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GCL-Poly Energy Holdings Limited

保利協鑫能源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3800)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

	Year ended 31 December		% of Changes
	2013	2012	
	HK\$'million	HK\$'million	
Revenue	25,530.0	22,348.0	14.2%
Gross profit	3,039.6	1,749.1	73.8%
Loss attributable to owners of the Company	(664.3)	(3,515.5)	(81.1%)
Basic loss per share	HK cents (4.29)	HK cents (22.71)	(81.1%)

The board of directors (the “Board” or the “Directors”) of GCL-Poly Energy Holdings Limited (the “Company” or “GCL”) announces the audited consolidated results of the Company and its subsidiaries (the “Group” or “GCL”) for the year ended 31 December 2013 together with the comparative figures for the corresponding period in the previous year as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013**

	NOTES	2013 HK\$'000	2012 HK\$'000
Revenue	3	25,530,002	22,348,026
Cost of sales		(22,490,373)	(20,598,931)
Gross profit		3,039,629	1,749,095
Other income	4	965,126	783,826
Distribution and selling expenses		(42,148)	(95,593)
Administrative expenses		(1,785,594)	(1,899,497)
Finance costs	5	(2,415,617)	(2,309,342)
Other expenses, gains and losses	6	(457,724)	(1,486,144)
Gain on disposal of an associate		424,498	—
Share of profit of associates		21,370	3,412
Share of loss of joint ventures		(5,253)	(7,165)
Loss before tax		(255,713)	(3,261,408)
Income tax expense	7	(190,092)	(123,876)
Loss for the year	8	(445,805)	(3,385,284)
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Exchange differences arising from translation to presentation currency		558,293	(27,371)
Item that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investment		63,234	—
Total comprehensive income (expense) for the year		175,722	(3,412,655)
(Loss) profit for the year attributable to:			
Owners of the Company		(664,263)	(3,515,515)
Non-controlling interests		218,458	130,231
		(445,805)	(3,385,284)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		(95,414)	(3,542,638)
Non-controlling interests		271,136	129,983
		175,722	(3,412,655)
		HK cents	HK cents
Loss per share	9		
Basic		(4.29)	(22.71)
Diluted		(4.29)	(22.71)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2013

	<i>NOTES</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		43,995,130	42,232,520
Prepaid lease payments		1,811,084	1,727,257
Goodwill		652,326	675,650
Other intangible assets		200,683	222,967
Interests in joint ventures		341,362	215,606
Interests in associates		194,673	235,600
Available-for-sale investment		291,818	—
Convertible bonds receivable		246,426	—
Deferred tax assets		15,541	—
Deposits for acquisitions of property, plant and equipment and prepaid lease payments		673,697	134,184
Pledged bank deposits		162,509	205,723
		48,585,249	45,649,507
CURRENT ASSETS			
Inventories		1,656,867	2,247,825
Project assets		804,720	1,177,410
Trade and other receivables	10	11,057,441	8,681,408
Amounts due from related companies		118,946	176,777
Loan to a related company		66,949	79,916
Prepaid lease payments		42,653	39,809
Tax recoverable		48,282	208,870
Held for trading investment		12,470	15,453
Pledged and restricted bank deposits		8,080,217	5,014,867
Bank balances and cash		6,168,814	4,495,575
		28,057,359	22,137,910
Assets classified as held for sale		—	31,009
		28,057,359	22,168,919

		2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
	<i>NOTES</i>		
CURRENT LIABILITIES			
Trade and other payables	11	13,737,306	9,127,716
Amounts due to related companies		734,880	130,304
Advances from customers		955,402	810,571
Bank borrowings — due within one year		24,915,536	19,705,114
Obligations under finance leases — due within one year		654,197	464,479
Notes payables — due within one year		761,330	—
Deferred income		121,066	113,604
Tax payables		165,185	87,621
		<u>42,044,902</u>	<u>30,439,409</u>
NET CURRENT LIABILITIES		<u>(13,987,543)</u>	<u>(8,270,490)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>34,597,706</u>	<u>37,379,017</u>
NON-CURRENT LIABILITIES			
Advances from customers		1,093,415	1,736,398
Bank borrowings — due after one year		8,340,370	12,817,239
Obligations under finance leases — due after one year		1,416,322	865,391
Notes payables — due after one year		3,161,449	3,058,808
Convertible bonds payable		1,542,012	—
Deferred income		620,847	616,354
Deferred tax liabilities		418,205	514,367
		<u>16,592,620</u>	<u>19,608,557</u>
NET ASSETS		<u>18,005,086</u>	<u>17,770,460</u>
CAPITAL AND RESERVES			
Share capital		1,548,322	1,547,607
Reserves		<u>14,597,738</u>	<u>14,662,420</u>
Equity attributable to owners of the Company		16,146,060	16,210,027
Non-controlling interests		<u>1,859,026</u>	<u>1,560,433</u>
TOTAL EQUITY		<u>18,005,086</u>	<u>17,770,460</u>

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. The realisation of assets and the satisfaction of liabilities in the normal course of business are dependent on, among other things, the Company's ability to operate profitably, to generate positive cash flows from operations, and to pursue financing arrangements to support its working capital requirements.

The Group incurred losses of HK\$445.8 million from operations for the year ended 31 December 2013, and the Group's current liabilities exceeded its current assets by HK\$13,987.5 million as at 31 December 2013. As at the same date, the Group had cash and cash equivalents of HK\$6,168.8 million with bank borrowings due within one year amounted to HK\$24,915.5 million.

In addition to the Group's current undrawn banking facilities and renewable bank borrowings, in order to improve liquidity, the Group has negotiated with certain banks, who have indicated that they do not foresee any reasons to withdraw the existing facilities in the foreseeable future, and will continue to negotiate with other banks to obtain revolving banking facilities to ensure the Group's bank borrowings can be renewed on an on-going basis. The Directors believe that the Group will be able to renew the banking facilities upon maturity dates.

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") AND SIGNIFICANT ACCOUNTING POLICIES

(a) Application of new and revised IFRSs

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

Amendments to IFRSs	Annual Improvements to IFRSs 2009–2011 Cycle
Amendments to IFRS 1	Government Loans
Amendments to IFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IAS 19 (Revised 2011)	Employee Benefits
IAS 27 (Revised 2011)	Separate Financial Statements
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

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

Amendments to IFRS 7

Disclosures — Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IFRS 7 *Disclosures — Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to IFRS 7 require entities to disclose information about:

- recognised financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*; and
- recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32.

The amendments to IFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements but has resulted in more disclosures relating to the Group's offsetting arrangements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, IAS 27 (as revised in 2011) *Separate Financial Statements* and IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding transitional guidance.

IAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of IFRS 10

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC-Int 12 *Consolidation — Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

The Directors reviewed and assessed whether they have control over all the existing subsidiaries in accordance with the requirements of IFRS 10. The Directors concluded that there is no impact on the Group's control over the subsidiaries after the application of IFRS 10 and all the subsidiaries continue to be consolidated in the Group's consolidated financial statements.

Impact of the application of IFRS 11

IFRS 11 replaces IAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, SIC-Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*, has been incorporated in IAS 28 (as revised in 2011). IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under IFRS 11, there are only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under IFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, IAS 31 contemplated three types of joint arrangements — jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under IAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The Directors reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of IFRS 11. The Directors concluded that the Group's investments which were classified as jointly controlled entities under IAS 31 should be classified as joint ventures under IFRS 11 and continue to be accounted for using the equity method.

Impact of the application of IFRS 12

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of IFRS 13 is broad: the fair value measurement requirements of IFRS 13 apply to both financial instrument items and nonfinancial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value.

IFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application. In accordance with the transitional provisions of IFRS 13, the Group has not made any new disclosures required by IFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to IAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Furthermore, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

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

Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures ¹
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities ²
IFRS 9	Financial Instruments ¹
IFRS 14	Regulatory Deferral Accounts ⁵
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions ³
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities ²
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets ²
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting ²
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle ⁴
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle ³
IFRIC 21	Levies ²

¹ Available for application — the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised.

² Effective for annual periods beginning on or after 1 January 2014.

³ Effective for annual periods beginning on or after 1 July 2014.

⁴ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

⁵ Effective for first annual IFRS financial statements beginning on or after 1 January 2016.

The Directors anticipate that the application of the new and revised IFRSs will have no material impact on the consolidated financial statements.

