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GOLDPOLY NEW ENERGY HOLDINGS LIMITED

金保利新能源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

HIGHLIGHTS

Financial Highlights:

- Revenue of the Group was approximately HK\$156.7 million (30 June 2012: HK\$118.7 million);
- The net loss of the Group was HK\$1,059.8 million (30 June 2012: HK\$98.1 million), including impairment of goodwill of approximately HK\$1,367.3 million arising from the acquisition of China Solar Power Group Limited (formerly known as China Merchants New Energy Holdings Limited) on 10 June 2013 as the fair value of the total consideration transferred at the Completion Date of HK\$3,560.9 million was significantly higher than the recoverable amount of the underlying business; and
- Basic loss per share was 105.67 HK cents (30 June 2012: 11.37 HK cents).

* For identification purpose only

INTERIM RESULTS

The board of directors (the “Board” or the “Directors”) of Goldpoly New Energy Holdings Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2013 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
		(Unaudited)	(Unaudited)
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	3	156,746	118,691
Cost of sales	7	(174,155)	(152,443)
Gross loss		(17,409)	(33,752)
Other income and other losses, net	4	3,453	11,043
Distribution costs	7	(223)	(6,055)
Administrative expenses	7	(57,647)	(33,730)
Fair value gain on contingent consideration payables	15	206,268	—
Impairment charge on goodwill	15	(1,367,323)	—
Fair value gain on previously held interests in China Solar Power Group Limited (“CSPG”) as a result of a business combination	15	199,667	—
Operating loss		(1,033,214)	(62,494)
Finance costs — net	6	(26,839)	(33,457)
Share of post tax loss of an associate		(124)	(598)
Loss before income tax		(1,060,177)	(96,549)
Income tax credit/(expense)	8	359	(1,599)
Loss for the period		(1,059,818)	(98,148)
Loss attributable to:			
— Equity holders of the Company		(1,059,778)	(98,148)
— Non-controlling interest		(40)	—
		(1,059,818)	(98,148)
Loss per share attributable to shareholders of the Company			
— Basic and diluted (HK cents)	10	(105.67)	(11.37)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period	(1,059,818)	(98,148)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Changes in fair value of available-for-sale financial assets	1,271	—
Exchange differences arising on translation of financial statements of subsidiaries	<u>7,576</u>	<u>(18,332)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>8,847</u>	<u>(18,332)</u>
Total comprehensive loss for the period	<u><u>(1,050,971)</u></u>	<u><u>(116,480)</u></u>
Total comprehensive loss for the period attributable to:		
— Equity holders of the Company	(1,050,931)	(116,480)
— Non-controlling interest	<u>(40)</u>	<u>—</u>
	<u><u>(1,050,971)</u></u>	<u><u>(116,480)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

		30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Land use rights	11	141,303	139,909
Property, plant and equipment	11	2,543,728	857,165
Investment property	11	6,001	5,901
Intangible assets	11	2,482,684	—
Investment in an associate		4,407	4,456
Available-for-sale financial assets		—	219,240
Non-current other receivables, deposits and prepayments	12	<u>225,187</u>	<u>40,945</u>
		<u>5,403,310</u>	<u>1,267,616</u>
Current assets			
Inventories		54,222	28,813
Trade and other receivables, deposits and prepayments	12	1,299,769	195,282
Financial assets at fair value through profit or loss	15	188,312	—
Pledged bank deposits		82,470	81,419
Cash and bank balances		<u>39,033</u>	<u>32,297</u>
		<u>1,663,806</u>	<u>337,811</u>
Total assets		<u>7,067,116</u>	<u>1,605,427</u>
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		194,509	88,191
Reserves		<u>544,222</u>	<u>135,781</u>
		738,731	223,972
Non-controlling interest		<u>2,398</u>	<u>—</u>
Total equity		<u>741,129</u>	<u>223,972</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2013

		30 June 2013 (Unaudited) <i>HK\$'000</i>	31 December 2012 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Non-current other payables	13	822,095	—
Amounts due to shareholders		151,541	26,000
Long-term bank borrowings		797,188	—
Convertible notes	15	862,826	652,665
Contingent consideration payables	15	1,194,545	—
Deferred government grant		109,585	84,000
Cash-settled share-based payment		1,924	—
Deferred tax liabilities		<u>532,803</u>	<u>31,339</u>
		<u>4,472,507</u>	<u>794,004</u>
Current liabilities			
Trade and bills payable, other payables and accruals	13	717,330	488,686
Short-term bank borrowings		1,104,765	98,765
Current portion of long-term bank borrowings		<u>31,385</u>	<u>—</u>
		<u>1,853,480</u>	<u>587,451</u>
Total liabilities		<u>6,325,987</u>	<u>1,381,455</u>
Total equity and liabilities		<u>7,067,116</u>	<u>1,605,427</u>
Net current liabilities		<u>(189,674)</u>	<u>(249,640)</u>
Total assets less current liabilities		<u>5,213,636</u>	<u>1,017,976</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(262,434)	62,422
Net cash generated from/(used in) investing activities	80,002	(123,553)
Net cash generated from/(used in) financing activities	<u>188,927</u>	<u>(53,803)</u>
Net increase/(decrease) in cash and cash equivalents	6,495	(114,934)
Cash and cash equivalents at beginning of the period	32,297	162,751
Exchange differences on cash and cash equivalents	<u>241</u>	<u>(9,292)</u>
Cash and cash equivalents at end of the period	<u><u>39,033</u></u>	<u><u>38,525</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company											
			Share held under employee incentive scheme	Share options reserve	Convertible notes equity reserve	Other reserve	Translation reserve	Available- for-sale financial assets revaluation reserve	Accumulated losses	Total	Non- controlling interest	Total equity
	Share Capital	Share premium										
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at												
1 January 2013	88,191	528,682	—	1,840	1,406,847	—	37,881	198,396	(2,037,865)	223,972	—	223,972
Total comprehensive loss for the period ended												
30 June 2013	—	—	—	—	—	—	7,576	1,271	(1,059,778)	(1,050,931)	(40)	(1,050,971)
Transactions with owners												
Issuance of shares on conversion of convertible notes	10,372	126,593	—	—	(92,357)	—	—	—	—	44,608	—	44,608
Issuance of shares and convertible notes in relation to a business combination (Note 15)	95,946	1,362,437	(30,415)	53,752	215,410	20,417	—	—	—	1,717,547	2,438	1,719,985
Realisation of available- for-sale financial assets revaluation reserve in relation to a business combination (Note 15)	—	—	—	—	—	—	—	(199,667)	—	(199,667)	—	(199,667)
Share-based payment	—	—	—	3,202	—	—	—	—	—	3,202	—	3,202
Total transactions with owners	106,318	1,489,030	(30,415)	56,954	123,053	20,417	—	(199,667)	—	1,565,690	2,438	1,568,128
Balance at 30 June 2013	194,509	2,017,712	(30,415)	58,794	1,529,900	20,417	45,457	—	(3,097,643)	738,731	2,398	741,129

