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Solargiga Energy

## **Solargiga Energy Holdings Limited**

**陽光能源控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 757)**

### **ANNOUNCEMENT OF ANNUAL RESULTS**

**For the year ended 31 December 2014**

#### **FINANCIAL HIGHLIGHTS**

- Turnover increased by 33.2% to RMB2,864.699 million (2013: RMB2,150.328 million).
- Gross profit increased by 142.6% to RMB363.917 million (2013: RMB149.993 million).
- Gross profit margin was approximately 12.7% (2013: 7.0%).
- Profit from operations was RMB171.085 million (2013: Loss from operations of RMB39.704 million).
- Net loss attributable to the equity shareholders of the Company was RMB63.846 million (2013: Net loss of RMB135.504 million).
- Adjusted net profit was RMB53.580 million by excluding the extraordinary items, impairment losses on prepayments for raw materials of RMB70.369 million and provision for inventory purchase commitments of RMB43.582 million, resulting from the uncertainty caused by anti-dumping and anti-subsidy investigation against solar grade polysilicon manufactured in the United States of America.
- Basic loss per share was RMB1.99 cents (2013: Basic loss per share of RMB4.57 cents).
- External shipment volume of production business for the year was approximately 1,016.43MW, increased substantially by 39.5% from approximately 728.81MW for 2013.

## ANNUAL RESULTS

The directors (the “Directors”) of Solargiga Energy Holdings Limited (the “Company”) present herewith the results of the Company and its subsidiaries (collectively, the “Group”) for the financial year ended 31 December 2014 and the comparative figures as follows.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2014

	<i>Note</i>	<b>2014</b> <b>RMB'000</b>	2013 RMB'000
Turnover	3	<b>2,864,699</b>	2,150,328
Cost of sales		<b>(2,500,782)</b>	(2,000,335)
<b>Gross profit</b>		<b>363,917</b>	149,993
Other revenue	4	<b>64,126</b>	61,420
Other net loss	5	<b>(14,129)</b>	(2,324)
Selling and distribution expenses		<b>(28,917)</b>	(18,172)
Administrative expenses		<b>(213,912)</b>	(230,621)
<b>Profit/(loss) from operations</b>		<b>171,085</b>	(39,704)
Impairment losses on prepayments for raw materials	13	<b>(70,369)</b>	–
Provision for inventory purchase commitments	13	<b>(43,582)</b>	–
Share of profits less losses of associates		<b>(975)</b>	2,238
Reversal of impairment losses on property, plant and equipment		–	19,166
Finance costs	6(a)	<b>(121,361)</b>	(107,265)
<b>Loss before taxation</b>	6	<b>(65,202)</b>	(125,565)
Income tax	7	<b>4,831</b>	8,998
<b>Loss for the year</b>		<b>(60,371)</b>	(116,567)
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(63,846)</b>	(135,504)
Non-controlling interests		<b>3,475</b>	18,937
<b>Loss for the year</b>		<b>(60,371)</b>	(116,567)
<b>Loss per share (RMB cents)</b>			
Basic and diluted	9	<b>(1.99)</b>	(4.57)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*for the year ended 31 December 2014*

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
<b>Loss for the year</b>	<b>(60,371)</b>	(116,567)
<b>Other comprehensive income for the year</b> (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation to presentation currency	<u>11,593</u>	<u>2,983</u>
<b>Total comprehensive income for the year</b>	<b><u>(48,778)</u></b>	<b><u>(113,584)</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(52,253)</b>	(132,521)
Non-controlling interests	<u>3,475</u>	<u>18,937</u>
<b>Total comprehensive income for the year</b>	<b><u>(48,778)</u></b>	<b><u>(113,584)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2014

	<i>Note</i>	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,968,776</b>	2,064,687
Prepayments for acquisitions of property, plant and equipment		<b>14,075</b>	27,333
Lease prepayments		<b>138,601</b>	118,345
Prepayments for raw materials	<i>13</i>	<b>231,278</b>	320,233
Interests in associates		<b>72,731</b>	74,568
Deferred tax assets		<b>16,724</b>	–
Other non-current assets	<i>17</i>	<b>40,336</b>	31,390
		<b>2,482,521</b>	2,636,556
<b>Current assets</b>			
Inventories		<b>694,533</b>	441,494
Trade and other receivables	<i>10</i>	<b>762,518</b>	720,316
Current tax recoverable		<b>501</b>	500
Pledged bank deposits		<b>145,710</b>	206,910
Cash at bank and in hand		<b>195,257</b>	234,398
		<b>1,798,519</b>	1,603,618
<b>Current liabilities</b>			
Bank loans	<i>12</i>	<b>1,420,188</b>	1,114,482
Trade and other payables	<i>11</i>	<b>1,007,751</b>	761,153
Current tax payable		<b>6,360</b>	1,266
Provision for inventory purchase commitments	<i>13</i>	<b>43,582</b>	–
Bonds		–	299,200
		<b>2,477,881</b>	2,176,101
<b>Net current liabilities</b>		<b>(679,362)</b>	<b>(572,483)</b>
<b>Total assets less current liabilities</b>		<b>1,803,159</b>	2,064,073
<b>Non-current liabilities</b>			
Bank and other loans	<i>12</i>	<b>385,872</b>	591,718
Deferred tax liabilities		<b>2,928</b>	1,017
Deferred income		<b>196,775</b>	209,988
Provision for warranties		<b>41,566</b>	22,554
		<b>627,141</b>	825,277
<b>Net assets</b>		<b>1,176,018</b>	1,238,796
<b>Capital and reserves</b>			
Share capital		<b>276,727</b>	276,727
Reserves		<b>819,356</b>	876,331
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,096,083</b>	1,153,058
<b>Non-controlling interests</b>		<b>79,935</b>	85,738
<b>Total equity</b>		<b>1,176,018</b>	1,238,796

## NOTES TO THE FINANCIAL INFORMATION

### 1. BASIS OF PREPARATION

The annual results set out in the announcement do not constitute the Group's financial statements for the year ended 31 December 2014 but are extracted from those financial statements.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