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

3. SEGMENT INFORMATION

The Group is organised on the basis of the type of goods or services delivered or provided. Information reported to the Executive Directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

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

The Group’s operating segments under IFRS 8 are as follows:

- (a) Solar material business — mainly manufacture and sales of polysilicon and wafer to companies operating in the solar industry. It is also engaged in system integration business.
- (b) Power business — development, construction, management and operation of power plants and sales of coals in the PRC. Power plants include coal fuelled cogeneration plants, resources comprehensive utilisation cogeneration plants, gas fuelled cogeneration plants biomass fuelled cogeneration plants, incineration plants, a wind power plant and solar plants.
- (c) Overseas solar power plant business — development, construction, management, operation and sales of overseas solar plants. Certain of these overseas solar plants are identified from inception of the project as developed for the purpose of sale are recognised as project assets. Remaining overseas solar plants will be funded through sale and finance leaseback arrangements and are recognised as property, plant and equipment.

Segment revenue and results

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

Year ended 31 December 2013

	Solar material business <i>HK\$’000</i>	Power business <i>HK\$’000</i>	Overseas solar power plant business <i>HK\$’000</i>	Total <i>HK\$’000</i>
Segment revenue				
Revenue	18,526,729	6,712,588	709,419	25,948,736
Inter-segment sale (<i>Note a</i>)	(405,964)	(3,137)	(9,633)	(418,734)
Revenue from external customers	<u>18,120,765</u>	<u>6,709,451</u>	<u>699,786</u>	<u>25,530,002</u>
Segment (loss) profit	<u>(1,259,249)</u>	<u>568,532</u>	<u>(44,944)</u>	(735,661)
Unallocated income				52,475
Unallocated expense				(85,038)
Fair value adjustments (<i>Note b</i>)				(54,839)
Share-based payment expenses				(25,943)
Impairment loss on goodwill				(43,780)
Gain on disposal of an associate				424,498
Gain on fair value change of convertible bonds receivable				6,722
Gain on fair value change of convertible bonds payable				17,969
Loss on fair value change of held for trading investment				(2,208)
Loss for the year				<u>(445,805)</u>

	Solar material business HK\$'000	Power business HK\$'000	Overseas solar power plant business HK\$'000	Total HK\$'000
Segment revenue				
Revenue	14,023,477	5,812,988	2,652,168	22,488,633
Inter-segment sale (<i>Note a</i>)	(134,696)	(5,911)	—	(140,607)
Revenue from external customers	<u>13,888,781</u>	<u>5,807,077</u>	<u>2,652,168</u>	<u>22,348,026</u>
Segment (loss) profit	<u>(3,355,921)</u>	<u>364,122</u>	<u>27,551</u>	(2,964,248)
Unallocated income				18,753
Unallocated expense				(19,137)
Fair value adjustments (<i>Note b</i>)				(53,676)
Share-based payment expenses				(41,988)
Impairment loss on goodwill				(318,656)
Discount on acquisition of subsidiaries				151
Loss on fair value change of held for trading investment				<u>(6,483)</u>
Loss for the year				<u>(3,385,284)</u>

Note:

- (a) Inter-segment sales made are based on prevailing market price.
- (b) The effect arising from fair value adjustments is related to the assets and liabilities of the group entities carrying out the power business in the PRC (the “Power Group”) deemed acquired in 2009, Konca Solar Cell Co. Ltd (“Konca Solar”) acquired in 2010 and acquisition of other subsidiaries in 2012 which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets.

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

Segment assets and liabilities

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

	2013 HK\$'000	2012 HK\$'000
Segment assets		
Solar material business	55,990,207	51,843,272
Power business	14,217,929	10,817,481
Overseas solar power plant business	2,296,675	2,574,079
Total segment assets	72,504,811	65,234,832
Fair value adjustments (<i>Note</i>)	553,464	600,207
Goodwill	652,326	675,650
Available-for-sale investment	291,818	—
Convertible bonds receivable	246,426	—
Unallocated bank balances and cash	1,901,658	845,891
Unallocated corporate assets	492,105	461,846
Consolidated total assets	76,642,608	67,818,426
	2013 HK\$'000	2012 HK\$'000
Segment liabilities		
Solar material business	45,932,457	41,088,630
Power business	8,522,747	6,472,154
Overseas solar power plant business	1,652,783	1,429,938
Total segment liabilities	56,107,987	48,990,722
Fair value adjustments (<i>Note</i>)	141,609	148,174
Convertible bonds payable	1,542,012	—
Unallocated bank borrowings	517,046	833,034
Unallocated corporate liabilities	328,868	76,036
Consolidated total liabilities	58,637,522	50,047,966

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

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

Note: The effect arising from fair value adjustments is related to the assets of the Power Group deemed acquired in 2009, Konca Solar acquired in 2010 and acquisition of other subsidiaries in 2012, which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets.

Revenue from major products

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

	2013 HK\$'000	2012 HK\$'000
Sales of wafer	14,699,723	10,918,717
Sales of electricity	3,911,128	3,501,462
Sales of polysilicon	2,199,555	2,025,100
Sales of steam	1,881,216	1,887,558
Sales of coal	995,321	489,657
Sales of project assets	600,370	2,580,569
Others (comprise the sales of ingot, module and processing fees)	1,242,689	944,963
	<u>25,530,002</u>	<u>22,348,026</u>

4. OTHER INCOME

	2013 HK\$'000	2012 HK\$'000
Government grants	222,650	285,940
Sales of scrap materials	221,322	137,343
Bank interest income	208,285	182,926
Waste processing management fee	82,031	59,311
Management and consultancy fee income	50,575	33,703
Sales commission	60,584	—
Waiver of other payables	22,151	8,943
Interest income from related companies	3,485	6,444
Others	94,043	69,216
	<u>965,126</u>	<u>783,826</u>

5. FINANCE COSTS

	2013 HK\$'000	2012 HK\$'000
Interest on:		
Bank borrowings		
— wholly repayable within five years	1,574,338	1,878,451
— not wholly repayable within five years	57,911	19,605
Discounted bills	445,574	242,281
Obligations under finance leases	98,012	108,580
Notes payables	279,580	196,491
Loans from related companies	—	3,425
Total borrowing costs	2,455,415	2,448,833
Less: Interest capitalised	(39,798)	(139,491)
	<u>2,415,617</u>	<u>2,309,342</u>

6. OTHER EXPENSES, GAINS AND LOSSES

	2013 HK\$'000	2012 HK\$'000
Research and development costs	223,455	195,331
Impairment loss on property, plant and equipment	257,192	865,354
Impairment loss on goodwill	43,780	318,656
Impairment loss on deposits for acquisitions of property, plant and equipment and prepaid lease payments	7,356	60,849
Impairment loss on interest in joint ventures	—	23,396
Impairment loss on other intangible assets	—	14,244
Gain on fair value change of convertible bonds receivables	(6,722)	—
Gain on fair value change of convertible bonds payables	(17,969)	—
Loss on fair value changes of held for trading investment	2,208	6,483
Exchange (gain) loss, net	(51,576)	1,982
Discount on acquisition of subsidiaries	—	(151)
	457,724	1,486,144

7. INCOME TAX EXPENSE

	2013 HK\$'000	2012 HK\$'000
PRC Enterprise Income Tax (“EIT”)		
Current tax	271,306	195,139
Overprovision in prior years	(46,173)	(72,816)
	225,133	122,323
USA Federal Income Tax		
Current tax	127	30,762
Overprovisions in prior years	(3,035)	—
	(2,908)	30,762
Hong Kong Profits Tax — Current tax	26,656	8,051
Others jurisdictions	236	—
PRC withholding tax	66,802	54,296
Deferred tax	(125,827)	(91,556)
	190,092	123,876

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

Under the Law of People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25%, except for those subsidiaries described below.

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

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

Federal and State tax rates in the United States of America (the “USA”) are calculated at 35% and 8%, respectively for the both year.

The Group’s subsidiaries that are tax resident in the PRC are subject to the PRC dividend withholding tax of 5% or 10% for those non-PRC resident immediate holding company registered in Hong Kong and the British Virgin Islands (“BVI”), respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008. Accordingly, a reversal of provision for deferred taxation of HK\$100,852,000 (2012: HK\$118,266,000) in respect of withholding tax on undistributed profits has been credited to profit or loss during the current year.