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2013

	Attributable to owners of the Company							Total equity (Unaudited) HK\$'000
	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Share options reserve (Unaudited) HK\$'000	Convertible note equity reserve (Unaudited) HK\$'000	Translation reserve (Unaudited) HK\$'000	Property revaluation reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	
Balance at 1 January 2012	85,878	510,002	1,578	1,406,847	49,297	—	(1,223,064)	830,538
Total comprehensive loss for the period 30 June 2012	—	—	—	—	(18,332)	—	(98,148)	(116,480)
Transactions with owners								
Issuance of shares in relation to acquisition of available- for-sale financial assets	2,290	18,401	—	—	—	—	—	20,691
Share-based payment	—	—	262	—	—	—	—	262
Total transactions with owners	2,290	18,401	262	—	—	—	—	20,953
Balance at 30 June 2012	<u>88,168</u>	<u>528,403</u>	<u>1,840</u>	<u>1,406,847</u>	<u>30,965</u>	<u>—</u>	<u>(1,321,212)</u>	<u>735,011</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2013

1. KEY EVENTS

On 10 June 2013, the Group completed the acquisition of a 92.17% equity interest in China Solar Power Group Limited (“CSPG”, formerly known as China Merchants New Energy Holdings Limited), which was satisfied by issuance of 959,462,250 shares of the Company and convertible notes with a principal amount of approximately HK\$1,160 million. Further details are given in Note 15.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The condensed consolidated interim financial information has been prepared under the historical cost convention, as modified by the revaluation of investment property, financial assets at fair value through profit or loss, available-for-sale financial assets, contingent consideration payables and employee incentive scheme payables. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

2.1 Going-concern basis

As at 30 June 2013, the Group’s current liabilities exceeds current assets by approximately HK\$189,674,000 (As at 31 December 2012: HK\$249,640,000) and had incurred a net loss of HK\$1,059,818,000 for the six months ended 30 June 2013 (for the six months ended 30 June 2012: HK\$98,148,000). The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as going concern.

The directors of the Company have reviewed the Group’s cash flow projections prepared by management, which cover a period of twelve months from the latest balance sheet date. They are of the opinion that, taking into account the following measures, the Group will have sufficient working capital to meet its financial obligations within the next twelve months from the date of the balance sheet:

- In 2012, CSPG had obtained a short-term borrowing of RMB800 million (equivalent to HK\$1,004 million) to finance the construction of a solar power plant. Part of the loan of RMB400 million (equivalent to HK\$502 million) will be due for repayment in September 2013, while the remaining balance of RMB400 million (equivalent to HK\$502 million) will be due for repayment in December 2013. This loan was recognised as short-term bank borrowings as at 30 June 2013. To refinance this loan, CSPG entered into a long-term loan with China Development Bank for a principal loan amount of RMB800 million (equivalent to HK\$1,004 million). Up to the date of this condensed consolidated interim financial information, CSPG drawn down an amount of RMB660 million (equivalent to HK\$829 million) from the bank. Such loan will be due for repayment by instalment starting from March 2014 until March 2027. The release of the remaining RMB140 million (equivalent to HK\$175 million) will be made by the bank no later than 28 March 2014 according to the terms of the loan agreement. However, the exact timing is subject to negotiation between CSPG and the bank. The directors are confident that favourable negotiation results will

be reached between CSPG and the bank on the remaining loan amount of RMB140 million (equivalent to HK\$175 million) so as to enable the Group to meet the loan repayable obligations of the short-term borrowing of RMB800 million (equivalent to HK\$1,004 million) when they fall due.

- As at 30 June 2013, the Group had two available banking facilities which aggregated to RMB377 million (equivalent to HK\$473 million), of which approximately RMB233 million (equivalent to HK\$292 million) was utilised and RMB144 million (equivalent to HK\$181 million) was unutilised. All such banking facilities were subject to renewal within 12 months from the date of this announcement. Based on the good track record of renewal in the past, the Directors are of the opinion that such financing facilities could be successfully renewed or re-financed by other financial institutions before they mature.

On 10 June 2013, the Group acquired a 92.17% equity interest in CSPG, which was settled by issuance of the Company's shares and convertible notes. The convertible notes with principal amount of HK\$1,160 million shall mature on the fifth anniversary date from its date of issuance.

As a result of the acquisition, the Group expects to incur capital expenditures of HK\$5.2 billion for its solar energy initiatives in the next twelve months from 30 June 2013. None of the planned amount represents commitment of the Group as at 30 June 2013. These expected capital expenditures are not fully funded by current committed financing.

The directors of the Company are of the opinion that, taking into account the above mentioned measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months. Accordingly, the condensed consolidated interim financial information has been prepared on a going concern basis. Nevertheless, there is a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern in relation to whether the Group could generate adequate internally generated cash flows, obtain the remaining loan of RMB140 million (equivalent to HK\$175 million) from China Development Bank and renew two short-term banking facilities of RMB377 million (equivalent to HK\$473 million).

Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying value of assets to their recoverable amounts, to provide for additional further liabilities that might arise; and to reclassify non-current assets as current assets. The condensed consolidated interim financial information does not include any of these adjustments.