For the year ended 31 December 2014, the Group sustained a net loss of RMB60,371,000 and as at 31 December 2014, the Group's current liabilities exceeded its current assets by RMB679,362,000. These consolidated financial statements have been prepared on a going concern basis notwithstanding the net current liabilities of the Group at 31 December 2014 because (i) the Group has new short-term bank loans of RMB306,735,000 and the Group has unutilised banking facilities of RMB505,329,000 as at the date of issuance of these financial statements; and (ii) based on a cash flow forecast of the Group for the year ending 31 December 2015 prepared by the management, the Group would have adequate funds to meet its liabilities as and when they fall due at least twelve months from the end of the reporting period. Accordingly, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

### 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*
- HK(IFRIC) 21, *Levies*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has identified four reportable segments: (i) the manufacturing of, trading of, and provision of processing services for polysilicon and monocrystalline and multicrystalline silicon solar ingots/wafers ("Segment A"); (ii) the manufacturing and trading of photovoltaic modules ("Segment B"); (iii) the manufacturing and trading of monocrystalline silicon solar cells ("Segment C") and (iv) the construction and operating of photovoltaic systems ("Segment D"). No operating segments have been aggregated to form these reportable segments. Comparative figures have been provided on a basis consistent with the current year's segment analysis. Revenue, costs and expenses are allocated to those reportable segments with reference to sales generated by those segments and the costs and expenses incurred by those segments. However, assistances provided by one segment to another are not measured.

#### (a) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the basis as they are presented in the Group's financial statements. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the year ended 31 December 2014 is set out below:

	Year ended 31 December 2014				Total RMB'000
	Segment A RMB'000	Segment B RMB'000	Segment C RMB'000	Segment D RMB'000	
Revenue from external customers	488,437	2,013,964	303,054	59,244	2,864,699
Inter-segment revenue	544,698	-	601,834	6,443	1,152,975
<b>Reportable segment revenue</b>	<b>1,033,135</b>	<b>2,013,964</b>	<b>904,888</b>	<b>65,687</b>	<b>4,017,674</b>
<b>Reportable segment (loss)/profit</b>	<b>(115,504)</b>	<b>40,375</b>	<b>31,630</b>	<b>(16,872)</b>	<b>(60,371)</b>
Interest income from bank deposits	3,056	262	4,935	31	8,284
Finance costs	(48,425)	(40,268)	(16,474)	(16,194)	(121,361)
Depreciation and amortisation	(148,615)	(10,139)	(31,482)	(11,849)	(202,085)
Share of profits less losses of associates	(975)	-	-	-	(975)
Impairment losses on trade and other receivables	-	(2,109)	-	-	(2,109)
Impairment losses on prepayments for raw materials	(70,369)	-	-	-	(70,369)
Provision for inventory purchase commitments	(43,582)	-	-	-	(43,582)
Reversal of write-down of inventories	12,166	-	-	-	12,166
<b>Reportable segment assets</b>	<b>2,390,987</b>	<b>825,976</b>	<b>741,175</b>	<b>322,902</b>	<b>4,281,040</b>
(including interests in associates)	72,731	-	-	-	72,731
Additions to non-current segment assets	86,001	65,269	8,717	461	160,448
<b>Reportable segment liabilities</b>	<b>1,772,078</b>	<b>654,291</b>	<b>459,904</b>	<b>218,749</b>	<b>3,105,022</b>

The segment results for the year ended 31 December 2013 are as follows:

	Year ended 31 December 2013				Total RMB'000
	Segment A RMB'000	Segment B RMB'000	Segment C RMB'000	Segment D RMB'000	
<b>Revenue from external customers</b>	579,143	1,354,507	204,637	12,041	2,150,328
Inter-segment revenue	424,878	–	455,627	–	880,505
<b>Reportable segment revenue</b>	<u>1,004,021</u>	<u>1,354,507</u>	<u>660,264</u>	<u>12,041</u>	<u>3,030,833</u>
<b>Reportable segment (loss)/profit</b>	<u>(206,234)</u>	<u>27,626</u>	<u>61,507</u>	<u>534</u>	<u>(116,567)</u>
Interest income from bank deposits	1,474	275	16	72	1,837
Finance costs	(58,231)	(27,878)	(16,180)	(4,976)	(107,265)
Depreciation and amortisation	(128,356)	(5,195)	(32,011)	(5,312)	(170,874)
Share of profits less losses of associates	2,238	–	–	–	2,238
Reversal of impairment losses on property, plant and equipment	–	–	19,166	–	19,166
Impairment losses on trade and other receivables	(22,623)	–	–	–	(22,623)
Write-down of inventories	(20,522)	(3)	(589)	–	(21,114)
<b>Reportable segment assets</b>	2,436,191	743,331	716,657	343,995	4,240,174
(including interests in associates)	74,568	–	–	–	74,568
Additions to non-current segment assets	38,434	35,168	1,790	249,840	325,232
<b>Reportable segment liabilities</b>	<u>1,712,642</u>	<u>615,126</u>	<u>445,624</u>	<u>227,986</u>	<u>3,001,378</u>

**(b) Geographic information**

Substantially all of the Group's property, plant and equipment, lease prepayments, goodwill, intangible assets and interests in associates are located or operated in the PRC. The following table sets out information about the geographical location of the Group's revenue from external customers and non-current prepayments. The geographical location of a customer is based on the location to which the goods were delivered or the services were provided.