8. LOSS FOR THE YEAR

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Loss for the year has been arrived at after charging (crediting):		
Staff costs, including directors’ remuneration		
Salaries, wages and other benefits	1,899,213	1,700,549
Retirement benefit scheme contributions	55,970	56,892
Share-based payment expenses	25,943	41,988
Total staff costs	1,981,126	1,799,429
Depreciation of property, plant and equipment	3,330,002	3,050,160
Amortisation of prepaid lease payments	42,704	37,204
Amortisation of other intangible assets (included in cost of sales and administrative expenses)	28,930	47,384
Total depreciation and amortisation	3,401,636	3,134,748
Less: Amounts included in inventories	(14,881)	(305,439)
Total of depreciation and amortisation charged to profit or loss	3,386,755	2,829,309
Auditor’s remuneration	10,581	18,891
Cost of inventories recognised as cost of sales	20,890,304	17,146,562
Cost of project assets recognised as cost of sales	568,758	2,363,681
Impairment loss on inventories (included in cost of sales)	1,001	284,443
Impairment loss on trade and other receivables (included in administrative expenses)	51,220	129,656
Loss on disposal of property, plant and equipment	70	20,128

9. LOSS PER SHARE

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Loss		
Loss for the purposes of calculation of basic and diluted loss per share		
— Loss for the year attributable to owners of the Company	<u>(664,263)</u>	<u>(3,515,515)</u>
	2013 <i>'000</i>	2012 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares		
for the purpose of basic and diluted loss per share	<u>15,479,604</u>	<u>15,475,299</u>

Diluted loss per share for the years ended 31 December 2013 and 2012 did not assume the exercise of the share options and conversion of the convertible bonds payable since the exercise and conversion would decrease the loss per share for the year presented.

10. TRADE AND OTHER RECEIVABLES

The Group allows a credit period ranging from 0 to 90 days for trade receivables.

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade receivables:		
0–90 days	2,342,828	3,267,646
91–180 days	517,292	1,281,303
Over 180 days	<u>200,011</u>	<u>347,568</u>
	<u>3,060,131</u>	<u>4,896,517</u>

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Bills receivable (trade):		
0–90 days	3,349,504	721,421
91–180 days	<u>2,527,925</u>	<u>1,022,350</u>
	<u>5,877,429</u>	<u>1,743,771</u>

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables, presented based on the invoice date at the end of the reporting period:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade payables:		
0–90 days	2,590,741	1,807,379
91–180 days	965,104	675,730
Over 180 days	308,475	356,512
	<u>3,864,320</u>	<u>2,839,621</u>

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Bills payable (trade):		
0–90 days	2,622,893	1,439,444
91–180 days	2,355,140	581,323
	<u>4,978,033</u>	<u>2,020,767</u>

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I hereby report the following operating results of GCL in 2013. For the year ended 31 December 2013, GCL recorded total revenue of approximately HK\$25.53 billion, representing a 14.2% increase as compared with the same period in 2012. Gross profit was approximately HK\$3.04 billion, a 73.8% increase as compared with the same period in 2012. Losses attributable to owners of the Company amounted to approximately HK\$0.66 billion. Basic losses per share was HK4.29 cents, representing an improvement of 81.1% as compared with the same period in 2012. In early 2013, the Company's performance was still affected by unfavourable factors such as overcapacity along the solar value chain, EU's anti-dumping and countervailing investigation on China's PV products, solar subsidy adjustment and dumping of polysilicon into China from overseas manufacturers. However, due to the close attention paid by the Chinese government and supportive policies were launched in waves, China PV market recovered quickly in large scale. Meanwhile, increase in demand in the PV markets of Japan and United States was the result of supports from their respective governments. Following the final ruling announcement from the China Ministry of Commerce on the anti-dumping and countervailing investigation against solar grade polysilicon imported from the United States and South Korea, the price of polysilicon, wafers and other PV products in China bottomed out while demands picked up quickly. The Company's performance in 2013 improved significantly as compared with 2012 and especially during the second half of 2013, the overall business we were able to turnaround our profitability. We believe global PV market will perform better in 2014.

We estimate that global new solar farm installation was 35–37 GW in 2013, an increase of approximately 10%–15% over 2012. In terms of new solar farm installation, China, Japan, and the United States were the three largest markets. According to the statistics from the China National Energy Administration, the new PV installations in China reached 9.5 GW. Before that, no country was able to increase new PV installation in excess of 8 GW within a year. China's outstanding performance exceeded the most optimistic forecast of the majority of analysts made a year ago. According to the latest statistics of the Ministry of Economy, Trade and Industry of Japan, the PV new installed capacity in Japan was 3.97GW from 1 April to 31 October 2013. Market consensus expects Japan's annual installed capacity could reach 7–8GW in 2013. The latest quarterly report on North American PV market shows that the new PV installation in the United States hit a record high of 4.75 GW in 2013, representing a 15% increase over 2012, thereby ranking the United States as one of the three major solar farm markets in the world. Due to subsidy cut and other factors, the new PV installation in Europe declined notably in 2013 as compared with 2012, even though the total new installations reached 10 GW. Among these new installations, Germany and Italy contributed 3.5 GW and 2 GW respectively. Meanwhile, other emerging markets, including Australia, India, South Africa, and Thailand, also experienced remarkable growth in new solar farm installations in 2013. Emerging markets have taken up a larger market share in the global solar farm market and hence have become a huge driving force for new solar farm development. We expect that the global new PV installations will be 40-45 GW in 2014.

By Increasing Investment in R&D, the Company Achieved Remarkable Technological Advancement and Improved Product Competitiveness

As one of the most influential and competitive silicon materials manufacturers and suppliers in the world, GCL-Poly achieved remarkable technological advancement and product competitiveness in 2013 due to increase in R&D investment. Last year, the Company sold 16,329 MT of polysilicon and 9.3 GW of wafers, representing an increase of 29.7% and 66.2% respectively as compared with the same period in 2012. During each of the quarter of the same period, we were able to achieve continued cost reduction. In 2013, we successfully produced high-quality granular silicon using silane-

based technology, which had reached world class standard with respect to production facilities similar to global peers. After over a year trial run, we will begin the silane-based polysilicon production into large-scale commercial production in 2014. Meanwhile, the Company will continue to strive for product efficiency improvement on current modified Siemens method as well as continued cost reduction. In the future, we will keep on our focus on technology and R&D innovations, improvement in project economics, enhancement of management skill and ensuring high-quality, low-cost production. This will enable GCL to continue its leadership in the high-end polysilicon material market.

In the first half of 2013, GCL-Poly successfully launched its new wafer product “S3” on SNEC 2013 Exhibition held in Shanghai. This product was well-received by the market. In order to continue this momentum in the second half of the year, we launched the second-generation “GCL quasi-mono Wafer G2 (鑫單晶)” in a press conference held in December 2013. At the same time, we announced immediate mass commercial production of this new product. According to the data from laboratory test provided by a number of our customers, when compared with the first-generation single-wafer product launched in 2011, the average conversion efficiency of “GCL quasi-mono Wafer G2” has increased 1.1%, in which the conversion efficiency is close to ingot pulling mono silicon. Moreover, when compared with ingot pulling mono silicon, there is a 0.5% higher efficiency gain for “G2”, a 1.8% increase in area and a 1% lower average luminous decay. With its performance improves significantly, the product can be used to manufacture module panel with output over 280/335W (60/72PCS). “GCL quasi-mono Wafer G2” is positioned for the mainstream application in the high-end silicon market which reflects GCL’s demand-oriented strategy in product R&D. It will provide a very competitive wafer product for our customers resulting in the increase of our market share.

The Company Reported Excellent Results in Solar Farm Business and Expect Higher Growth with the New Platform

The GCL solar power investment team attained excellent results in 2013. At the end of December 2013, GCL owned 1 GW of overseas pipeline projects. In China, GCL accelerated the investment in the solar farm business with new installations totalled 270MW during the year. GCL has announced to acquire 67.99% new shares of Same Time Holdings Limited, a listed company in Hong Kong. The new platform will potentially deploy for the development of solar farm business in the future. Through this transaction, GCL is able to capitalize on its brand name, enable higher growth in the solar farm business and as a result which will benefit our shareholders.