2.2 Accounting policies

- (a) New and amended standards adopted by the Group:

HKFRS 10, 'Consolidated financial statements'. Under HKFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group has applied HKFRS 10 retrospectively in accordance with the transition provisions of HKFRS 10.

HKFRS 13 'Fair value measurement'. HKFRS 13 measurement and disclosure requirements are applicable for the December 2013 year end. The Group has included the disclosures for financial assets and non-financial assets.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

- (b) New and amended standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

HKFRS 9 'Financial instruments' addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, as HKFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 'Financial instruments: Recognition and measurement' and have not been changed. The Group has not yet decided when to adopt HKFRS 9.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

2.2.1 Business combinations

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

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss.

2.2.2 Sale of electricity

Revenue arising from the sale of electricity is recognised in accounting period when electricity is provided.

2.2.3 Financial assets at fair value through profit or loss

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

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the condensed consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value.

2.2.4 Cash-settled share-based payment

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

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

2.3 Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, except as described below, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

(a) Purchase accounting

Accounting for acquisitions require the Group to allocate the cost of acquisition to specific assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. In connection with the acquisition of CSPG, the Group has undertaken a process to identify all assets and liabilities acquired, including acquired intangible assets. Judgements made in identifying all acquired assets, determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset's useful lives, could materially impact the calculation of goodwill and depreciation and amortisation charges

in subsequent periods. Estimated fair values are based on information available near the acquisition date and on expectations and assumptions that have been deemed reasonable by management. Determining the estimated useful lives of tangible and intangible assets acquired also requires judgements.

(b) *Impairment of intangible assets*

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

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

The fair value of contingent consideration payables and financial assets at fair value through profit or loss is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions, including the discount rates and fair value of the Company's shares, which are mainly based on market conditions existing at the end of each reporting period. Changes in assumption used could materially affect the fair value of these balances and as a result affect the Group's financial condition and results of operation. Further details are given in Note 15.

3 REVENUE

The Group is principally engaged in the provision of solar energy products and solutions and development, operation and management of solar power plants. Revenue recognised during the period consists of turnover recognised under the following business activities:

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Sale of solar cells and solar modules	156,569	118,691
Sale of electricity	177	—
	<u>156,746</u>	<u>118,691</u>

4 OTHER INCOME AND OTHER LOSSES, NET

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Other income		
Government subsidies	5,895	—
Income from assignment of trademarks	—	8,500
Sale of scrap materials	—	266
Rental income	283	185
Others	—	2,122
	6,178	11,073
Other losses		
Exchange losses	(2,725)	(30)
	3,453	11,043

5 SEGMENT INFORMATION

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

During the current period, the Group acquired CSPG, which is principally engaged in the provision of solar energy products and solutions and development, operation and management of solar power plants. Subsequent to the acquisition, the Group has two reportable segments: (a) Development, operation and management of solar power plants and (b) Manufacturing and sale of solar cells and solar modules.

Although the “Development, operation and management of solar power plants” segment does not meet the quantitative thresholds as required by HKFRS 8 ‘Operating segments’, management has concluded that this segment should be reported, as it is closely monitored by the Board of directors as a potential growth segment and is expected to materially contribute to Group revenue in the future.

For the six months ended 30 June 2013

	Development, operation and management of solar power plants (Unaudited) HK\$'000	Manufacturing and sale of solar cells and solar modules (Unaudited) HK\$'000	Corporate function (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue	177	156,569	—	156,746
Operating (loss)/income	(1,173,008)	(46,909)	186,703	(1,033,214)
Finance income/(costs) — net	8,463	(2,619)	(32,683)	(26,839)
Share of post tax loss of associates	—	(124)	—	(124)
(Loss)/profit before income tax	(1,164,545)	(49,652)	154,020	(1,060,177)
Income tax credit	—	359	—	359
(Loss)/profit attributable to shareholders of the Company	<u>(1,164,545)</u>	<u>(49,293)</u>	<u>154,020</u>	<u>(1,059,818)</u>
Other information:				
Depreciation and amortisation	(199)	(21,621)	—	(21,820)
Impairment charge on goodwill	(1,367,323)	—	—	(1,367,323)
Fair value gain on previously held interests in CSPG as a result of business combination	—	—	199,667	199,667
Fair value gain on contingent consideration payables	—	—	206,268	206,268
Capital expenditure	<u>23,243</u>	<u>9,912</u>	<u>—</u>	<u>33,155</u>
As at 30 June 2013 (Unaudited)				
Total assets	<u>5,368,941</u>	<u>1,693,929</u>	<u>4,246</u>	<u>7,067,116</u>

For the six months ended 30 June 2012

	Manufacturing and sale of solar cells (Unaudited) <i>HK\$'000</i>	Corporate function (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Revenue	118,691	—	118,691
Operating loss	(58,161)	(4,333)	(62,494)
Finance costs — net	(4,154)	(29,303)	(33,457)
Share of post tax loss of associates	<u>(598)</u>	<u>—</u>	<u>(598)</u>
Loss before income tax	(62,913)	(33,636)	(96,549)
Income tax expense	<u>(1,599)</u>	<u>—</u>	<u>(1,599)</u>
Loss attributable to shareholders	<u>(64,512)</u>	<u>(33,636)</u>	<u>(98,148)</u>
Other information:			
Depreciation and amortisation	<u>(22,571)</u>	<u>(39)</u>	<u>(22,610)</u>
Capital expenditure	<u>143,593</u>	<u>—</u>	<u>143,593</u>
As at 31 December 2012 (Audited)			
Total assets	<u>1,369,986</u>	<u>235,441</u>	<u>1,605,427</u>

6 FINANCE COSTS — NET

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Finance income:		
Interest income on bank balances and deposits	1,057	751
Interest income on loan to a shareholder	<u>8,463</u>	<u>—</u>
	<u>9,520</u>	<u>751</u>
Finance costs:		
Interest expense on bank borrowings — wholly repayable within five years	(4,183)	(4,905)
Imputed interest expense on convertible notes	<u>(32,176)</u>	<u>(29,303)</u>
	<u>(36,359)</u>	<u>(34,208)</u>
Finance costs — net	<u>(26,839)</u>	<u>(33,457)</u>

7 EXPENSES BY NATURE

The following expenses are included in cost of sales, distribution costs and administrative expenses:

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories	155,410	110,379
Amortisation of land use rights	1,613	1,486
Depreciation of property, plant and equipment	20,207	21,124
Provision for impairment of trade receivables	7,385	4,551
Write-down of inventories	—	2,240
Loss on disposal of property, plant and equipment	<u>130</u>	<u>—</u>

8 INCOME TAX (CREDIT)/EXPENSE

No provision for Hong Kong profits tax has been made in the condensed consolidated interim financial information as the Group has no assessment profit derived from Hong Kong for the period (six months ended 30 June 2012: Nil).

