)	(2,227)	–	(65,067)
Bargain purchase recognised in the consolidated statement of profit or loss	–	(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

14 EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

Acquisition of a subsidiary

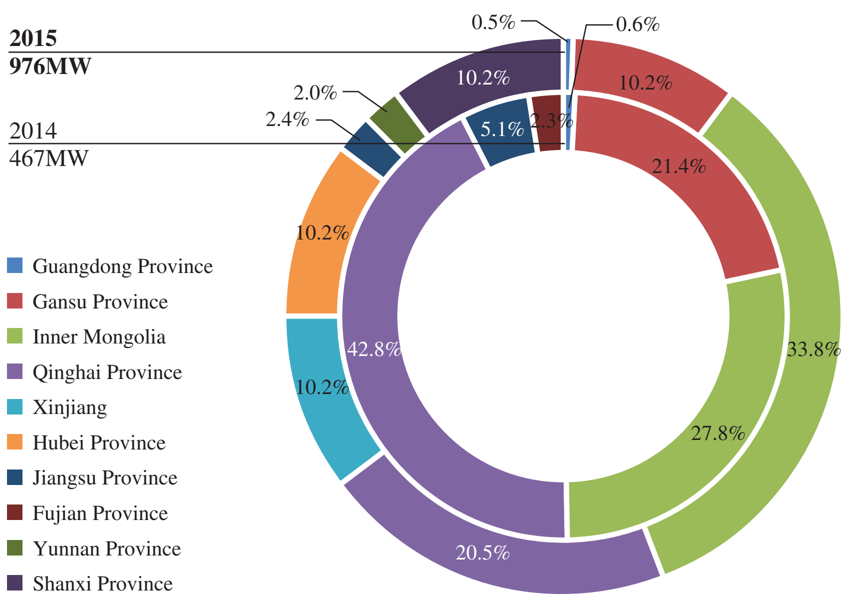
In January 2016, the Group completed the acquisition of an additional equity interest in an associate which owns solar power plant with installed capacity of approximately 19.8MW in Yunnan Province, PRC. The cash consideration for this transaction was approximately RMB20 million. The associate has since become a subsidiary of the Group.

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



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 was recorded only starting from their respective completion dates.

Location	**2015**		2014	
	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.

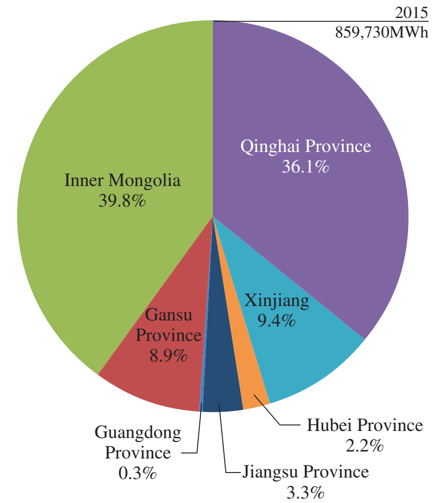
(3) The project company was disposed during the Year.

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.

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 acquisition. 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 volume 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 at end of 2015 and thus no electricity generation was recorded during the Year.

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	2014	Change
	RMB' million	*RMB' million*	*%*
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 has 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 remained one single reportable segment which was principally engaged in the development, investment, operation and management of solar power plants.

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:

Location	**2015** Approximate aggregate installed capacity *(MW)*	**2015** Electricity sales *RMB'000*	2014 Approximate aggregate installed capacity *(MW)*	2014 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 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.

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.

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 as well as the interest accrued thereon and damages for breach of contract. 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 a total sum of HK$500 million (approximately RMB424 million), being the advance payment previously made to Hareon, and the reimbursement of all the arbitration costs and legal costs incurred by the Company.

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.

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.

AUDIT OPINION

The auditor of the Group will issue an opinion with an emphasis of matter on the consolidated financial statements of the Group for the year under audit. An extract of the auditor’s report is set out in the section headed “EXTRACT OF THE AUDITOR’S REPORT” below.

EXTRACT OF THE AUDITOR’S REPORT

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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance and has maintained a framework of corporate governance policies and practices to apply the principles of good governance in our daily operation. 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.

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

During the year ended 31 December 2015, the Company had made further progress on the 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 ("ESG Report") for the year 2015, which is to be published in April 2016.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the annual report and annual results for the year ended 31 December 2015 before the results were submitted to the Board for approval.

PUBLICATION OF RESULTS ANNOUNCEMENT, ANNUAL REPORT AND ESG REPORT

This announcement is required to be published on the website of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and at the website of the Company at http://www.unitedpvgroup.com. The annual report containing all the information required under Appendix 16 to the Listing Rules and the Group's ESG Report will be published on the Stock Exchange's website in due course.

APPRECIATION

The Board would like to take this opportunity to thank every stakeholder of the Group for their contributions to the Group during the Year.

For and on behalf of
United Photovoltaics Group Limited
Li, Alan
Chairman of the Board

Hong Kong, 30 March 2016

As at the date of this announcement, the executive directors of the Company are Mr. Li, Alan (Chairman and Chief Executive Officer), Mr. Lu Zhenwei, Mr. Li Hong and Ms. Qiu Ping, Maggie; the non-executive directors of the Company are Academician Yao Jiannian and Mr. Tang Wenyong; and the independent non-executive directors of the Company are Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Ma Kwong Wing.

* *for identification purpose only*