Stable Power Business Outperformed Peers

In 2013, the power business continued to record stable performance. The Company has endured to maximize the efficiencies of existing resources with centralized management, cost control measures in order for stable development of its power and steam businesses. In 2013, the Company sold 5,841 GWh of electricity and 8,850,776 tonnes of steam with a 8.8% and 4.1% year-on-year increase respectively. While ensuring stable growth of the business, the Company also adopted various measures including cost control on coal purchasing, bulk purchase of resources, increase steam sales, and try every possible ways to increase steam-price. All these measures enabled us to achieve encouraging financial results in 2013 when compared with peer power operators.

While devoting our effort to the development of solar business, we will ensure our environmentally friendly power business development to remain healthy and stable. On one hand, we will adopt proactive measures to cope with fluctuations in fuel prices and ensure effective development of the

power business. On the other hand, we will further optimize our business mix in accordance with carbon neutral principles by increasing our investments in clean and renewable energy, thus raising the proportion of biomass and gas power generation.

Social Responsibilities

As a global leading enterprise that has long been engaged in the development of renewable energy, GCL is well aware of its responsibilities to environmental protection and social contribution. While ensuring our manufacturing activities to be in compliance with national environmental standards, we also actively participated in various public welfare activities and gained positive feedbacks from the society. In last year as well as this year, as a CPPCC member, I propose government legislation to improve the subsidy mechanism for renewable energy, streamline subsidy collection methods and procedures, and simplify regulatory control on subsidy supervision. This will lower the associated risk of distributed solar installation; increase the likelihood of project financing and define the settlement mechanism of Feed-in Tariff. In the future, I will continue to propose legislation in relation to environmental protection and clean energy.

On 20 April 2013, Ya'an in Sichuan province was hit by a 7.0 Richter scale earthquake, GCL Sunshine Charity Fund immediately mobilized volunteers to the disaster areas with relief supplies. At the same time, the Company also organized an internal donation campaign as a way of showing our care to the disaster areas.

On 29 October 2013, I was elected as the 2nd Presidium Co-chairman on the Fifth General Meeting of the First Council at the Asian Fifth Council Photovoltaic Industry Association (APVIA). Moreover, GCL has been honored the APVIA Award for Industrial Contribution 2013, Green China Environmental Achievement Award 2013, and “Most Growing Potential Enterprise” of China Securities Golden Bauhinia Awards. This indicates the society’s trust and assurance of GCL. In 2014, we will continue to try our best effort in serving the society by means of creating jobs, making charitable donations and taking an active role in public welfare.

Outlook

In 2013, the PRC government rolled a total of six measures supportive policies to bolster the healthy development of the PV industry. The National Development and Reform Commission announced the implementation of the policy in relation to electricity subsidy for distributed PV solar farms. The 2014 National Energy Conference held on 13 January indicated that new PV installation in China is expected to reach 14 GW this year. Separately, China has released a series of policy regarding industry regulations and consolidation to support industry leaders and best-in-class enterprises. Also, in this year’s State of the Union, President Barack Obama proposed an aggressive plan to develop solar energy by reducing USD4 billion funding for fossil fuels, which will in turn be used for the development of solar energy. We expect that the PV market in the United States will maintain strong momentum with installed capacity reaching 6.5 GW in 2014. The demand from residential and commercial installation projects will see a booming trend which will account for over 45% on total demand. In addition, due to strong demand for solar energy, the new PV capacity in Japan will reach 6-8 GW. We believe that as the demands increase in major markets such as China, Japan, and United States as well as in emerging markets such as India, South Africa, Australia, Chile and Mexico, PV global demand will grow at an accelerated rate.

In 2014, we will continue with our technological innovations and expanded R&D spending, to continue our progress in expanding the width and depth of our production lines and upgrading the quality of granular silicon, S series and G series wafer products while developing N-type mono-wafer products. This should achieve further differentiation and core competitiveness of our products. It

will satisfy demands on different segmentation of wafer products in the PV market. Meanwhile, we maintain our customer-centric attitude and market-oriented approach, as well as maintaining our leadership in cost, quality and performance, so as to further expand market shares. Targeting the fast-growing demand for distributed PV power, we will strengthen system integration and tailor-made both commercial and residential solutions that include energy storage, micro-grid, off-grid and etc. We are providing customers one-stop solution incorporating certification, financing, insurance, EPC and etc.. To develop a platform by merging and acquiring solar farms, combining high-performance components produced in-house and sourcing from our quality customers, we can develop solar farms with even higher performance and quality. Also, we are preparing restructuring of our capital structure and reasonably utilizing financial products to improve our debt structure and gearing ratio, to ensure healthy development and expand profitability. With our own effort, GCL-Poly will continue to strive for value-creation for our shareholders, customers and our society, and reiterating our role of industry forerunner in view of a sustainable, long-term operation. We are confident that we can further promote industry cost reduction and improvement in power generation efficiency, and to reduce the reliance on government subsidies and realize the goal of grid-party at the earliest times.

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

Zhu Gongshan
Chairman

Hong Kong, 13 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

As global economy has improved, demand pick-up and over-supply situation of solar products eased, resulting in stable average selling price and gross margin of solar products since the second half of 2013. We see more evidence of supporting policies emerged from the PRC and Japan. There is no doubt that the PV industry will continue to grow in the coming few years and industry cost leaders will reap the rewards in 2014.

GCL continues to focus on both the upstream solar material business and downstream solar power plant business. During 2013, GCL successfully launched two high efficiency wafer products which satisfied our customers' need and ended up with higher wafer market shares. In 2013, we developed an aggregate of 270 MW of solar farm projects in the PRC, which was a great achievement in our downstream solar farm business and further strengthened our leadership in the solar industry.

Results of the Group

Revenue amounted to HK\$25,530.0 million for the year ended 31 December 2013, representing an increase of 14.2% compared with the revenue of HK\$22,348.0 million for the year ended 31 December 2012. Increase in revenue was mainly due to increase in the sales volume of polysilicon, wafer and electricity.

As a result of the recovery in the solar industry, impairment loss on plant and machinery and goodwill decreased significantly for the year ended 31 December 2013. The Group recorded a net loss attributable to owners of the Company of HK\$664.3 million in 2013, as compared to net loss attributable to owners of the Company of HK\$3,515.5 million in 2012.

BUSINESS REVIEW

Solar Material Business

Production

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

As at 31 December 2013, our annual polysilicon production capacity was maintained at 65,000 MT. During the year ended 31 December 2013, GCL produced approximately 50,440 MT of polysilicon, representing an increase of 36.1% as compared to 37,055 MT for the same period in 2012. During this year, GCL completed the trial-run and had successfully produced high-purity polysilicon using FBR technology. We will continue to develop and improve FBR technology and commercial production will commence when test-run is completed.

In 2013, GCL carried out various technological improvement projects that increase both the production yield rate and conversion efficiency of our wafer. During the year, we have successfully launched our high-efficiency multi-crystalline silicon wafer "GCL Multi-Wafer S3" and our second-generation high-efficiency mono-crystalline silicon wafer "GCL Monocrystalline G2" in which both have notable increase in conversion efficiency of solar cells. In order to meet the increasing demand, our annual wafer production capacity increased to 10 GW as at 31 December 2013. For the year ended 31 December 2013, approximately 8,634 MW of wafers were produced, representing an increase of 53.6% as compared with 5,622 MW for the same period in 2012.

Production Costs

GCL's polysilicon and wafer production costs mainly depend on its ability to control raw material costs, lower energy consumption, achieve economies of scale in its operations and streamlined production processes.

During the year, Jiangsu Zhongneng carried out various cost control measures to reduce the electricity and steam consumption and other fixed costs incurred during the polysilicon production. Despite a lower utilisation rate in the first quarter of 2013, our average polysilicon production costs decreased by 13.7% from \$152.7 (US\$19.7) per kilogram for 2012 to HK\$131.8 (US\$17.0) per kilogram for 2013.

Attributed to effective raw material recycling method together with other measures resulting in increase in production yield and cost reduction, GCL was able to reduce its wafer production cost to an extremely competitive level. For the year ended 31 December 2013, our average wafer production cost (before eliminating the internal profit of polysilicon) was approximately HK\$1.40 (US\$0.18) per W, representing a decrease of 27.8% as compared to HK\$1.94 (US\$0.25) per W for the year ended 31 December 2012.

Sales Volume and Revenue

Revenue of our solar material business for the year ended 31 December 2013 amounted to approximately HK\$17,583.0 million, representing an increase of 34.1% from HK\$13,116.7 million for the year ended 31 December 2012.