The Group's operations in Mainland China are subject to the corporate income tax law of the People's Republic of China ("PRC corporate income tax"). The standard PRC corporate income tax rate is 25%.

The amount of income tax (credited)/charged to the condensed consolidated income statement represents:

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current income tax		
— (Over)/under-provision in prior years	(189)	1,774
Deferred income tax	(170)	(175)
	(359)	1,599

9 DIVIDENDS

The directors have resolved that no interim dividend be declared in respect of the six months ended 30 June 2013 (2012: Nil).

10 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Loss attributable to shareholders of the Company (HK\$'000)	1,059,778	98,148
Weighted average number of ordinary shares in issue (thousand shares)	1,002,939	863,586
Basic loss per share (HK cents)	105.67	11.37

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible notes and share options. The convertible notes are assumed to have been converted into ordinary shares, and the net loss is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

Diluted loss per share for the six months ended 30 June 2013 is the same as the basic loss per share as the conversion of potential ordinary shares in relation to the outstanding convertible notes and share options would have an anti-dilutive effect to the basic loss per share.

11 LAND USE RIGHTS, PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS

	Land use rights HK\$'000	Property, plant and equipment HK\$'000	Investment property HK\$'000	Other intangible assets HK\$'000	Goodwill HK\$'000	Total HK\$'000
Six months ended 30 June 2013						
Net book value or valuation						
Opening amount as at 1 January 2013	139,909	857,165	5,901	—	—	1,002,975
Acquisition of subsidiaries (<i>Note 15</i>)	653	1,660,811	—	2,482,684	1,367,323	5,511,471
Additions	—	33,155	—	—	—	33,155
Depreciation and amortisation	(1,613)	(20,207)	—	—	—	(21,820)
Disposals	—	(130)	—	—	—	(130)
Impairment (<i>Note 15</i>)	—	—	—	—	(1,367,323)	(1,367,323)
Exchange difference	2,354	12,934	100	—	—	15,388
Closing amount as at 30 June 2013	<u>141,303</u>	<u>2,543,728</u>	<u>6,001</u>	<u>2,482,684</u>	<u>—</u>	<u>5,173,716</u>
Six months ended 30 June 2012						
Net book value or valuation						
Opening amount as at 1 January 2012	143,082	675,570	6,370	—	612,788	1,437,810
Additions	—	143,593	—	—	—	143,593
Revaluation	—	—	(469)	—	—	(469)
Depreciation and amortisation	(1,486)	(21,124)	—	—	—	(22,610)
Disposals	—	(6)	—	—	—	(6)
Exchange difference	(1,826)	(8,239)	(72)	—	—	(10,137)
Closing amount as at 30 June 2012	<u>139,770</u>	<u>789,794</u>	<u>5,829</u>	<u>—</u>	<u>612,788</u>	<u>1,548,181</u>

Goodwill is allocated to the Group's CGU identified according to operating segment. During the current period, goodwill of HK\$1,367,323,000 was recognised as a result of acquisition of CSPG (Note 15). The recoverable amount of a CGU is determined based on the higher of the fair value less costs to sell and value-in-use calculation.

For the purposes of impairment reviews, the recoverable amount calculations use cash flow projections based on financial budgets approved by management for the purposes of impairment reviews covering the useful lives of the underlying assets. The key assumptions used in calculating the recoverable amount of the CGU on completion of the acquisition, using the discounted cash flow method, were as follows:

Capacity	2.2GW
Insolation hours: (Geographical)	1,370MWh/MWp–1,800MWh/MWp
Degradation factor	0.8% per annum
Electricity tariff	RMB0.6/kWh–RMB3.7/kWh
Discount rate	8.5%–10.0%

Goodwill represents the excess of the fair value of the consideration transferred over the fair value of the net identifiable assets acquired. On the date of completion, the fair value of the shares and convertible notes transferred of HK\$3.6 billion was based on the closing price of the Company's shares of HK\$1.52 per share on 10 June 2013. The

fair value of the net identifiable assets recognised, which also represents the recoverable amount of the underlying business, was estimated to be HK\$2.2 billion, with reference to a separate valuation report prepared by an independent valuer. Goodwill recognised of approximately HK\$1,367,323,000 was considered to be immediately impaired by the management.

12 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
Trade receivables	35,010	52,111
Less: Provision for impairment of trade receivables	<u>(16,413)</u>	<u>(9,028)</u>
Trade receivables — net	18,597	43,083
Prepayments for the purchase of plant and equipment	39,954	40,945
Value-added tax recoverable	205,678	29,523
Prepayments for raw materials	162,375	97,684
Loan to a shareholder	826,383	—
Amounts from related companies	65,350	3,187
Other deposits and prepayments	<u>206,619</u>	<u>21,805</u>
	1,524,956	236,227
Less: non-current portion	<u>(225,187)</u>	<u>(40,945)</u>
Current portion	<u><u>1,299,769</u></u>	<u><u>195,282</u></u>

The Group generally requires customers to pay deposits and settle according to credit terms generally range from 30 days to 90 days. At 30 June 2013 and 31 December 2012, the ageing analysis of the trade receivables based on invoice date were as follows:

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
Not yet due	—	18,663
1–30 days	3,321	3,468
31–60 days	671	—
Over 60 days	<u>14,605</u>	<u>20,952</u>
	<u><u>18,597</u></u>	<u><u>43,083</u></u>