*(i) Revenue from external customers*

	2014 RMB'000	2013 RMB'000
The PRC (place of domicile)	<u>642,457</u>	<u>368,310</u>
Export sales		
– Japan	2,154,216	1,588,874
– Taiwan	49,818	166,048
– Europe	12,936	26,182
– North America	3,116	906
– Others	2,156	8
Sub-total	<u>2,222,242</u>	<u>1,782,018</u>
Total	<u>2,864,699</u>	<u>2,150,328</u>

(ii) *Non-current prepayments*

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
The PRC (place of domicile)	<u>26,653</u>	<u>18,105</u>
Overseas countries		
– Germany	<b>141,657</b>	132,167
– Taiwan	<b>77,043</b>	70,577
– The United States of America	–	113,189
– Japan	–	13,528
Sub-total	<u><b>218,700</b></u>	<u>329,461</u>
Total	<u><b>245,353</b></u>	<u>347,566</u>

**4. OTHER REVENUE**

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
Government grants	<b>33,274</b>	24,654
Gains on debt remission by a supplier	<b>16,750</b>	–
Interest income from bank deposits	<b>8,284</b>	1,837
Compensation received from a contractor for the delay of construction of a photovoltaic power plant	–	28,700
Others	<b>5,818</b>	6,229
	<u><b>64,126</b></u>	<u>61,420</u>

**5. OTHER NET LOSS**

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
Net foreign exchange loss	<b>9,968</b>	2,324
Net loss on disposals of property, plant and equipment	<b>5,866</b>	–
Net gain from acquisition of a subsidiary	<b>(1,705)</b>	–
	<u><b>14,129</b></u>	<u>2,324</u>



## 6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	<b>2014</b>	2013
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>(a) Finance costs</b>		
Interests on bank and other loans wholly repayable within five years	<b>120,524</b>	99,236
Interests on bonds	<b>8,550</b>	15,393
	<hr/>	<hr/>
Total interest expenses on financial liabilities not at fair value through profit or loss	<b>129,074</b>	114,629
Less: interest expenses capitalised into construction in progress*	<b>7,713</b>	7,364
	<hr/>	<hr/>
	<b>121,361</b>	107,265
	<hr/>	<hr/>
* The borrowing costs have been capitalised at rates of 7.04% to 8.32% (2013: 7.04% to 8.32%) per annum.		
	<b>2014</b>	2013
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>(b) Staff costs#</b>		
Salaries, wages and other benefits	<b>158,610</b>	135,693
Contributions to retirement schemes	<b>23,945</b>	20,568
	<hr/>	<hr/>
	<b>182,555</b>	156,261
	<hr/>	<hr/>
	<b>2014</b>	2013
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>(c) Auditor's remuneration</b>		
Audit services	<b>2,995</b>	2,972
Tax services	<b>71</b>	59
Other services	<b>420</b>	440
	<hr/>	<hr/>
	<b>3,486</b>	3,471
	<hr/>	<hr/>
	<b>2014</b>	2013
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>(d) Other items</b>		
Amortisation of lease prepayments	<b>4,052</b>	2,521
Depreciation#	<b>198,033</b>	168,353
Provision for warranties#	<b>19,012</b>	13,547
Operating lease charges – properties	<b>1,238</b>	1,209
Research and development costs	<b>74,364</b>	81,808
Impairment losses on trade and other receivables	<b>2,109</b>	22,623
Cost of inventories#	<b>2,500,782</b>	2,000,335
	<hr/>	<hr/>

# Cost of inventories includes RMB326,589,000 (2013: RMB280,316,000) for the year ended 31 December 2014, relating to staff costs, depreciation and provision for warranties which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

## 7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Income tax in the consolidated statement of profit or loss represents:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
<b>Current tax – the PRC</b>		
Provision for the year	11,191	1,266
Under-provision in respect of prior years	<u>1,780</u>	<u>–</u>
	----- 12,971	----- 1,266
<b>Withholding tax paid</b>	----- –	----- 476
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(17,802)</u>	<u>(10,740)</u>
Income tax	<u>(4,831)</u>	<u>(8,998)</u>

## 8. DIVIDENDS

### (a) Dividends payable to equity shareholders of the Company attributable to the year

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: RMBNil).

### (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

The directors of the Company do not recommend in the year ended 31 December 2014 the payment of a final dividend attributable to the previous financial year (2013: RMBNil).

## 9. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the ordinary equity shareholders of the Company of RMB63,846,000 (2013: RMB135,504,000) and the weighted average of 3,211,780,566 (2013: 2,968,027,879) ordinary shares of the Company in issue during the year as calculated in note 9(b).

### (b) Weighted average number of ordinary shares

	Number of ordinary shares	
	2014	2013
Issued ordinary shares at 1 January	3,211,780,566	2,491,300,472
Effect of shares issued under open offer	–	344,004,229
Effect of shares issued under new share subscription	<u>–</u>	<u>132,723,178</u>
Weighted average number of ordinary shares	<u>3,211,780,566</u>	<u>2,968,027,879</u>

(c) **Diluted loss per share**

There were no dilutive potential ordinary shares in issue during the years ended 31 December 2013 and 2014.

**10. TRADE AND OTHER RECEIVABLES**

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
Trade and bills receivables (note (i))	<b>306,872</b>	399,714
Less: allowance for doubtful debts	<b>24,445</b>	22,623
	<b>282,427</b>	377,091
Prepayments for raw materials	<b>3,689</b>	31,205
Deductible value added tax	<b>233,018</b>	200,420
Deposits and other receivables	<b>118,997</b>	98,191
Wealth management products (note (ii))	<b>124,387</b>	–
Prepayments for processing fees	–	13,409
	<b>480,091</b>	343,225
	<b>762,518</b>	720,316

All the trade and other receivables are expected to be recovered or recognised as an expense within one year.

*Notes:*

- (i) Included in trade and bills receivables are bills receivable of RMB10,000,000 (31 December 2013: RMB7,000,000) which have been pledged as security to a bank for issuing bills payable to suppliers.
- (ii) The wealth management product was managed by financial institutions with guaranteed principals and fixed returns. As at 31 December 2014, certain of the Group's interest-bearing bank borrowings were secured by the wealth management products.
- (a) The ageing analysis of trade and bills receivables (net of allowance for doubtful debts) as of the end of the reporting period based on invoice date is as follows:

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
Within 1 month	<b>155,326</b>	167,070
1 to 3 months	<b>34,210</b>	130,380
3 to 6 months	<b>23,711</b>	31,739
6 to 12 months	<b>7,835</b>	2,172
Over 1 year	<b>61,345</b>	45,730
	<b>282,427</b>	377,091

Trade receivables are due within 30 to 90 days from the date of billing.