For the year ended 31 December 2013, GCL sold 16,329 MT of polysilicon and 9,296 MW of wafer, an increase of 29.7% and 66.2% respectively, as compared with 12,593 MT of polysilicon and 5,594 MW of wafer for the corresponding period in 2012.

The average selling prices of polysilicon and wafer were approximately HK\$134.9 (US\$17.4) per kilogram and HK\$1.63 (US\$0.21) per W respectively for the year ended 31 December 2013. The corresponding average selling prices of polysilicon and wafer for the year ended 31 December 2012 were HK\$161.2 (US\$20.8) per kilogram and HK\$1.94 (US\$0.25) per W respectively.

For the year ended 31 December 2013, GCL sold approximately 120 MW PV modules. Revenue generated from trading of PV modules was approximately HK\$537.8 million.

Overseas Solar Power Plant Business

As of 31 December 2013, the Group had approximately 100 MW PV projects currently under construction. The Group's total solar farm projects in operation in the United States reached 18 MW as at 31 December 2013 and over 1 GW projects in the United States and Puerto Rico are currently in the planning stage.

During the first half of 2013, the Group sold the 100% equity interests in a company in California which owned a solar farm project with a planned capacity of approximately 209 MW for approximately HK\$429.0 million (US\$55 million).

In the second half of 2013, the Group sold 100% equity interests in two solar farm project companies with a total planned capacity of approximately 19 MW in San Diego County, California. The project has achieved commercial operations date on 31 December 2013. The revenue from sale of the above solar farms was approximately HK\$171.4 million (US\$22 million).

For the year ended 31 December 2013, revenue from sales of electricity generated by the PV projects in the United States was approximately HK\$78.2 million (US\$10.1 million) (2012: HK\$71.6 million).

Power Business

The Group's power business consists of cogeneration plants (including incineration plants) and renewable energy plants in the PRC. They are under the category of environmentally friendly power plants that are encouraged by the PRC government. As at 31 December 2013, the Group operated 30 power plants in the PRC (including subsidiaries and associates) as follows:

	2013			2012		
	Capacity (MW)			Capacity (MW)		
	Quantity	Installed	Attributable Installed	Quantity	Installed	Attributable Installed
Cogeneration plants						
Coal-fired cogeneration plants and resources						
comprehensive utilization cogeneration plants	14	474.0	374.7	14	474.0	374.7
Gas-fired cogeneration plants	3	870.0	391.1	2	510.0	257.1
Biomass cogeneration plants	2	60.0	60.0	2	60.0	60.0
Solid-waste incineration plants	2	36.0	36.0	2	24.0	24.0
	21	1,440.0	861.8	20	1,068.0	715.8
Renewable energy plants						
Wind power plant	1	49.5	49.5	1	49.5	49.5
Ground-mounted solar power plants	7	300.0	236.3	2	30.0	30.0
Rooftop solar power plant	1	3.0	3.0	1	3.0	3.0
	9	352.5	288.8	4	82.5	82.5
Total	30	1,792.5	1,150.6	24	1,150.5	798.3

The installed capacity and attributable installed capacity increased from 1,150.5MW and 798.3MW in 2012 to 1,792.5MW and 1,150.6MW in 2013, respectively. The increase was mainly due to:

1. A new gas-fired cogeneration plant in Suzhou with 360MW installed capacity and 134MW attributable installed capacity has commenced operation.
2. Unit number 2 of the Xuzhou waste incineration plant with 12MW installed and attributable capacity has commenced operation.
3. Three ground-mounted solar power plants in Jiangsu and Shanxi province with an aggregated installed and attributable capacity of 140MW, together with two ground-mounted solar power plants in Xinjiang and Ningxia Hui Autonomous Region with an aggregated installed capacity of 130 MW and attributable capacity of 66.3MW, have commenced operation.

As at 31 December 2013, the total steam extraction and attributable steam extraction were 2,439.0 tonne/h and 1,830.9 tonne/h respectively as compared to 2,239.0 tonne/h and 1,756.4 tonne/h in 2012. The increases was mainly due to the commencement of operation of a gas-fired cogeneration plant in Suzhou.

Sales Volume

For the year ended 31 December 2013, total electricity and steam sales volume were 5,840,653MWh and 8,850,776 tonnes respectively representing an increase of 8.8% and 4.1% respectively as compared to 5,370,397MWh and 8,501,198 tonnes in 2012. The increase was mainly due to an increase in sales volume of electricity and steam as a result of the expansion of business during the year.

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

Plants	Electricity Sales MWh 31.12.2013	Electricity Sales MWh 31.12.2012	Steam Sales tonne 31.12.2013	Steam Sales tonne 31.12.2012
Subsidiary cogeneration plants				
Kunshan Cogeneration Plant	415,646	415,986	624,207	647,935
Haimen Cogeneration Plant	165,780	162,320	291,134	266,440
Rudong Cogeneration Plant	174,300	179,668	722,024	757,481
Huzhou Cogeneration Plant	131,411	139,409	403,725	361,616
Taicang Poly Cogeneration Plant	235,822	216,542	382,401	393,945
Jiaxing Cogeneration Plant	208,688	212,923	898,167	898,819
Lianyungang Xinneng Cogeneration Plant	110,920	93,992	414,289	375,079
Puyuan Cogeneration Plant	208,900	196,155	904,876	956,028
Fengxian Cogeneration Plant (<i>note 1</i>)	162,525	127,836	1,914,471	1,550,359
Yangzhou Cogeneration Plant	423,922	342,849	267,868	249,227
Dongtai Cogeneration Plant	125,145	117,120	502,025	496,565
Peixian Cogeneration Plant	180,974	132,007	222,560	210,288
Xuzhou Cogeneration Plant	172,811	166,656	224,207	258,290
Suzhou Cogeneration Plant — Blue Sky	1,884,773	2,384,005	722,738	725,007
Suzhou Cogeneration Plant — Northern	611,149	N/A	N/A	N/A
Baoying Cogeneration Plant	121,012	120,507	215,464	204,009
Lianyungang Xiexin Cogeneration Plant	147,477	125,936	123,710	116,835
Taicang Incineration Plant	78,652	74,583	N/A	N/A
Xuzhou Incineration Plant (<i>note 2</i>)	104,117	50,263	16,910	33,275
Sub-total	5,664,024	5,258,757	8,850,776	8,501,198
Renewable energy plants				
Guotai Wind Power Plant	91,931	87,349	N/A	N/A
Xuzhou Solar Power Plant	21,227	21,377	N/A	N/A
DaTongXian GCL Solar Power Plant	28,935	N/A	N/A	N/A
Sangri Solar Power Plant	18,721	N/A	N/A	N/A
Funing Xinneng Solar Power Plant	6,856	N/A	N/A	N/A
Baoying Xingneng Solar Power Plant	5,269	N/A	N/A	N/A
Huocheng Solar Power Plant	297	N/A	N/A	N/A
Jiangsu Guoneng Rooftop Solar Power Plant	3,393	2,914	N/A	N/A
Ningxia Qing Yang Solar Power Plant (<i>note 3</i>)	N/A	N/A	N/A	N/A
Sub-total	176,629	111,640	0	0
Total of subsidiaries	5,840,653	5,370,397	8,850,776	8,501,198
Associated cogeneration plants				
Funing Cogeneration Plant	193,742	121,464	67,152	77,006
China Resources Beijing Cogeneration Plant	640,521	679,624	346,612	393,478
Grand total	6,674,916	6,171,485	9,264,540	8,971,682

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

Note 2: The steam sales of Xuzhou Incineration Plant was for inter-group consumption during the year.

Note 3: The construction of Ningxia Qing Yang Solar Power Plant was completed at the end of 2013.

Revenue

For the year ended 31 December 2013, the revenue for the power business was HK\$6,709.5 million, a 15.5% increase as compared to HK\$5,807.1 million in 2012. The increase was mainly due to an increase in the sales volume of electricity and coal during the year.

Average Utilisation Hour

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

For the year ended 31 December 2013, the average utilization hour of subsidiary cogeneration plants (excluding Suzhou Cogeneration Plant — Northern) was 6,217 hours, representing a decrease of 4.4% as compared to the 6,501 hours in 2012. The average utilization hour of renewable energy plants was 1,591 hours, representing a decrease of 0.9% as compared to the 1,606 hours in 2012.