13 TRADE AND BILL PAYABLES, OTHER PAYABLES AND ACCRUALS

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
Trade and bill payables	274,051	378,497
Customers' deposits	71,296	71,296
Loan from a third party	125,541	
Payable to a shareholder	709,106	
Other payables and accruals	<u>359,431</u>	<u>38,893</u>
	1,539,425	488,686
Less: non-current portion	<u>(822,095)</u>	<u>—</u>
Current portion	<u>717,330</u>	<u>488,686</u>

The carrying amounts of trade and bill payables approximate their fair values. The average credit period from the Group's trade creditors is 30 to 90 days. At 30 June 2013, the ageing analysis of the trade and bill payables (including amounts due to related parties of trading in nature) based on invoice date were as follows:

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
Not yet due	173,649	288,106
1–30 days	3,357	6,304
31–60 days	5,155	1,828
Over 60 days	<u>91,890</u>	<u>82,259</u>
	<u>274,051</u>	<u>378,497</u>

14 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for but not yet incurred is as follows:

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
Property, plant and equipment	194,018	196,314
Land use rights	11,295	11,093
	<u>205,313</u>	<u>207,407</u>

(b) Commitments under operating leases

At 30 June 2013, the Group had future aggregate minimum lease payments under non-cancellable operating leases for leasehold land and property, plant and equipment as follows:

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
Within one year	1,418	334
After one year but within five years	6,754	263
	<u>8,172</u>	<u>597</u>

(c) Future operating lease receivables

At 30 June 2013, the Group had future aggregate lease receivables under non-cancellable operating leases for investment property as follows:

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
Within one year	600	1,143
After one year but within five years	405	692
	<u>1,005</u>	<u>1,835</u>

15 BUSINESS COMBINATION

On 10 June 2013, the Group completed the acquisition of a 92.17% equity interest in CSPG, which was satisfied by (i) issuance of 959,462,250 shares of the Company (“Consideration Shares”); and (ii) issuance of convertible notes with a principal amount of approximately HK\$1,160 million, which comprise of Series A convertible notes with a principal amount of approximately HK\$312 million and Series B convertible notes with a principal amount of approximately HK\$848 million.

CSPG is mainly engaged in the provision of solar energy products and development, operation and management of solar plants. It also possesses the rights to develop and operate various solar power plant projects (the “Concession Right”). The acquisition enables the Group to achieve a vertical integration of its solar energy business.

The following table summarises the consideration paid for CSPG, the provisional fair value of assets acquired, liabilities assumed and the non-controlling interest as at 10 June 2013.

HK\$'000

Consideration:

— Consideration Shares 939,452,250 ordinary shares (<i>note (a)</i>)	1,427,968
— Series A convertible notes — equity component (<i>note (b)(i)</i>)	215,410
— Series A convertible notes — liability component (<i>note (b)(i)</i>)	222,085
— Series B convertible notes — contingent consideration payables (<i>note (b)(ii)</i>)	<u>1,400,813</u>
Total consideration transferred	3,266,276
Fair value of previously held interests in CSPG	220,511
Fair value of shares issued by CSPG for pre-combination services rendered under EIS	<u>74,169</u>
Total consideration	<u><u>3,560,956</u></u>

**Provisional fair
values
HK\$'000**

Recognised amounts of identifiable assets acquired and liabilities assumed

Land use rights (<i>Note 11</i>)	653
Property, plant and equipment (<i>Note 11</i>)	1,660,811
Intangible assets (<i>Note 11</i>)	2,482,684
Inventories	11,598
Financial asset at fair value through profit or loss	188,312
Trade and other receivables and prepayments	981,847
Cash and cash equivalents	112,100
Trade and other payables	(969,784)
Current income tax liabilities	(720)
Short-term bank borrowings	(1,004,394)
Long-term bank borrowings	(765,742)
Deferred tax liabilities	(501,294)
	2,196,071
Non-controlling interests	(2,438)
Goodwill (<i>Note 11</i>)	1,367,323
Total identifiable net assets	3,560,956
	<i>HK\$'000</i>

Acquisition-related costs (included in administrative expenses in the condensed consolidated income statement for the period ended 30 June 2013)	9,688

(a) Consideration shares:

The fair value of the 939,452,250 ordinary shares issued was based on the market price of the Company on 10 June 2013.

(b) Convertible notes

The convertible notes do not bear any interests and will mature on the date falling on the fifth anniversary of the completion date, i.e. 9 June 2018. The holders have the right to convert the whole or part of the principal amount of convertible notes to ordinary shares of the Company at a consideration of HK\$1 per share during the conversion period. The conversion period for Series A convertible notes commence on the first anniversary after its issuance date and ending on its maturity date. The conversion period for Series B convertible notes commence on the expiry of the lock-up period in relation to the profit guarantee arrangement, as disclosed below, and ending on its maturity date. The Company is entitled to redeem the convertible notes after the first anniversary after its issuance and after the expiry of the lock-up period in relation to the profit guarantee arrangement for Series A and Series B convertible notes, respectively.

The following table summarises the consideration paid for acquisition of CSPG, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the 10 June 2013.

(i) *Series A convertible notes:*

The fair value of the liability component of Series A convertible notes is determined by using the discounted cash flow method, with the following key assumptions.

Time to maturity	5 years
Discount rate	4.1731%
Probability of early redemption	0% (due to zero coupon)

The fair value of the equity component of Series A convertible notes is determined by using the binomial model, with the following key assumptions:

Fair value of shares of the Company	HK\$1.52 each
Conversion price	\$1.00 per share
Risk free interest rate	0.7891%
Time to maturity	5 years
Expected volatility	59%
Expected dividend yield	0%
Bond yield	4.1731%
Conversion period	After 1 year up to maturity date
Early redemption period	After 1 year up to maturity date

(ii) *Series B convertible notes — contingent consideration payable*

If CSPG's cumulative profit before interest, tax, depreciation, amortisation and share-based payment expenses in relation to the EIS was less than HK\$495,000,000 during the three years ending 31 December 2015 (the "Lock-up period"), the principal amount of Series B convertible notes will be adjusted by a pre-defined formula as specified in the sale and purchase agreement. However, in the event that the Group was able to meet the above profit guarantee requirement during the two years ending 31 December 2014, the Group shall be entitled to shorten the lock-up period to 31 December 2014.