(b) Impairment of trade and bills receivables

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly.

The movements in the allowance for doubtful debts during the year are as follows:

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
At 1 January	22,623	1,154
Exchange adjustments	(287)	–
Impairment losses recognised	2,109	22,623
Uncollectible amounts written off during the year	–	(1,154)
At 31 December	<u>24,445</u>	<u>22,623</u>

(c) Trade and bills receivables that are not impaired

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
Neither past due nor impaired	<u>169,451</u>	272,767
Less than 1 month past due	17,460	35,255
1 to 3 months past due	23,777	25,911
4 to 6 months past due	9,219	5,023
7 to 12 months past due	20,882	979
Over 1 year past due	<u>41,638</u>	<u>37,156</u>
	<u>112,976</u>	104,324
	<u>282,427</u>	<u>377,091</u>

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balance are still considered fully recoverable. The Group does not hold any collateral over these balances.

## 11. TRADE AND OTHER PAYABLES

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
Trade and bills payable	<b>806,478</b>	470,247
Other payables and accrued expenses	<b>145,948</b>	201,713
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	<b>952,426</b>	671,960
	<hr/>	<hr/>
Receipts in advance	<b>55,325</b>	89,193
	<hr/>	<hr/>
	<b>1,007,751</b>	761,153
	<hr/>	<hr/>

All of the trade and other payables are expected to be settled or recognised as revenue, net income or in profit or loss within one year or are repayable on demand.

- (a) The ageing analysis of trade and bills payable as of the end of the reporting period based on the maturity date is as follows:

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
Within 1 month or on demand	<b>806,478</b>	470,247
	<hr/>	<hr/>

## 12. BANK AND OTHER LOANS

- (a) The long-term interest-bearing borrowings comprise:

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
Bank loans		
– secured ( <i>note(i)</i> )	<b>490,500</b>	701,355
Municipal government loan ( <i>note 12(e)</i> )		
– unsecured	<b>1,872</b>	2,595
Other loans ( <i>note 12(f)</i> )		
– unsecured	<b>120,000</b>	78,623
Less: current portion of long-term borrowings	<b>226,500</b>	190,855
	<hr/>	<hr/>
	<b>385,872</b>	591,718
	<hr/>	<hr/>

*Note (i):* Secured long-term interest-bearing borrowings as at 31 December 2014 and 2013 were guaranteed and/or secured by bank deposits, property, plant and equipment, equity interests in and income stream of a subsidiary.

- (b) The short-term interest-bearing borrowings comprise:

	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
Bank loans		
– secured ( <i>note (i)</i> )	<b>1,193,688</b>	923,627
Current portion of long-term borrowings	<b>226,500</b>	190,855
	<b><u>1,420,188</u></b>	<b><u>1,114,482</u></b>

*Note (i):* Secured short-term interest-bearing borrowings as at 31 December 2014 were guaranteed and/or secured by bank deposits, lease prepayments and wealth management products. Secured short-term interest-bearing borrowings as at 31 December 2013 were guaranteed and/or secured by bank deposits.

- (c) The long-term borrowings are repayable as follows:

	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
Within 1 year	<b>226,500</b>	190,855
After 1 year but within 2 years	<b>61,728</b>	77,228
After 2 year but within 5 years	<b>178,091</b>	350,714
After 5 years	<b>146,053</b>	163,776
	<b><u>612,372</u></b>	<b><u>782,573</u></b>

- (d) Certain of the Group's bank loans are subject to the fulfilment of covenants commonly found in lending arrangements with financial institution. If the Group were to breach the covenants, the loans would become payable on demand. The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the long-term bank loan and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. As at 31 December 2014, none of the covenants relating to the bank loans had been breached (2013: RMBNil).
- (e) The municipal government loan was received by the Group for constructing a manufacturing plant in Jinzhou, Liaoning Province, the PRC. There are no unfulfilled conditions or contingencies relating to the municipal government loan. It is unsecured, interest bearing and is fully repayable by instalments from 2010 to 2020.
- (f) As at 31 December 2014, other loan of RMB120,000,000 represented a loan borrowed from an independent third party, Higuchi Industries Limited. It's unsecured, interest bearing and fully repayable in 2017.
- (g) All of the above non-current interest-bearing borrowings are carried at amortised cost, and are not expected to be settled within one year.

### 13. PREPAYMENTS FOR RAW MATERIALS

In order to secure a stable supply of polysilicon materials, the Group entered into short-term and long-term contracts with certain raw material suppliers and made advance payments to these suppliers which are to be offset against future purchases. Prepayments for raw materials where the Group expects to take the receipts of the raw materials more than twelve months after the end of the reporting period are classified as non-current assets.

As at 31 December 2012, management assessed the prepayments for potential impairment and identified that two of the suppliers were in financial difficulties and were most likely to default on the deliveries of raw materials to the Group and therefore, provided a provision of RMB134,485,000.

As at 31 December 2014, management assessed the prepayment for potential impairment and identified a supplier. Due to the uncertainty caused by anti-dumping and anti-subsidy investigation against solar grade polysilicon manufactured in the United States of America, the Group did not purchase the stated quantities from the year 2012 to 2014 under a long-term contract. We are currently in discussion with this supplier to seek a solution acceptable to both parties on the performance of the long-term supply contract and management is confident in reaching a resolution. However, exercising prudence in preparation of the financial statements, a provision for prepayment for raw materials of RMB70,369,000 and a provision for inventory purchase commitments of RMB43,582,000 have been recognised.

### 14. INTANGIBLE ASSETS

	<b>Customer relationships</b> <i>RMB'000</i>	<b>Customer contracts</b> <i>RMB'000</i>	<b>Patents</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Cost:</b>				
At 1 January and 31 December 2013	185,230	2,411	67,228	254,869
<b>Accumulated amortisation and impairment losses:</b>				
At 1 January and 31 December 2013	(185,230)	(2,411)	(67,228)	(254,869)
<b>Net book value:</b>				
At 31 December 2013	—	—	—	—

	<b>Customer relationships</b> <i>RMB'000</i>	<b>Customer contracts</b> <i>RMB'000</i>	<b>Patents</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Cost:</b>				
At 1 January and 31 December 2014	185,230	2,411	67,228	254,869
<b>Accumulated amortisation and impairment losses:</b>				
At 1 January and 31 December 2014	<u>(185,230)</u>	<u>(2,411)</u>	<u>(67,228)</u>	<u>(254,869)</u>
<b>Net book value:</b>				
At 31 December 2014	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>

The intangible assets were fully impaired for the year ended 31 December 2012.