Approved On-Grid Tariff

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

On-Grid Tariff of the Group's cogeneration plants are based on an approved on-grid tariff that is determined by the provincial price bureaus. The on-grid tariff depends on the type of fuel of the relevant power plants and whether government-encouraged desulphurisation equipment has been installed. For the year ended 31 December 2013, the approved on-grid tariff of the Group's cogeneration plants ranged from approximately HK\$637.4/MWh to HK\$951.8/MWh (2012: HK\$656.2/MWh to HK\$933.9/MWh).

On-Grid Tariff of the Group's renewable energy power plants are based on an approved on-grid tariff that is determined by the related policy documents of the National Development and Reform Commission, National Energy Administration, State Electricity Regulatory Commission and Administration for Commodity Prices. For the year ended 31 December 2013, the approved on-grid tariff of the Group's solar plants (excluding the Rooftop solar plant) ranged from approximately HK\$1,252.3/MWh to HK\$2,705.1/MWh. (2012: HK\$1,413.1/MWh to HK\$2,654.2/MWh.)

Approved Steam Price

In response to the PRC-government incentive program, the Group sells steam to customers exclusively within a certain radius of where our cogeneration plants are located. Steam prices are negotiated commercially between customers and our cogeneration plants and are subject to local government pricing guidelines. Price may vary according to the market forces. For the year ended 31 December 2013, the approved steam price of the Group's cogeneration plants ranged from HK\$187.9/tonne to HK\$310.0/tonne (2012: HK\$184.3/tonne to HK\$304.1/tonne).

Fuel Costs

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

For the group's coal-fired cogeneration plants, resource comprehensive utilisation plants and biomass cogeneration plants, the average unit fuel cost for electricity sales and steam sales were HK\$374.6/MWh and HK\$114.2/tonne respectively in 2013. The corresponding average unit fuel costs for electricity sales and steam sales were HK\$493.0/MWh and HK\$139.2/tonne respectively in 2012. The decrease was mainly due to the decrease in coal price during the year.

For the Group's two Suzhou cogeneration plants, natural gas was the major component of the cost of sales. The average unit fuel cost for electricity sales and steam sales were HK\$568.7/MWh and HK\$196.3/tonne respectively in 2013. The corresponding average unit fuel cost for electricity sales and steam sales in 2012 were HK\$508.8/MWh and HK\$192.5/tonne respectively. The increase was mainly due to the increase in natural gas price during the year.

The major components in the cost of sales for the Group's renewable energy plants are depreciation and labour costs.

Recent Developments

On 13 February 2014, GCL published an announcement in relation to the acquisition of a total of 0.36 billion new shares of Same Time Holdings Limited (stock code: 451) at HK\$4 each, representing approximately 68% of the enlarged issued share capital of Same Time Holdings Limited after completion of this transaction. As we regard solar power plant business will be one of the growth drivers of the PV industry, we expect Same Time Holdings Limited will be a new platform specifically for our accelerated investments in solar farms and rooftop applications, in both the domestic and overseas markets. In this new platform, we will develop new distributed solar applications in China. In the meantime, GCL will continue to operate the existing solar farms, whereas the new platform will mainly be deployed for the development of new solar farm in China, and other high-growth markets.

Outlook

In the second half of 2013, we witnessed a modest recovery of the PV industry as restocking activities in the PV value-chain began. As a result, we experienced high utilisation of our manufacturing facilities in the fourth quarter and we expect robust demand to continue in 2014. Despite the module sales of the PRC manufacturers were affected by anti-dumping and countervailing investigations that were initiated by the United States and the European Union, global demand for new installations of PV systems grew to about 39 GW in 2013 with rising demand from China and Japan. In addition, overcapacity along the PV value chain seems to alleviate significantly in the second half of 2013 and as a result solar products selling prices began to increase. Higher capacity utilisation has also contributed to our manufacturing cost reduction.

We anticipate that 2014 global PV solar demand to grow modestly to approximately 40-45 GW, with slower European demand while demand in emerging markets such as China, the United States, Japan, India, Korea, Australia and Brazil will continue to increase. These emerging markets will play a more important role in the solar industry development, leading to a more balanced geographical diversification. The National Energy Bureau of China has earmarked 14GW of installations in China in 2014. As such, we believe the initial 35GW cumulative installation target by 2015 set by the National Development and Reform Commission ("NDRC") will have to be adjusted. In addition, we also expect a minimal decrease in ground-mounted Feed-In-Tariff ("FiT") in China this year which will not negatively impact the PV industry. A significant amount of installations in 2014 will be supported by the roof-top/Distributed generation subsidy announced in August 2013. In Japan, the government only reduced the solar FiT slightly from 42Yen/kWh to 37.8Yen/kWh, and we believe that the incentives in Japan will remain attractive in promoting Japan to be the second largest PV

market in the next few years. With rich sunlight resources and the availability of government incentives such as the National Solar Mission and State Programs, India also attracted substantial foreign capital to invest in the country and has become one of the fastest growing markets of the PV industry.

As many small solar producers have halted their production or exited the market recently, we expect the average selling price of solar products will remain stable or slightly higher in 2014 as demand remain robust and our customers continue to restock. We are optimistic that our manufacturing cost will continue to decrease as capacity utilization continues to increase. We believe our Company will remain competitive with our superior cost structure and effective execution to manage our production facilities.

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

For the power business, coal price is an important factor to profitability. We recorded a small increase in coal price in the second half of 2013 after a significant decrease in 2012. We expect the average coal price in the first half of 2014 will remain stable. In the meantime, we will continue to focus on steam sales as contract prices of steam can be negotiated with our customers directly, based on local government pricing guidelines, making it easier to maintain profit margins. The Group will try every possible ways to further enhance operation efficiency. In the long run, we will continue to focus on the development of renewable-energy power plants.

Health, Safety and Environmental Matters

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

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

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

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

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

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

Employees

We consider our employees to be our most important resource. As at 31 December 2013, the Group had approximately 13,516 employees in Hong Kong, the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees.

Financial Review

Segment Information

The Group reported its financial information in three segments — the solar material business, power business and overseas solar power plant business — during the year. The following table sets forth the Group's operating results by business segments:

	Solar Material Business	Power Business	Overseas Solar Power Plant Business	Corporate	Consolidated
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue from external customers	18,121	6,709	700	—	25,530
Segment (loss) profit	(1,259)	568	(45)	—	(736)
EBITDA*	3,729	1,606	45	20	5,400

* The following items were excluded in the calculation of Earnings before interest, tax, depreciation and amortization ("EBITDA"): i) Impairment losses on property, plant and equipment; ii) Impairment losses on investment held for trading; iii) Impairment losses on goodwill; iv) Change in fair value of convertible bonds receivable; and v) Change in fair value of convertible bonds payable

Revenue

Revenue for the year ended 31 December 2013 amounted to HK\$25,530.0 million, representing an increase of 14.2% as compared with HK\$22,348.0 million for the year ended 31 December 2012. The increase was mainly due to surge in sales volume of polysilicon, wafer and electricity.

Gross Profit Margin

The Group's overall gross profit margin for the year ended 31 December 2013 was 11.9%, as compared with 7.8% for the year ended 31 December 2012. Gross profit margin for the solar material business increased from 4.4% for the year ended 31 December 2012 to 9.5% for the year ended 31 December 2013. The increase in gross profit margin was attributed to decrease in wafer production cost as a result of decrease in polysilicon cost together with effective cost control in wafer processing cost. Gross profit margin for the overseas solar power plant business was 8.1% for the year ended 31

December 2013 and 9.7% for the year ended 31 December 2012. For the power business, the gross profit margin increased from 15.9% for the year ended 31 December 2012 to 19.0% for the year ended 31 December 2013.

Other Income

Other income mainly comprised government grants of HK\$222.7 million, sales of scrap materials of HK\$221.3 million, bank interest income of HK\$208.3 million, and waste processing fee income of HK\$82.0 million.

Distribution and Selling Expenses

Distribution and selling expenses amounted to HK\$42.1 million for the year ended 31 December 2013, representing a decrease of 56.0% from HK\$95.6 million for the year ended 31 December 2012. In order to reduce cost, only effective sales and marketing activities were carried out in 2013.

Administrative Expenses

Administrative expenses amounted to HK\$1,785.6 million for the year ended 31 December 2013, representing a decrease of 6.0% from HK\$1,899.5 million for the year ended 31 December 2012. The Company has exercised stringent cost control measure during the year which led to lower other administrative expenses.