The potential undiscounted amount of all principal repayments of Series B convertible notes that the Group could be required to make under this arrangement range from zero to HK\$847,964,000.

Since the director of the Company are of the opinion that the profit guarantee arrangement could be met, the fair valuation of Series B convertible notes of approximately HK\$1,400,813,000 is estimated using a similar approach as Series A convertible notes, as disclosed above, with similar assumptions being applied except for the conversion period and early redemption period where they are expected to be three years after the issuance date up to maturity date.

As at 30 June 2013, the fair value of the contingent consideration payables was estimated to be approximately HK\$1,194,545,000. There was a decrease of HK\$206,268,000 since 11 June 2013 and a gain was recognised in the condensed consolidated income statement, mainly as a result of the decrease in fair value of share of the Company to HK\$1.17 per share as at 30 June 2013.

The fair value of the Company's shares used to compute the fair value of the contingent consideration payables is HK\$1.17 per share. If the change in fair value of the Company's shares shifted by 5%, the impact on the profit or loss would be approximately HK\$44,057,000. The higher the fair value of the Company's shares, the higher the fair value.

(c) Revenue and profit contribution

The revenue included in the condensed consolidated income statement since 10 June 2013 contributed by CSPG was approximately HK\$466,000. CSPG also contributed profit of approximately HK\$875,000 over the same period. Had CSPG been consolidated from 1 January 2013, the condensed consolidated income statement would show pro-forma revenue of approximately HK\$160,309,000 and loss of HK\$1,074,283,000.

(d) Goodwill impairment:

None of the goodwill recognised is expected to be deductible for income tax purposes.

The Group had recognised an impairment of goodwill of HK\$1,367,323,000. Please refer to Note 11 for more details.

(e) Acquired receivables

Included in the fair value of trade and other receivables and prepayments was trade receivables of approximately HK\$480,000. The gross contractual amount for trade receivables due was approximately HK\$480,000, and none is expected to be uncollectible.

(f) Provisional fair values of acquired identifiable assets

The fair value of the acquired identifiable assets is provisional pending receipt of the final valuations for those assets. Deferred tax of HK\$501,294,000 has been provided in relation to these fair value adjustments.

(g) Financing arrangements:

In conjunction with the acquisition mentioned above, a short-term bank loan of RMB800 million (equivalent to HK\$1,004 million) was obtained by CSPG to finance the construction of a 100 MW solar power plant in Jiayuguan, the PRC, during the year ended 31 December 2012. The borrowing was guaranteed by Zhongli Science and Technology Group Co., Ltd (the "Zhongli Group"), the original shareholder of the solar power plant and a current shareholder of the Company. The interest rate of this loan is 12.05% per annum. The loan is repayable by 2 instalments and the final instalment would be due in December 2013. In accordance with the terms of the sale and purchase agreement, CSPG shall only bear the loan interest at 6.55% per annum and the Zhongli Group shall bear the interests and related charges higher than 6.55% per annum. As at 30 June 2012, interest receivable from Zhongli Group amounted to HK\$29,306,000 and was recorded in "other receivables".

(h) Guaranteed electricity income arrangement with Zhongli Group

According to the sale and purchase agreement entered into between CSPG and Zhongli Group in respect of the acquisition of a 100 MW solar power plant in Jiayuguan, the PRC, and a 20 MW solar power plant in Gonghe, the PRC, Zhongli Group undertake that the solar power plants shall be fully and officially connected to the State Grid from 1 January 2013 onwards. The number of aggregate grid hours of these two solar power plants should be 1,800 hours per annum for the initial 10 years of operations. In case the grid electricity volume for a year is lower than the minimum threshold as specified, the shortfall of electricity tariffs would be payable by Zhongli Group to CSPG. In addition, if CSPG are able to obtain VAT tax reduction benefits from its operations, the

guaranteed hours will be reduced to 1,700 hours per annum. As at 30 June 2013, a financial asset at fair value through profit and loss of HK\$188,312,000 in relation to this arrangement was recognised in the condensed consolidated balance sheet based on the expected timing when the power plants could generate revenue.

16 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

- (a) On 2 August 2013, CSPG and Zhongli Group entered into a framework agreement whereby CSPG will acquire from Zhongli Group certain completed solar power plants with an aggregate electricity generation capacity of approximately 300 MW, subject to the fulfillment of certain conditions.
- (b) On 22 August 2013, CSPG and GD Solar Co., Ltd. entered into a framework agreement whereby CSPG will acquire from GD Solar Co., Ltd. certain completed solar power plants with an aggregate electricity generation capacity of approximately 400 MW, subject to the fulfillment of certain conditions.
- (c) On 29 August 2013, CSPG and China Singyes Solar Technologies Holdings Limited entered into a framework agreement whereby, CSPG acquire, or jointly with other partners acquire, from Singyes, certain completed roof-top solar power plants with an aggregate electricity generation capacity of approximately 100 MW located in Hunan Province, China, subject to the fulfillment of certain conditions.

BUSINESS REVIEW AND PROSPECT

Results for the six months ended 30 June 2013

Turnover of the Group increased by 32.1% to approximately HK\$156.7 million for the six months ended 30 June 2013 when compared to six months ended 30 June 2012 of approximately HK\$118.7 million, and the net loss of the Group in this reporting period increased by 979.8% to HK\$1,059.8 million comparing from the same corresponding period in 2012. The net loss is mainly due to the impairment of goodwill of approximately HK\$1,367.3 million arising from the acquisition of China Solar Power Group Limited (formerly known as China Merchants New Energy Holdings Limited), since the fair value of the total consideration transferred at the Completion Date was significantly higher than the recoverable amount of the underlying business.

Business Review

Manufacturing and sale of solar cells and solar modules

For the six months ended 30 June 2013, turnover increased by 32.0% to HK\$156.7 million (2012: HK\$118.7 million). Net loss of the solar energy business for the period ended 30 June 2013 is HK\$49.3 million (2012: Net loss HK\$64.5 million).