## 15. GOODWILL

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
<b>Cost:</b>		
At 1 January and 31 December	<u>208,237</u>	<u>208,237</u>
<b>Accumulated impairment losses:</b>		
At 1 January and 31 December	<u>(208,237)</u>	<u>(208,237)</u>
<b>Carrying amount:</b>		
At 31 December	<u>          -</u>	<u>          -</u>

The goodwill was fully impaired for the year ended 31 December 2012.



## 16. BUSINESS COMBINATION

On 3 March 2014, the Group acquired 100% equity interests in Jinzhou Wintek Silicon Materials Co., Ltd. (“Wintek”) from two third parties at a total cash consideration of RMB15,000,000, in order to utilise the advantage of vertical integration and expand the business of end users.

The acquisition had the following effect on the Group’s assets and liabilities on the acquisition date:

	<b>Recognised values on acquisition RMB’000</b>
Property, plant and equipment	172
Lease prepayments	18,231
Inventories	5,878
Trade and other receivables	37,097
Cash and cash equivalents	188
Trade and other payables	(41,685)
Current tax payable	(187)
Deferred tax liabilities arising from fair value adjustment on acquisition	(2,989)
	<hr/>
Net identifiable assets and liabilities	16,705
	<hr/>
The total cash consideration	15,000
Less: The Group’s 100% share of the net identifiable assets and liabilities acquired	16,705
	<hr/>
Net gain from acquisition of a subsidiary	(1,705)
	<hr/>
Net cash outflow*	4,312

\* The consideration was partially paid by RMB4,500,000 for the year ended 31 December 2014.

The values of assets and liabilities recognised on acquisition are their estimated fair values. The fair value of lease prepayments made for the land held under operating leases recognised as result of the business combination is based on its market values.

The net gain from acquisition of a subsidiary represents the excess of the net fair value of the acquiree’s identifiable assets and liabilities measured as at the acquisition date over the fair value of the consideration to be transferred, and has been recognised immediately in profit or loss.

Wintek contributed RMB49,474,000 to the consolidated turnover and RMB405,000 profit to the consolidated loss for the year from the date of acquisition to 31 December 2014. If the acquisition had taken place at 1 January 2014, the Group’s consolidated turnover for the year ended 31 December 2014 would have been RMB2,864,701,000 and the Group’s consolidated loss for the year would have been RMB65,546,000.

## 17. OTHER NON-CURRENT ASSETS

Other non-current assets mainly represent the deductible value added taxes (“VAT”). It is the input VAT in excess of output VAT and is recognised for purchase of manufacturing raw materials and components and acquisitions of machinery and equipment used for operation. It will be deductible from output VAT payable for goods to be sold in subsequent years.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Market Overview

In 2014, the global photovoltaic industry had sound performance in general, demonstrating full recovery and posting continual double-digit growth in market demand. According to the latest white paper published by IHS, the sound performance of the global photovoltaic industry in 2014 was primarily attributable to the strong policy support from China and Japan. Despite the overall thriving and prosperous environment in the photovoltaic industry in general, mergers, acquisitions and bankruptcies of obsolete enterprises were still a key highlight of the industry in 2014 and brought tremendous challenges to the industry.

The core global solar market has gradually moved from Europe to Asia. Driven by the demand from China and Japan markets, the Asian market continued to have robust demand, which grew by approximately 19% year-on-year. In 2014, China's photovoltaic industry performed well while maintaining its stability and orderly development. According to the data released by the National Energy Administration of China (國家能源局), the cumulative grid connection installation capacity of photovoltaic power generation in China was 28.05GW for the year, growing by 60% year-on-year, with photovoltaic power plants accounting for 23.38GW and distributed power plants accounting for 4.67GW. The volume of annual photovoltaic power generation grew by more than 200% year-on-year to approximately 25 billion kWh. New-added volume of photovoltaic power generation from grid connection was 10.6GW in China, accounting for one-fourth of the newly-added capacity worldwide.

In Japan, according to the latest report on the Asian market published by Solarbuzz, Japan maintained rapid growth in its market demand in 2014, with an average annual growth rate of 46%. Policies providing for heavy subsidy and the vast pool of approved projects became strong drivers for the growth of Japan's photovoltaic market. As of the end of the third quarter in 2014, Japan's project pool amounted to approximately 56GW.

For the USA market, photovoltaic projects of utility scale were under continual booming sentiment. Grid connection of power plants of utility scale in the USA contributed to a total of 618MW in December 2014, and 3.13GW for the full year. In addition, rooftop photovoltaic demonstrated robust development. According to the latest report released by GTM Research, a total of 200,000 sets of rooftop photovoltaic systems were installed in the USA in 2014, and system installation speed also grew from an average 3.7 min/set in 2013 to an average 2.5 min/set. Distributed photovoltaic power generation accounted for a significant share of the photovoltaic market of the USA. As of the third quarter of 2014, total installation capacity of photovoltaic power generation was 17.5GW, of which 16.1GW was distributed photovoltaic.

For emerging markets, as many megawatt-grade ground photovoltaic power plants entered their planning and preliminary planning stages, the photovoltaic markets in the Middle East and Africa (MEA) demonstrated strong growth trend. According to data from NPD Solarbuzz's database tracking MEA projects, the photovoltaic projects in Africa have potential installation capacity of over 11GW, while photovoltaic projects in the Middle East have potential installation capacity of approximately 1.3GW. Ghana is one of the countries in the MEA region having photovoltaic markets with the best potential. Ghana government launched its FIT tariff subsidy policy in August 2011 which became effective in September 2013, creating a favorable environment for the development of the solar industry in Ghana. As of June 2014, the pool of photovoltaic projects in Ghana under application already exceeded 2GW in scale.