Other Expenses, Gains and Losses

Other expenses for the year ended 31 December 2013 were HK\$457.7 million, representing a significant drop of 69.2% from HK\$1,486.1 million for the year ended 31 December 2012. The decrease was mainly due to less impairment loss on property, plant and equipment and goodwill as a result of the recovery in the solar industry.

Finance Costs

Finance costs of the Group in 2013 were HK\$2,415.6 million, increased slightly by 4.6% as compared to HK\$2,309.3 million in 2012. The increase was mainly because smaller amount of interest expense was capitalised as a result of lower construction-in-progress during the year.

Share of Profit of Associates

The Group's share of profits of associates for the year ended 31 December 2013 was HK\$21.4 million, which was mostly derived from the power business.

Share of Loss of Joint Ventures

The amount represented the Group's share of loss of our joint ventures, which are located in the US and South Africa.

Income Tax Expense

Income tax expense for the year ended 31 December 2013 was HK\$190.1 million, representing an increase of 53.4% as compared with HK\$123.9 million for the year ended 31 December 2012. As the solar industry recovered, most of our PRC subsidiaries were profitable during the year, resulting in more PRC Enterprise Income Tax were incurred.

Loss attributable to Owners of the Company

Loss attributable to Owners of the Company decreased significantly from HK\$3,515.5 million for the year ended 31 December 2012 to HK\$664.3 million for the year ended 31 December 2013.

Liquidity and Financial Resources

	2013 <i>HK\$ million</i>	2012 <i>HK\$ million</i>
Net cash from operating activities	8,507.2	2,326.4
Net cash used in investing activities	(6,668.1)	(5,310.7)
Net cash (used in) from financing activities	(328.8)	616.8

For the year ended 31 December 2013, the Group's main source of funding was cash generated from operating activities. The net cash from operating activities in 2013 was HK\$8,507.2 million, significantly increased from HK\$2,326.4 million in 2012. Increase in net cash from operating activities was mainly due to recovery in the solar industry leading to more solar subsidiaries were profitable. The net cash used in investing activities primarily came from payments for the purchase of property, plant and equipment and net outflow was from placing of pledged and restricted bank deposits. The main financing activities of the Group in 2013 included new bank borrowings of HK\$29,400.5 million, net proceeds from the issuance of convertible bonds for HK\$1,536.0 million and repayment of bank borrowings amounted to HK\$29,680.2 million.

The aggregate restricted and unrestricted cash and bank balances amounted to approximately HK\$14,411.5 million as at 31 December 2013 (31 December 2012: HK\$9,716.2 million). The Group's total assets as at 31 December 2013 were HK\$76,642.6 million (31 December 2012: HK\$67,818.4 million).

The Group incurred losses of HK\$445.8 million from operations for the year ended 31 December 2013, and the Group's current liabilities exceeded its current assets by HK\$13,987.5 million as at 31 December 2013. As at the same date, the Group had cash and cash equivalents of HK\$6,168.8 million with bank borrowings due within one year amounted to HK\$24,915.5 million.

In addition to the Group's current undrawn banking facilities and renewable bank borrowings, in order to improve liquidity, the Group has negotiated with certain banks, who have indicated that they do not foresee any reasons to withdraw the existing facilities in the foreseeable future, and will continue to negotiate with other banks to obtain revolving banking facilities to ensure the Group's bank borrowings can be renewed on an on-going basis. The Directors believe that the Group will be able to renew the banking facilities upon maturity dates.

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

Indebtedness

The indebtedness of the Group mainly comprises bank borrowings, obligations under finance lease, note payables and convertible bonds payable. As at 31 December 2013, the Group's total bank borrowings amounted to HK\$33,255.9 million (31 December 2012: HK\$32,522.4 million), obligations under finance lease amounted to HK\$2,070.5 million (31 December 2012: HK\$1,329.9 million), note payables amounted to HK\$3,922.8 million (31 December 2012: HK\$3,058.8 million) and convertible bonds payable amounted to HK\$1,542.0 million (31 December 2012: Nil). Below is a table showing the bank borrowing structure and maturity profile of the Group's bank borrowings:

	2013 HK\$ million	2012 HK\$ million
Secured	16,513.2	10,120.4
Unsecured	16,742.7	22,402.0
	<u>33,255.9</u>	<u>32,522.4</u>
Maturity profile of bank borrowings		
On demand or within one year	24,915.5	19,705.1
After one year but within two years	2,447.2	8,726.4
After two years but within five years	4,857.8	3,353.3
After five years	1,035.4	737.6
	<u>33,255.9</u>	<u>32,522.4</u>
Group's total bank borrowings		
Bank borrowings are denominated in the following currencies		
RMB	24,202.4	24,913.1
USD	9,053.5	7,609.3
	<u>33,255.9</u>	<u>32,522.4</u>

As at 31 December 2013, RMB bank borrowings carried both fixed and floating interest rates at rates with reference to the Benchmark Borrowing Rate of The People's Bank of China. USD bank borrowings carried interest rates at rates with reference to the London Interbank Offer Rate (LIBOR).

The note payables bear interest at a fixed rate of 5.77%–7.05% per annum and the convertible bonds payable bear interest at a fixed rate of 0.75% per annum.

Key Financial Ratios of the Group

	2013	2012
Current ratio	0.67	0.73
Quick ratio	0.61	0.62
Net debt to equity attributable to the owners of the Company	163.4%	167.8%

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

Foreign Currency Risk

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

For the year ended December 2013, the Group did not purchase any material foreign currency or interest rate derivatives or related hedging instruments.

Pledge of Assets

As at 31 December 2013, property, plant and equipment and prepaid lease payments with a carrying value of approximately HK\$15,280.7 million and HK\$497.7 million respectively, were pledged as security for certain banking facilities and borrowings granted to the Group (31 December 2012: HK\$10,702.6 million and HK\$476.6 million respectively). Apart from these, bank deposits and bills receivable for an aggregate amount of HK\$987.4 million (31 December 2012: HK\$1,590.6 million) and HK\$775.7 million (31 December 2012: HK\$166.0 million) were pledged to the banks to secure borrowings and finance leases granted to the Group.

Capital Commitments

As at 31 December 2013, the Group had capital commitments in respect of purchase of property, plant and equipment and constructions costs in respect of projects contracted for but not provided in the financial statements amounting to HK\$1,188.1 million and HK\$915.4 million, respectively (31 December 2012: HK\$2,693.4 million and HK\$2,950.7 million). In addition, the Group had capital commitments in respect of purchase of property, plant and equipment which were authorised internally but not contracted for amounted to HK\$5,802.7 million (31 December 2012 HK\$5,418.3 million).

Contingent Liabilities

i) Contingent liability

On 9 July 2013, the Group was informed by one of its equipment suppliers (the “Claimant”) that the Claimant had filed a notice of arbitration (the “Notice”) with the Hong Kong International Arbitration Centre (“HKIAC”) against Taicang GCL Photovoltaic Technology Co., Ltd. (“GCL Taicang”), a wholly-owned subsidiary of the Group. The Notice was received by GCL Taichang on 9 July 2013.

Pursuant to the Notice, an arbitration has been initiated by the Claimant against GCL Taicang as respondent under the HKIAC Administered Arbitration Rules in respect of a dispute (the “Dispute”) arising from an equipment purchase and sale agreement (the “Agreement”) entered into between it and GCL Taicang in 2011 with a total contractual value of approximately HK\$1,800,000,000 for the purchase of certain wafer production equipment (the “Equipment”) by GCL Taicang from the Claimant.

The Claimant alleges, among other things, that GCL Taicang breached the Agreement by failing to fulfil its obligations to purchase a certain number of units of the Equipment under the Agreement and to pay all relevant sums under the Agreement. The Claimant seeks, among other things, damages and/or relief for the alleged breach of the Agreement, together with interests and costs. The notice does not specify the actual amount of the claim. GCL Taicang has sought legal advice in respect of the Dispute and will vigorously contest the claim and take all appropriate steps to defend its position against the Claimant’s allegations.

On 16 December 2013, The Group announced that GCL Taicang and the Claimant entered into an amendment agreement (the “Amendment Agreement”) to amend and restate certain terms and conditions under the Agreement, including but not limited to the obligations in relation to the purchase of the Equipment by GCL Taicang. Under the terms of the Amendment Agreement, following its execution, the Claimant will immediately take appropriate steps to suspend the arbitration, and upon the completion of the purchase of the Equipment by GCL Taicang under the Agreement (as amended by the Amendment Agreement), the Claimant will immediately take appropriate steps to withdraw the arbitration. On the same date, both the parties have notified the arbitral tribunal and the HKIAC of the suspension of the arbitration.