The solar cell market continued to be weak, the Group has continued to work vigorously to improve efficiency of solar cells and keep up with customer needs. During the period, the Group has completed its construction of its user on-grid photovoltaic (“PV”) project located at Quanzhou, PRC. The electricity generated has been used for our manufacturing business and offices, and the surplus electricity is sold to the State Grid.

Development, operation and management of solar power plants

During the past few years, the price of photovoltaic products recorded a sharp decrease caused by the slowdown of demand due to the economic downturn in the United States of America, the European debt crisis and the oversupply of raw materials in the market worldwide. However, the various supporting state and local policies for solar energy industry in the PRC and the declining cost for photovoltaic products have led to lower installation costs and a better return for solar power plant operators in the PRC. The Company concerned about the impact of the continued deterioration of the business climate for photovoltaic products and has been looking for opportunities to expand its business downstream, which is growing and capable of providing a stable source of income. On 10 June 2013, the acquisition of approximately 92.17% of the entire issued share capital of China Solar Power Group Limited (“CSPG”) (formerly known as China Merchants New Energy Holdings Limited) was completed. CSPG is accounted for as a wholly-owned subsidiary of the Company after the completion of acquisition.

During the period, the solar power plant business reported a net loss of HK\$1,164,545,000. In the second half of 2013, the Group will put great emphasis on expanding its scale of operation, and controlling operating expenses.

During the period under review, the Group achieved important strides in its solar power plant business. The Group’s Gansu Jiayuguan 100 MW solar power plant has also confirmed that it has achieved on grid in June 2013, and revenue on sale of electricity is expected in the second half of 2013.

Impairment Charge on Goodwill

On 10 June 2013, the Group completed the acquisition of a 92.17% equity interest in China Solar Power Group Limited (“CSPG”), which was satisfied by (i) issuance of 959,462,250 shares of the Company (“Consideration Shares”); and (ii) issuance of convertible notes with a total principal amount of approximately HK\$1,160 million. Since the fair value of the total consideration transferred at the completion date of approximately HK\$3,560.9 million was significantly higher than recoverable amount of the underlying business, goodwill recognised of approximately HK\$1,367,323,000 was considered to be immediately impaired by the management.

Liquidity and Financial Resources

As at 30 June 2013, net current liabilities and current ratio of the Group were approximately HK\$189.7 million and 0.898 respectively. The current assets mainly comprised inventories of approximately HK\$54.2 million, trade and other receivables, deposits and prepayments of approximately HK\$1,299.8 million, financial assets at fair value through profit or loss of approximately HK\$188.3 million, pledged bank deposits of approximately HK\$82.5 million and bank balances and cash of approximately HK\$39 million. The Group had total assets of approximately HK\$7,067.1 million, current liabilities of approximately HK\$1,853.5 million, non-current liabilities of approximately HK\$4,472.5 million and shareholders’ equity of approximately HK\$741.1 million.

Gearing Ratio

The overall gearing ratio for the period was maintained at 41.1% with total bank borrowings net of cash and cash equivalents of approximately HK\$1,894.3 million, shareholders' loan of approximately HK\$151.5 million, convertible notes of approximately HK\$862.8 million, and total assets of approximately HK\$7,067.1 million as at 30 June 2013. Overall gearing ratio is defined as bank borrowings net of cash and cash equivalents and shareholders' loan and convertible notes over total assets. The Group recorded net cash used in operating activities of approximately HK\$262.4 million, net cash generated from investing activities of approximately HK\$80.0 million and net cash generated from financing activities of approximately HK\$188.9 million for the period.

Treasury Policies

The Group generally finances its operations with cash flows generated internally, loan facilities provided by financial institutions in PRC. As at 30 June 2013, outstanding borrowings stood at approximately HK\$1,933.3 million. The Group had no interest rate hedging arrangement during the period under review.

Capital Structure

As at 1 January 2013, the Company's total number of issued shares was 881,908,389. During the period, the Company issued and allotted 103,720,000 shares of HK\$0.1 each upon exercise of convertible notes at a conversion price of HK\$0.538 per share. On 10 June 2013, the Company issued and allotted 959,462,250 shares of HK\$0.1 each as partial settlement of the consideration for the acquisition of CSPG. As at 30 June 2013, the Company's total number of issued shares was increased to 1,945,090,639.

Capital Expenditure

Capital expenditures amounted to approximately HK\$33.2 million for the period ended 30 June 2013. These expenditures were mainly used for the Group's solar energy business, which consisted of expenditure for the Group's 10.8 MW user on-grid photovoltaic power generation project (the "Demonstration Project") and the Group's factory buildings. The Demonstration Project has been selected as one of the Golden Sun Projects by the Ministry of Finance, Ministry of Science and Technology and National Energy Administration of the PRC and the total subsidy is approximately RMB97.0 million. In year 2012, the Group has already received an initial subsidy of approximately RMB68.0 million (equivalent to approximately HK\$83.0 million) for this project.

Foreign Exchange Exposure

The Group's foreign currency transactions are mainly denominated in RMB, USD and HK\$. The Group is subject to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than HK\$ or RMB, which are the functional currencies of the major operating companies within the Group. The Group did not resort to any currency hedging facility for the period ended 30 June 2013. Up to the date of this announcement, the

Board had been of the view that the cost of any hedging facility would be higher than the potential risk of the costs incurred from currency fluctuation. However, the management will monitor the Group's foreign exchange exposure and consider hedging significant foreign currency exposure should the need arises.

Pledge of Assets and Contingent Liabilities

As at 30 June 2013, the Group pledged its land use rights of approximately HK\$140.6 million (2012: HK\$139.8 million), building of HK\$62.5 million, investment property of HK\$6.0 million, power plant of HK\$1,301.7 million and the Group also pledged its bank deposit of approximately HK\$82.5 million (2012: HK\$81.4 million) for its borrowing. As at 30 June 2013, the Group had no significant contingent liability (2012: Nil).

Significant Investment

There is no significant investments held during the period under review.