## **Operations Review**

The Group is a leading supplier of upstream and downstream vertically integrated solar energy services in the PRC. We sell our photovoltaic products to upstream, midstream and end-user customers in photovoltaic industry. We focus on the vertical integration for monocrystalline products, providing one-stop solutions for the solar energy industry ranging from the manufacturing and sales of silicon ingots and wafers, photovoltaic cells and photovoltaic modules, the installation of photovoltaic system and the development, design, construction, operation and maintenance of photovoltaic generation plants. The scope of its business covers the whole industry chain of photovoltaic industry.

In 2014, the Group continued to maintain its leading technological advantage in monocrystalline products, stabilized its upstream and midstream business development, actively expanded its downstream businesses and thoroughly adhered to the strategy of vertical integration of the Group. During the year, the Group achieved its turnaround from previous losses under the improving environment in the global photovoltaic industry and the frequent launches of favorable policies by the PRC government. In 2014, the Group recorded operating profit of RMB171.085 million, compared to operating loss of RMB39.70 million in the corresponding period of last year. During the year, the Group achieved turnover of RMB2,864.699 million, or an increase of 33.2%, with the external shipment volume of its production business reaching 1,016.4MW, an increase of 39.5% from 728.8MW recorded in 2013.

### *Silicon Ingot Business*

The Group's all-rounded photovoltaic industry chain with its vertically integrated business model covering both upstream and downstream businesses allows external sales of its upstream products such as silicon ingots, wafers and cells which are produced and processed in-house, apart from being used in its downstream business. To address the demand of customers and its downstream businesses, the Group maintained stable capacity for silicon ingots production during the year.

As at 31 December 2014, the Group has an annual production capacity of 800MW for monocrystalline silicon ingots in the Jinzhou production base in Liaoning. Phase one of the 200MW monocrystalline silicon ingots installed in the plant of Solargiga Energy (Qinghai) Company Limited (“Qinghai Solargiga”), which is 51% owned by the Group, in Xining, Qinghai Province was put into production in December 2011 with an annual production capacity of 200MW, while phase two of the 200MW will be put into production successively upon reaching the conditions to achieve production levels, enabling the annual production capacity of silicon ingots to reach 1.2GW.

During the year, the external shipment of solar energy silicon ingots shifted gradually from P-type in previous years to N-type. This was mainly driven by a shift in demand in Japan from P-type products to N-type products which have a higher conversion efficiency, thereby leading to the sales growth of N-type products. We have secured a leading position in the monocrystalline silicon solar ingot manufacture industry in terms of technology, product quality and quantity. Major products are silicon ingots of 8 inches to 8.7 inches in diameter. The photovoltaic conversion efficiency of its monocrystalline silicon products is also higher than the industry average. Apart from the traditional P-type products, the Group also provides N-type high performance products with a photovoltaic conversion efficiency of 22%–23%. During the year, the external shipment volume of N-type silicon ingots was approximately 49.25MW, representing approximately 89.1% of the total external shipment volume of silicon ingots, targeting primarily the Japanese market where the requirements on quality standard is stringent.

#### *Wafer Business*

As at 31 December 2014, the Group has an annual production capacity of 900MW of wafers. During the year, the external shipment volume of self-manufacturing and processing of silicon solar wafers of the Group was 331.5MW, representing an increase of more than 11.9% compared with 296.2MW for the corresponding period last year. This was mainly driven by the gradual recovery of the solar energy industry from oversupply. Except for increasing the sale to the downstream cell business of the Group to satisfy its product manufacturing demand, the external shipment volume of silicon wafers also increased.

#### *Cell Business*

The Group’s production lines of solar cells are located at the manufacturing base of the Group in Jinzhou, Liaoning. During the year, the annual production capacity of solar cells was 300MW. Such solar cells are on the one hand sold internally to provide high-quality raw materials supply for the downstream module business of the Group, and also sold externally to the customers in China and Japan. During the year, the external shipment volume of solar cells was approximately 110.6MW, representing an increase of approximately 49.9% in total compared with 73.8MW for the same period of last year. It contributed turnover of approximately RMB303.05 million, growing by nearly 48.1% from the Group’s segment turnover of RMB204.64 million in the corresponding period last year, and accounting for 10.6% of total turnover.

### *Module Business*

During the year, in view of the rapid growth of demand for solar modules, and in order to strengthen the market competitiveness of the Group's downstream businesses, and consolidate the Group's strategy of vertical integration, the Group increased its holdings of Jinzhou Jinmao Photovoltaic Technology Company Limited ("Jinzhou Jinmao") to 96% in April 2014. Located in Jinzhou, Jinzhou Jinmao is a production base of the Group for its production of solar modules. Based on the extended cooperation between the Group and key customers including Sharp Corporation ("Sharp") and China Power Investment Group ("CPI Group"), and to address customers' demand for purchases, the Group increased its production capacity of modules to 600MW during the year, an increase of 50% from 400MW recorded in the corresponding period last year. During the year, the external shipment volume of solar modules increased significantly to 518.4MW, an increase of 80% from 288MW of the corresponding period last year.

Following the additional purchase of 266.4MW solar modules in 2013, the largest customer of the Group continued to raise its purchase volume of solar module products to 364.3MW during the year, representing an increase of 36.7% year-on-year. In addition to the Group's current cooperation with CPI Group on ingots and wafers, the Group entered into a contract for processing 73MW solar modules with CPI Group in August 2014, representing the first cooperation between the Group and CPI Group in module business following their cooperation in monocrystalline silicon ingots and wafers businesses. The Group has been rigorous in the research of production technology for its monocrystalline products. During the year, 280W solar module products were researched and developed by making use of our patented technique to effectively lower the cost to generate each watt of electricity. The management of the Group believes that the product will further improve the Group's sales by driving the upstream ingot and wafer businesses forward.