As the Dispute is currently suspended by both parties, the Group did not recognise any provision in relation to the Dispute as at 31 December 2013.

ii) Financial guarantees contracts

As at 31 December 2013, the Group has provided guarantee of HK\$127.2 million (31 December 2012: HK\$135.7 million) to a bank in respect of the banking facility granted to an associate company. The utilised amount of this facility was HK\$63.6 million as at 31 December 2013 (2012: HK\$101.1 million).

Events After the End of Reporting Year

On 13 February 2014, the Company and Same Time Holdings Limited (“Same Time”) entered into a subscription agreement pursuant to which Same Time has conditionally agreed to allot and issue to the Company and the Company has conditionally agreed to subscribe in cash for 360,000,000 new shares of Same Time at a subscription price of HK\$4.00 per share. Same Time is a company listed on the main board of the Hong Kong Stock Exchange.

Details of this transaction were set out in the announcement of the Company dated 13 February 2014.

DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2013 (2012: nil).

CORPORATE GOVERNANCE

The Company has complied with all the code provisions as set out in the Corporate Governance Code (“CG Code”) under Appendix 14 in the Listing Rules for the year ended 31 December 2013 save for the deviation from code provision A.2.1 and A.5.1 of the CG Code.

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

Code provision A.5.1 stipulates that a nomination committee should comprise a majority of independent non-executive directors. As a result of the resignation of an independent non-executive director (“INED”) on 8 January 2014, the nomination committee currently comprises one executive director and one INED. The Board will appoint another INED as additional committee member in due course.

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

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

MODEL CODE SET OUT IN APPENDIX 10 OF THE LISTING RULES

The Company has established its model code (the “Code”) in terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

Having made specific inquiries of all Directors, the Company has received from all Directors confirmations of compliance with the required standard as set out in the Code throughout the year ended 31 December 2013.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.gcl-poly.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2013 will be dispatched to shareholders of the Company and available on the above websites in due course.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed the audited financial statements of the Group for the year ended 31 December 2013.

GLOSSARY OF TERMS

“Baoying Cogeneration Plant”	寶應協鑫生物質發電有限公司 (Baoying Xiexin Biomass Electric Power Generation Co., Ltd.*)
“Baoying Xingneng Solar Power Plant”	寶應興能可再生能源有限公司 (Baoying Xingneng Renewable Energy Co., Ltd. *)
“Board” or “Board of Directors”	our board of Directors
“China” or “PRC”	the People’s Republic of China, but for the purposes of this announcement, excludes Hong Kong and Macau Special Administrative Region of the PRC
“China Resources Beijing Cogeneration Plant”	華潤協鑫（北京）熱電有限公司 (China Resources Golden Concord (Beijing) Co-generation Power Co., Ltd.*)
“Company, GCL”	GCL-Poly Energy Holdings Limited
“DaTongxian GCL Solar Power Plant”	大同縣協鑫光伏電力有限公司 (Datong Xian GCL Solar Energy Co., Ltd.*)
“Director(s)”	director(s) of the Company or any one of them
“Dongtai Cogeneration Plant”	東台蘇中環保熱電有限公司 (Dongtai Suzhong Environmental Protection Co-generation Co., Ltd.)
“Fengxian Cogeneration Plant”	豐縣鑫源生物質環保熱電有限公司 (Fengxian Xinyuan Biological Environmental Heat and Power Co., Ltd.)
“Funing Cogeneration Plant”	阜寧協鑫環保熱電有限公司 (Funing Golden Concord Environmental Protection Co-generation Co., Ltd.)
“Funing Xinneng Solar Power Plant”	阜寧新能光伏電力有限公司 (Funing Xinneng Solar Energy Co., Ltd.*)
“Group”	the Company and its subsidiaries
“Guotai Wind Power Plant”	錫林郭勒國泰風力發電有限公司 (Xilingol Guotai Wind Power Generation Co., Ltd.*)
“GW”	gigawatts
“Haimen Cogeneration Plant”	海門鑫源環保熱電有限公司 (Haimen Xinyuan Environmental Protection Co-generation Co., Ltd.)
“Huocheng Solar Power Plant”	霍城縣圖開新能源科技開發有限公司 (Huocheng Xian Tukai New Energy Technology Development Co., Ltd. *)
“Huzhou Cogeneration Plant”	湖州協鑫環保熱電有限公司 (Huzhou Golden Concord Environmental Protection Cogen-Power Co., Ltd.)

“Jiangsu Guoneng Rooftop Solar Power Plant”	江蘇國能新能源科技有限公司 (Jiangsu Guoneng New Energy Technology Co., Ltd.*)
“Jiangsu Zhongneng”	江蘇中能硅業科技發展有限公司 (Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. *)
“Jiaxing Cogeneration Plant”	嘉興協鑫環保熱電有限公司 (Jiaxing Golden Concord Environmental Cogeneration Co., Ltd.)
“Kunshan Cogeneration Plant”	昆山鑫源環保熱電有限公司 (Kunshan Xinyuan Environmental Protection Cogen-Power Co., Ltd.)
“kWh”	Kilowatt hour
“Lianyungang Xiexin Cogeneration Plant”	連雲港協鑫生物質發電有限公司 (Lianyungang Xiexin Biomass Electric-Power Generation Co., Ltd.)
“Lianyungang Xinneng Cogeneration Plant”	連雲港鑫能污泥發電有限公司 (Lianyungang Xinneng Sludge Power Co., Ltd.*)
“MT”	metric tonnes
“MW”	megawatts
“Peixian Cogeneration Plant”	沛縣坑口環保熱電有限公司 (Peixian Mine-site Environmental Cogen-Power Co., Ltd.)
“Puyuan Cogeneration Plant”	桐鄉濮院協鑫環保熱電有限公司 (Tongxiang Puyuan Xiexin Environmental Protection Cogeneration Co., Ltd.*)
“PV”	photovoltaic
“Rudong Cogeneration Plant”	如東協鑫環保熱電有限公司 (Rudong Golden Concord Environmental Protection Cogen-Power Co. Ltd.*)
“Sangri Solar Power Plant”	保利協鑫（桑日）光伏電力有限公司 (GCL-Poly (Sangri) Solar Power Co., Ltd.*)
“Suzhou Cogeneration Plant —Blue Sky”	蘇州工業園區藍天燃氣熱電有限公司 (Suzhou Industrial Park Blue Sky Gas Cogen-Power Co., Ltd.)
“Suzhou Cogeneration Plant —Northern”	蘇州工業園區北部燃機熱電有限公司 (Suzhou Industrial Park Northern Gas Turbine Cogeneration Co., Ltd.*)
“Taicang Incineration Plant”	太倉協鑫垃圾焚燒發電有限公司 (Taicang Xiexin Refuse Incineration Power Co. Ltd.*)
“Taicang Poly Cogeneration Plant”	太倉保利協鑫熱電有限公司 (Taicang Poly Xiexin Thermal Power Co., Ltd.)
“W”	watts
“Xuzhou Cogeneration Plant”	徐州西區環保熱電有限公司 (Xuzhou Western Environmental Protection Co-generation Power Co., Ltd.)
“Xuzhou Incineration Plant”	保利協鑫（徐州）再生能源有限公司 (Xuzhou GCL-Poly Renewable Energy Company Limited*)

“Xuzhou Solar Farm”

徐州協鑫光伏電力有限公司 (Xuzhou GCL Solar Energy Co., Ltd.*)

“Yangzhou Cogeneration Plant”

揚州港口污泥發電有限公司 (Yangzhou Harbour Sludge Power Co., Ltd.)

By order of the Board
GCL-Poly Energy Holdings Limited
Zhu Gongshan
Chairman

Hong Kong, 13 March 2014

As at the date of this announcement, the Board comprises Mr. Zhu Gongshan (Chairman), Mr. Ji Jun, Mr. Shu Hua, Mr. Yu Baodong, Ms. Sun Wei and Mr. Zhu Yufeng as executive directors; Ir. Dr. Raymond Ho Chung Tai, Mr. Xue Zhongsu and Mr. Yip Tai Him as independent non-executive directors.

* *for identification only*