Segment Information

There are two operating segments namely development, operation and management of solar plants, and manufacturing and sales of solar cells and solar modules. The Company domiciled in Hong Kong. During the period under review, total revenue of the operation of solar plants from other countries was approximately HK\$0.2 million, while total revenue from the sale of solar cells and solar modules from other countries was approximately HK\$156.6 million (2012: HK\$118.7 million). All of the Group's land use rights, property, plant and equipment and investment properties are located in Mainland China.

Employees and Remuneration Policies

As at 30 June 2013, the Group had approximately 28 full-time employees in Hong Kong and 310 full-time employees in the PRC. The total number of full-time employees of the Group was approximately 338. The Group has a share option scheme for the benefits of its directors, consultants and eligible employees.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

During the period under review, the Group acquired solar power plants business at an aggregate consideration of HK\$3,560.9 million. Completion took place on 10 June 2013, China Solar Power Group Limited and its subsidiaries (formerly known as China Merchants New Energy Holdings Limited) ("CSPG") became subsidiaries of the Company and the financial results of the CSPG and its subsidiaries were consolidated into the financial statements of the Group.

Future plan for material investments

On 2 August 2013, 22 August 2013 and 29 August 2013, the Group entered into framework agreements in which the Group shall acquire certain completed solar power plants with an aggregate electricity generation capacity of approximately 800 MW subject to the fulfillment of certain conditions.

Prospect

Currently, there are two business units the Group: one manufacturing and sale of the solar silicon cells and solar modules, while the other focusing on the development, investment, operation and management of solar power plants. Since the solar cell is an important component for the solar power plants, the Group anticipates a synergy effect of these two business units would be achieved by the vertical integration of its solar energy business.

In July 2013, a positive progress has been made between China and the European Union with respect to the anti-dumping duty and countervailing investigation. It not only effectively boosted the market confidence in the solar industry, but also would help stabilise the price of solar products manufactured in China.

With continuous support from the China government to the solar energy industry, the expected installed capacity of solar power in China was revised upward to 35GW in China by 2015, when comparing with the original estimate of 21GW. In July 2013, China's State Council published more detailed directions on solar photovoltaic development and indicated a new set of benchmark solar on-grid tariff by provinces and subsidies for distributed solar power will be established with a timeframe of twenty years in principle. All these policies imply that the China's solar photovoltaic industry is expected to achieve steady and rapid growth in the near future.

Given all the positive and encouraging factors, the Group expects a favorable outcome of its solar energy business in the years ahead and look forward to achieving a long-term sustainable growth and creating greater value and returns to the shareholders.

Share Option Scheme

At the annual general meeting of the Company held on 19 June 2012, the shareholders approved the adoption of a new share option scheme (the "New Scheme") and termination of the old share option scheme which was adopted on 10 September 2002 (the "Old Scheme"), option granted under the Old Scheme remain effective.

No option was granted under the New Scheme in the period under review.

Employee incentive scheme

Prior to the acquisition of CSPG by the Group, an employee incentive scheme (the "EIS") was approved by CSPG to the effect that 25,000,000 ordinary shares of the CSPG with a par value of US\$0.01 each were issued to Sino Arena Investments Limited ("Sino Arena" or the "Trustee"), a BVI company. Sino Arena holds a 4.35% equity interest of CSPG and it will hold the shares for and on behalf of eligible persons who are granted the shares according to the provisions of the EIS.

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

As part of the acquisition of CSPG, 20,010,000 shares of the Company, Series A convertible notes with a principal amount of HK\$40,020,000 and Series B convertible notes with a principal amount of HK\$40,020,000 was issued to the Trustee in exchange for the CSPG shares held by the Trustee.

As of 30 June 2013, none of the shares granted under the employee incentive scheme was exercisable.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2013, the Company was in compliance with code provisions set out in the Code on Corporate Governance Practices (the "CG Code") except for the deviations from code provision A.2.1 which are explained below.

Code provision A.2.1 of the CG Code provides that the responsibilities between the chairman ("Chairman") and chief executive officer ("CEO") should be divided. Our executive director, Mr. Lam Ho Fai, is the acting Chairman of the Company. The Company did not have a CEO and three executive board members performed the role of CEO during the period from 1 January 2013 to 10 June 2013. The Board of Directors of the Company (the "Board") believes that vesting the role of Chairman to an executive board member has the benefit of ensuring a more effective and efficient overall strategic planning for the Group. As the Board has appointed Mr. Li, Alan as CEO on 11 June 2013, the Company has complied with the Code provision A2.1.

Save as the aforesaid and in the opinion of the Directors, the Company has complied with the code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2013.

DIRECTORS SECURITIES TRANSACTIONS

The Company has adopted a model code as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors of the Company, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2013.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements as set out in Appendix 14 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls.

The audit committee has four members, including the Company's three independent non-executive directors, namely Mr. Kwan Kai Cheong, Mr. Ching Kwok Ho Samuel, Mr. Yen Yuen Ho, Tony and a non-executive director, Mr. Yang Baiqian. Mr. Kwan Kai Cheong is the chairman of the audit committee. The financial statements of the Group for the period ended 30 June 2013 have been reviewed by the audit committee.

PUBLICATION OF RESULTS ANNOUNCEMENT

The results announcement is published on the Stock Exchange's website at <http://www.hkex.com.hk> and the Company's website at <http://www.goldpoly.hk>.

APPRECIATION

The Board of directors would like to take this opportunity to thank every colleague of the Group for their contributions during the period.

On behalf of the Board
GOLDPOLY NEW ENERGY HOLDINGS LIMITED
Lam Ho Fai
Executive Director

Hong Kong, 29 August 2013

As at the date of this announcement, the executive directors of the Company are Mr. Lam Ho Fai, Mr. Li, Alan (Chief Executive Officer), Mr. Lu Zhenwei, Ms. Lin Xia Yang, and Mr. Yiu Ka So; the non-executive directors of the Company are Academician Yao Jiannian, Mr. Yang Baiqian, Ms. Qiu Ping, Maggie and Mr. Wu Zhenmian; and the independent non-executive directors of the Company are Mr. Kwan Kai Cheong, Mr. Ching Kwok Ho, Samuel, Mr. Yen Yuen Ho, Tony and Mr. Shi Dinghuan.