### *Construction and Operating of Photovoltaic Systems Business*

To consolidate its advantages of the business model of vertical integration, the Group actively expanded the business of end-user market apart from its efforts in stabilizing its upstream and midstream business development, thereby driving demand for products from downstream to upstream. In March 2014, Jinzhou Yangguang Energy Co., Ltd. ("Jinzhou Yangguang"), a wholly-owned subsidiary of the Group, extended to the EPC business by acquiring 100% equity interests of an EPC company, at a consideration of RMB15 million. The EPC company mainly engages in the construction of distributed power plants on the rooftops or walls and the provision of large power plant construction services and is expected to extend our existing sales channels and directly facilitate sales services to end users including owners of large-scale photovoltaic power plants or distributed power plants. During the year, our system installation business contributed segment turnover of RMB59.2 million, accounting for 2.1% of the Group's total turnover.

In December 2013, DCH-Solargiga, a subsidiary in Germany which is held as to 70% by the Group, and Savannah Accelerated Development Authority (“SADA”) in Ghana established a subsidiary and intended to construct solar energy power plants of 200MW in aggregate in Ghana. The first stage of 40MW solar energy power plants project is currently under the preparation stage, and is expected to provide power of approximately 60 million kWh per annum upon completion and commencement of operation. In addition, the Group obtained 20MW large-scale photovoltaic power plants project in Golmud, Qinghai Province, operated under Golmud Solargiga Energy Electric Power Co., Ltd., which is held as to 70% by the Group through Qinghai Solargiga. This project is in operation, and approximately 33 million kWh electricity can be generated per year on average. The project will enjoy the photovoltaic power generation Feed-In Tariff policy of RMB1.15 per kWh as set out by the National Development and Reform Commission.

## **Financial Review**

### *Turnover*

For the year ended 31 December 2014, the turnover of the Group was RMB2,864.699 million, representing an increase of 33.2% compared with the year ended 31 December 2013. During the year ended 31 December 2014, turnover increased due to the general recovery of the global solar energy market and gradual demand rebound, coupled with the expansion of business cooperation between the Group and its largest customer.

### *Cost of sales*

For the year ended 31 December 2014, cost of sales increased by 25% to RMB2,500.782 million from RMB2,000.335 million for the year ended 31 December 2013. Cost of sales represented 87.3% of total turnover, a decrease of 5.7 percentage points compared to 2013. The decrease in ratio was mainly due to the price reduction of certain raw materials and the decrease in average fixed cost per unit as a result of the substantial increase in external sales and production volume during the year.

### *Gross profit and gross profit margin*

For the year ended 31 December 2014, the Group recorded a gross profit of RMB363.917 million and a gross profit margin of 12.7%, representing a significant improvement from RMB149.993 million and 7.0% for the year ended 31 December 2013.

### *Selling and distribution expenses*

Selling and distribution expenses mainly comprised freight charges and marketing and promotional expenses. Selling and distribution expenses increased by approximately 59.1% to RMB28.917 million for the year ended 31 December 2014 from RMB18.172 million for the year ended 31 December 2013, representing 1% of the total turnover of the Group (2013: 0.8%). The increase in selling and distribution expenses was mainly due to the increase in external shipment volume.

### *Administrative expenses*

Administrative expenses mainly comprised staff costs and research and development expenses. The administrative expenses for the year of 2014 amounted to RMB213.912 million, decreasing by 7.2% as compared to RMB230.621 million in 2013, representing 7.5% of the turnover of the Group. The decrease in administrative expenses was mainly due to the decrease in impairment losses on trade and other receivables (year ended 31 December 2014: RMB2.109 million; year ended 31 December 2013: RMB22.623 million).

### *Finance costs*

The finance costs of the Group increased from RMB107.265 million for the year ended 31 December 2013 to RMB121.361 million for the year ended 31 December 2014. Finance costs represented mainly the interest on bank loans, bonds and other loans.

### *Income tax*

Income tax credit was RMB4.831 million for the year ended 31 December 2014, while an income tax credit amounting to RMB8.998 million was recorded for the year ended 31 December 2013. Income tax credit recorded for the year ended 31 December 2014 was mainly due to the recognition of the Group's deferred tax assets.

### *Loss attributable to the equity shareholders*

For the year ended 31 December 2014, the Group recorded a loss attributable to the equity shareholders of RMB63.846 million, a decrease of 52.9% as compared to the loss attributable to the equity shareholders of RMB135.504 million for the year ended 31 December 2013.

### *Inventory turnover days*

The inventories of the Group comprised mainly raw materials, namely polysilicon, crucibles and other auxiliary raw materials, and finished goods. During the year ended 31 December 2014, the inventory turnover days of the Group were 81 days (2013: 79 days), which approximated the level during the corresponding period in 2013. The optimal inventory levels of the Group should be sufficient for approximately three months' consumption in the case of polysilicon and one month consumption for other auxiliary raw materials.

### *Trade receivable turnover days*

For the year ended 31 December 2014, the trade receivable turnover days of the Group was 40 days (2013: 56 days). The decrease in trade receivable turnover days was mainly due to an application of part of the trade receivable factoring with a bank during the year. Generally, the Group allows a credit period of 30 to 90 days for its customers.

### *Trade payable turnover days*

The Group maintained a similar payment term with suppliers of a credit period of 30 to 90 days during the year ended 31 December 2014 compared to the year ended 31 December 2013. Accordingly, trade payable turnover days during the year ended 31 December 2014 was 89 days (2013: 67 days).

### *Liquidity and financial resources*

The principal sources of working capital of the Group during the year were cash flows from bank borrowings. As at 31 December 2014, the current ratio (current assets divided by current liabilities) of the Group was 0.73 (31 December 2013: 0.74). The Group had net borrowings of RMB1,465.093 million as at 31 December 2014 (31 December 2013: RMB1,564.092 million), including cash at banks and on hand of RMB195.257 million (31 December 2013: RMB234.398 million), pledged bank deposits of RMB145.710 million (31 December 2013: RMB206.910 million), bank loans due within one year of RMB1,420.188 million (31 December 2013: RMB1,114.482 million), non-current bank and other loans of RMB385.872 million (31 December 2013: RMB591.718 million) and corporate bonds of RMBNil (31 December 2013: RMB299.200 million). The net debt to equity ratio (net debt divided by total equity) was 124.6% (31 December 2013: 126.3%).

### *Contingent liabilities*

#### Financial guarantees issued

As at 31 December 2014, the Group has undertaken to guarantee a banking facility granted to an associate to the extent of RMB74,000,000 (2013: to the extent of RMB74,000,000).

At the end of the reporting period, the Directors do not consider it probable that a claim will be made against the Group under the above guarantee. The maximum liability of the Group at the end of the reporting period under the guarantee issued is the outstanding amount of the loan advanced by the banks to the associate of RMB74,000,000 (31 December 2013: RMB74,000,000).

### *Foreign currency risk*

The Group is exposed to foreign currency risk primarily through sales and purchases and cash and bank deposits that are denominated in a currency other than the functional currency, Renminbi, of the operations to which they relate. The currencies giving rise to this risk are primarily the US Dollar, Euro, Hong Kong Dollar and Japanese yen. The Directors do not expect any significant impact from the change in exchange rates since the Group uses foreign currencies received from customers to settle the amounts due to suppliers. In addition, the Directors ensure that the net exposure is kept at an acceptable level by purchasing or selling the US Dollar and Euro at spot rates where necessary to address short-term imbalances.

### *Human resources*

As at 31 December 2014, the Group had 3,641 (31 December 2013: 3,269) employees.



## Future prospects and strategies

A major document on the photovoltaic industry named “Opinions on Further Optimizing the Market Conditions for Mergers and Restructuring for the Photovoltaic Industry” (《關於進一步優化光伏企業兼併重組市場環境的意見》) (the “Opinions”) issued by the Ministry of Industry and Information Technology of China in late 2014 pointed to the strengthened financial support for photovoltaic enterprises for their expedited structural optimization, transformation and upgrade through mergers and acquisitions, and to the formation of some core enterprises in the industry with strong international competitiveness by the end of 2017. The Opinions also encourage closer cooperation among upstream and downstream enterprises along the industry chain, more enhanced industry chain structure, and in turn better profitability along the industry chain. The Opinions will accelerate industrial consolidation, elimination of obsolete enterprises with low production capacity, and help premium enterprises with leading technological edges to capture favorable market shares. Focusing on the development of monocrystalline products, the Group commands industry-leading technology for the production of monocrystalline products. It also runs on a unique business model covering the whole industry chain of the photovoltaic industry, fully leveraging the synergy among business segments of the Group and providing the Group with obvious competitive advantage on the market.

Further, Year 2015 is the last year of the Twelfth Five-Year Plan of China and has significant meaning to the photovoltaic industry. According to the “Notice relating to the Issuance of the Implementation Plan of Photovoltaic Power Generation Infrastructure in 2015” (《關於下達2015年光伏發電建設實施方案的通知》) published by the National Energy Administration in March 2015, China plans to add 17.8GW of photovoltaic power generation capacity over the country, which exceeds the target of 15GW announced by the State Council of China in January 2015 by 2.8GW. The planned target greatly boosts confidence in the photovoltaic industry and creates favorable conditions for photovoltaic development in China in 2015. Moreover, with the removal of the restriction on the construction scale of rooftop distributed photovoltaic power generation projects as stated in the notice, it is expected that the number of distributed photovoltaic power generation projects will grow tremendously.

The Group fully grasped the trend of industrial development by completing capacity expansion for its module business and successfully developing and putting into mass production the industry-leading 280W module products in 2014. In future, the delivery volume of the Group’s module products is expected to increase remarkably and contribute to promising profits of the Group.

In future, the Group will adhere to its development strategy of vertical integration. By fully leveraging its technological advantage in monocrystalline products and focusing on the development of monocrystalline products, it will make good use of its vertically-integrated capacity with both upstream and downstream portions to raise the gross profit of the Group’s module products and drive profit growth of the Group. While maintaining its leading position in upstream and downstream businesses, the Group will active expand its downstream business of constructing, operating and maintaining photovoltaic power plants, and foster market development in emerging markets including Africa, Southeast Asia, Turkey, Pakistan and other Balkan countries on the basis of its existing market share, with a view to enhancing the Group’s downstream businesses and raising its overall profitability.

By continually uplifting product quality and refining the structure of its full-industry chain businesses, the Group will, as always, provide the best product application development and one-stop services to the customers along its fully integrated photovoltaic industry chain, and aim at becoming a globally leading supplier of one-stop services in solar power generation.

## **AUDIT COMMITTEE**

The Company's Audit Committee has reviewed the accounting principles and practices adopted by the Group and the Group's annual results for the year ended 31 December 2014.

## **DIVIDEND**

No final dividend was paid in 2014 (2013: RMBNil). The Directors do not recommend the payment of a final dividend per share for 2014 (2013: RMBNil).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 25 June 2015 to 29 June 2015, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 24 June 2015.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Specific enquiries have been made by the Company to confirm that all Directors have been complied with the Model Code throughout the year ended 31 December 2014.

## **CORPORATE GOVERNANCE**

The Company reviews and enhances its corporate governance practices continuously and is committed to a high standard of corporate governance. The Company has complied with the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2014.

## **PUBLICATION OF FINANCIAL INFORMATION**

The 2014 annual report containing all the detailed information will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.solargiga.com>) in due course.

## **ANNUAL GENERAL MEETING**

It is proposed that the annual general meeting of the Company be held on 29 June 2015. Notice of the annual general meeting will be published and issued to shareholders in due course.

By Order of the Board  
**Solargiga Energy Holdings Limited**  
**Hsu You Yuan**  
*Executive Director*

Hong Kong, 30 March 2015

*As at the date of this announcement, Mr. Tan Wenhua (Chairman), Mr. Hsu You Yuan, Mr. Tan Xin and Mr. Wang Chunwei are executive Directors of the Company, and Mr. Wong Wing Kuen, Albert, Ms. Fu Shuangye, Dr. Lin Wen and Mr. Zhang Chun are independent non-executive Directors of the Company.*